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Appropriations Committee  
February 13, 2014

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[LB666 LB738 LB891 LB904 LB1004]

The Committee on Appropriations met at 1:30 p.m. on Thursday, February 13, 2014, in Room 1003 of the State Capitol, Lincoln, Nebraska, for the purpose of conducting a public hearing on LB666, LB738, LB891, LB1004, and LB904. Senators present: Heath Mello, Chairperson; Kate Bolz; Danielle Conrad; Bill Kintner; Tyson Larson; John Nelson; Jeremy Nordquist; and John Wightman. Senators absent: John Harms, Vice Chairperson.

SENATOR MELLO: Good afternoon and welcome to the Appropriations Committee. My name is Heath Mello. I'm from south Omaha, representing the 5th Legislative District and currently serve as Chair of the Appropriations Committee. I'd like to start off today by having members do self-introductions, starting first with Senator Kintner.

SENATOR KINTNER: Hi. I'm Bill Kintner from Legislative District 2. I've got about half of Sarpy County, all of Cass County, and a little bit of Nebraska City.

SENATOR MELLO: Sitting next to Senator Kintner who should be joining us later is Senator Jeremy Nordquist, representing the 7th Legislative District in south Omaha. Sitting next to him is Senator John Nelson, who should be joining us later, who represents the 6th Legislative District in central Omaha. Sitting next to Senator Nelson, who will not be able to join us today, is Senator John Harms, representing the 48th Legislative District in Scotts Bluff County.

SENATOR WIGHTMAN: I'm John Wightman, represent District 36, which is all of Dawson County, Custer County, and a small part of Buffalo County.

SENATOR CONRAD: Hi, I'm Danielle Conrad, north Lincoln's "Fighting" 46th.

SENATOR MELLO: Sitting next to Senator Conrad is Senator Kate Bolz, who should be joining us shortly. Senator Bolz represents the 29th Legislative District in south Lincoln.

SENATOR LARSON: Tyson Larson, representing District 40 in Dixon, Cedar, Knox, Holt, Boyd, and Rock Counties.

SENATOR MELLO: Assisting the committee today is Anthony Circo, our committee clerk; and Matthew Ruiz, who is a senior studying international business at the University of Nebraska-Lincoln. Matthew is the Appropriations Committee page for the session. On the cabinet to your right you will find is some yellow testifier sheets. If you're planning on testifying today, please fill out one of the sheets and hand it to Matthew when you come up. It helps us keep an accurate record of today's public hearing. There is also a white sheet over on the cabinet if you do not wish to testify but would like to record your position on a specific bill for the public record. We will hear bill

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testimony in the following order today. First will be the introducer of the bill. We will then hear those in support of the bill, followed by those in opposition, then those testifying in the neutral capacity. And we will end today's bill hearings with a closing statement by the bill introducer. If you have any handouts for the committee, please bring up at least 11 copies and give them to Matthew, our page. If you do not have enough copies, simply let him know when you do that and he can go make additional copies for the committee. We would ask that you begin your testimony today by giving us your full first and last name and spelling them out, both, for the public record. We will be using a five-minute light system today, so when you begin your testimony the light on the table in front of you will become green. The yellow light is your one-minute warning, and when the red light comes on we ask that you try to abbreviate your final responses and wrap up with any final thoughts you have. At this time I would ask all of us, including senators, to please check our cell phones and make sure they're on the silent or vibrate mode. And at this time we'll begin today's public hearing with LB666 from Senator Krist. Senator Krist.

SENATOR KRIST: (Exhibit 1) Thank you, Senator Mello, members of the Appropriations Committee. My name is Bob Krist, B-o-b K-r-i-s-t, and I am talking to you today about LB666. This legislative bill aims to restore operational training and flying money as a direct pass-through to the Civil Air Patrol. In a way of introduction, I just want...there will be people following me who will give you some real detail in terms of the organization. I know many of you are already familiar with the CAP, but I just want to highlight a few things on the handout that I have given you. On page 1 of the handout, these are the missions in the state of Nebraska currently: air search and rescue; counter-drug reconnaissance; wildlife, habitat surveys; river surveys, ice jams and flooding; blood, tissue and organ transplants (sic) that could be added; wildlife surveys reconnaissance; and transport of firefighting crews, as well as you'll hear a sheriff talk about his experience; and orientation flights for agencies' first responders; training for the above missions as the Nebraska CAP. This funding started out as General Funds in the neighborhood of \$35,000 in 2001. It has never been raised. It has only been lowered. Those General Funds were converted into cash funds. And then during the 2009 major cuts, it was reduced to \$25,200. I met with CAP officials last summer and I said I don't want any fluff, I want to know what your training and operational programs actually cost you to offset those training programs in the state. And I think they were very diligent about giving you the costs that they did, the \$111,000 figure. Now that covers their operational training and flying programs, operational flying and training programs. I'm going to tell you, as an aviator, that training is all so important. If you're not current and if you're not proficient in the course of flying your aircraft, you're a risk to yourself and the people around you. So we owe it to these folks to make sure that they're funded in the way that they need to be for their operational training, and I trust that number that they've given you is extremely accurate, if not probably fiscally conservative and underestimating. On page 2, I would refer you to CAP, the three primary missions: emergency services, cadet training, and aerospace education. These

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people do not get paid for what they do. They do this as a volunteer service and it should be noted that in cases of wildfires and in transporting firefighters and spotters in different areas, they were very busy in the past few years along with the resources expended during flooding and in other major catastrophes. I propose that the Legislature restore the funding of \$111,000 total. On the last page you will see a note at the bottom. It said we would propose the Legislature restore the General Fund appropriation in the amount of \$31,500, which was the original amount that we were asking. The total requested appropriation is \$111,000. I know that you guys are the wizards and I know you know how to do this. I would propose that that total amount of money be a pass-through so that they're using it for operational training the way they need and see fit, and that we watch their budget over the next few years and make sure that that is an appropriate amount of money in upcoming years, and I know we do that very well. With that, I have another obligation and I'm going to waive closing with you today. I thank you for your careful consideration of this matter. [LB666]

SENATOR MELLO: Thank you for your testimony, Senator Krist. Is there any questions from the committee? Seeing none, thank you, Bob. [LB666]

SENATOR KRIST: Thank you, Senator Mello. [LB666]

SENATOR MELLO: We'll first hear proponents of LB666. Go ahead and come on up. [LB666]

ROBERT TODD: Thank you. My name is Robert Todd, I go by Bob, T-o-d-d. My current position is I am the commander of the North Central Region of Civil Air Patrol, which includes seven states. I spent over five years as the commander of the Nebraska Wing of Civil Air Patrol. We're organized, each state is a wing, much along the lines of the Air Force where we have squadrons under wings. I'd like to give you just a brief history of the Civil Air Patrol for those of you that may not be familiar with it. The Civil Air Patrol came into being on the 1st of December, 1941, six days before Pearl Harbor. Since then it has grown to a much larger organization. But during the Second World War, its primary objective was sub spotting on both coasts. They saw that we were going to enter the war at some level and the subs were already out in the Atlantic. During the war, Civil Air Patrol was credited with sinking at least two with ordnances that were loaned from the Army or homemade. During that time, many members were lost in those endeavors. Currently, there are enough cosponsors for a Congressional Gold Member (sic) for the survivors of that era, and I think it will come up for a vote very short in U.S. Congress. In 1948, Civil Air Patrol, and I'm going to refer to it as CAP, if you don't mind, was congressionally chartered as a nonprofit organization. At that time, it was also designated to be the U.S. Air Force auxiliary and to assist them in search and rescue primarily because it was very costly to take Air Force trained pilots to go out and look for an airplane that got lost or had to make an emergency landing or, in some cases, crashed. The history has been rather centered towards the emergency services

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side, but as was mentioned, we have the three missions. Those missions include emergency services, cadet programs, and aerospace education. I will admit that with the advent of the technology age, aerospace education has gotten beyond us somewhat. My personal history is I've been a pilot for over 55 years and I've been a flight instructor for over 40 years, and I've had nothing but wonderful, good things to do with the cadets and the process. I'd like to give you a few statistics. Nationally, Civil Air Patrol has about 60,000 members. Just slightly less than half of those are cadets between the ages of 12 and 18. These cadets learn some very wonderful things, and I'd like to go into that in a minute. We have 550 aircraft, which are supplied by the Air Force to perform their missions of emergency services and search and rescue. We have almost 1,000 vehicles which escort the cadets and work in a team with the airplanes so that they can coordinate searches. It's very difficult when an airplane locates a crash site. They can't land and do any good so they guide a team in from the ground, and quite often that team includes some of these cadets that have been trained to do so. The biggest part of our job is to stay trained to do this mission. In Nebraska there are approximately 520 Civil Air Patrol members. Over half of these are cadets. And they're divided into 14 squadrons. These are just wonderful young people. They learn leadership, flight courtesies, they learn authority, they go through a series of 16 steps to progress through their progression in order to be better citizens. One of the stories I like to tell is a squadron here in Lincoln had a color guard competition. They placed first in the state, went to the region competition, and all four members went to four different academies. There is no commitment whatsoever that they go into the military, none whatsoever. They choose to do it on their own. We are a wholly volunteer organization. There are less than 80 paid employees, 1 in each state and 22 at our national headquarters at Maxwell Air Force Base. Other than that, we are one of the few organizations that pays dues to volunteer. I'd be glad to answer any questions you might have. [LB666]

SENATOR MELLO: Thank you for your testimony. Is there any questions from the committee? Senator Nelson. [LB666]

SENATOR NELSON: Thank you, Senator Mello. Just one quick question. Do the cadets learn to fly before they become members of the CAP? [LB666]

ROBERT TODD: No, we have a program and some of this money is appropriated from the Air Force to take them up on an orientation ride. Now we do conduct a flight academy here in Nebraska once a year and cadets from all over the country come to this and learn to fly. There's been over a 90 percent solo rate out of that academy. These are dedicated young people. [LB666]

SENATOR NELSON: That comes from Air Force funds? [LB666]

ROBERT TODD: That academy they pay for themselves. [LB666]

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SENATOR NELSON: Themselves, okay. Thank you. [LB666]

SENATOR MELLO: Senator Kintner. [LB666]

SENATOR KINTNER: Real quick, what kind of planes are you using? You're getting, I guess, old Air Force planes, is that what you... [LB666]

ROBERT TODD: In the beginning, it was old Air Force planes. Now they buy us state-of-the-art... [LB666]

SENATOR KINTNER: Really. [LB666]

ROBERT TODD: ...technology. If you're familiar with flying, in the old days you had a lot of round gauges. Now we have two computer screens. One is a moving map. The other one puts all the numbers on it you need, air speeds, altitudes, and dual radios and so forth. And I'd say that it is, if you're familiar, Garmin 1000 package in every new airplane they buy. And these are scattered around. We have six in Nebraska. And, let's see, I think there are 14 vehicles for the cadet transportation. [LB666]

SENATOR KINTNER: Now are these planes, they hold 14 people, 16 people? What's the size? [LB666]

ROBERT TODD: No, sir. In Nebraska they're all four passengers. [LB666]

SENATOR KINTNER: Oh, four passengers, okay, so. [LB666]

ROBERT TODD: Four passengers. Most search and rescue, you'll have a pilot who pays attention to getting the airplane there and back, and, say, you have an observer on the right, and a communicator and a scanner so they can watch out both sides if we're searching for a downed aircraft or a person. [LB666]

SENATOR KINTNER: Are these mostly two-engine planes or... [LB666]

ROBERT TODD: Single-engine,... [LB666]

SENATOR KINTNER: Single-engine. [LB666]

ROBERT TODD: ...all single-engine, yes, sir. [LB666]

SENATOR KINTNER: All single-engine, very good. Thank you. [LB666]

SENATOR MELLO: Any other questions from the committee? Seeing none, thank you

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for your testimony, Bob. [LB666]

ROBERT TODD: Thank you. [LB666]

SENATOR MELLO: Are there any other proponents for LB666? [LB666]

THOMAS PFLUG: My name is Thomas Pflug, T-h-o-m-a-s P-f-l-u-g. I'm currently associated with the Omaha Composite Squadron of Civil Air Patrol here in Nebraska. I'll tell you, my job here is to give you a little bit of an eyewitness look at what we do at CAP. As Colonel Todd indicated, we're all volunteers. And what does it look like to be a Civil Air Patrol volunteer, is a question that I was asked. Well, specifically, I became involved in Civil Air Patrol before the turn of the century with the east Omaha inner city squadron, the '99 Pursuit Squadron, helping with their cadet program, providing cadet orientation rides. Subsequently, I became involved at a greater level, both at the wing level as a safety officer, and I'm the immediate past-commander of the Omaha Composite Squadron in Omaha. Specifically, I'm an Air Force ROTC, Air Force Junior ROTC, Civil Air Patrol cadet orientation pilot, a mission pilot, and a mission check pilot. I'm also employed. I have two small businesses that I run, so to try to give you some perspective on what we do. Recently...I'll tell you about three missions that we've flown. The one that you're probably going to be most familiar with is the summer of 2011. You all remember the Missouri River flooding that occurred and I, along with at least 30 other Nebraska Wing volunteers, flew throughout the course of the summer in support of NEMA, FEMA, the Corps of Engineers, and other federal and state agencies to provide aerial imaging of the flooding along the Missouri River. Basically, what we would do is fly up to eight hours a day, from the Nebraska-South Dakota border to the Nebraska-Missouri border, photographing the river and critical infrastructure along the way. We also had members on the ground who devoted a tremendous amount of time to developing a system where we could georeference the photos we were taking and present to our customers a georeference map showing the photograph and exactly where the photograph was taken. So they knew what they were looking at, could pull it up on-line and take a look. Our first notification relating to the flooding came on June 5. I happened to be in route to Columbus to a family reunion, turned around and came back. We had an airplane in the air over the flooding at the Hamburg levee within 90 minutes. That's part of the rapid response time that we like to be able to provide for the folks in the state of Nebraska. During the course of the flooding, along with photographic reconnaissance that we did, we also received a missing person request from the Otoe County Sheriff for an individual that was supposedly on the river during the course of the flooding. We had an airplane over the Nebraska City area on the river within 60 minutes looking for that missing individual. During the course of the summer, we were flying virtually every day during the month of June, about every other day from July through September. Naturally, with volunteers who have full-time jobs, it's difficult to find time to take away. You all were very gracious in granting us consistent status with the National Guard in that our employers were required to allow us to go do that,

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but, believe me, that...it's still a stress at work when you're working for a small business. When you're self-employed, such as I am, you can take all the time off you want, but that doesn't mean that the work stops. So we had people flying the photographic missions every day as well as a crew on standby for rapid response type issues that would arise, whether it was missing persons or a new levee breach that they wanted specific photographs of. Basically, we would be gone eight to ten hours a day, departing out of Millard early in the morning, flying north to the South Dakota border typically, down the river, taking the photographs, and then back home, at the end of the day process the photographs and upload them to the customers that we had. January 2014 we received a call at 11:45 on a Thursday afternoon that there was a missing person or missing persons up in Antelope County. We had an airplane launched within two hours to get to the O'Neill area to search the area that had been described by the sheriff as a likely location for these folks. You will recall the weather during that time was bitterly cold and there was tremendous concern that these guys were facing a life-threatening situation. And given the scope and the size of the county, we were in the air to try and provide extra eyes to be able to get that done. We flew additional sorties on January 11 with crews out of Omaha, Lincoln, and a communications crew out of Fremont, Nebraska. And finally, just last week the Papio-Missouri River Natural Resources District contacted us and asked us if we would please provide a vehicle for them, a flight for them over the Platte River because of concern about potential ice jams and flooding. We were able to accommodate them the very next day. Finally, Colonel Todd alluded to this and I'll just go back to it. General proficiency, basically we fly technically advanced aircraft, single-engine Cessna 182s. They're equipped. They're as nice an aircraft as you're going to find in virtually any scenario. But, as you know from working with...if you've worked with technology at all, it takes hands on to be able to master that and become proficient at it. And the state of Nebraska, the people who fund our operations, have every reason to expect us to be proficient and capable when we're called to serve. We want to be proficient and capable when we're called to serve, but we need funding in order to be able to do that. The funding that we receive occasionally from the Air Force, subject to sequester, among other things, is simply insufficient for us to maintain the fine edge that we'd like to in order to be able to continue to serve the people in our community, our state, and, more broadly, in the nation. Thank you. [LB666]

SENATOR MELLO: Thank you for your testimony, Thomas. Are there any questions from the committee? Seeing none, thank you. [LB666]

THOMAS PFLUG: Thank you very much. [LB666]

SENATOR MELLO: Other proponents for LB666? [LB666]

DAVE HALPERIN: (Exhibit 2) Good afternoon. My name is Dave Halperin, D-a-v-e H-a-l-p-e-r-i-n. I live just south of Blair, Nebraska, and I'm awfully glad to be here on the first warm day we've had in some time. My goal today, as a member of Civil Air Patrol,

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is to explain two items. Number one is how we save the state of Nebraska and us taxpayers money, and the reason we can do that is we deliver the services we deliver at a fraction of what most first responder organizations do, and we do so because, as Colonel Todd and Tom suggested, we do it for free. We're volunteers. Now that isn't to say we're not highly trained nor motivated, but we don't get paid for what we do. I'd like to address a couple of experiences that the state of Nebraska had and that we participated in, the first of which was the Missouri River floods. And Tom alluded to those and I'd like to give you a few statistics. In the three months that we flew those photo missions, we flew about 53 missions for a total of 220 hours, and we exposed over 11,000 digital images. The cost of delivering that service to the state of Nebraska and the federal agencies that requested it was \$21,400. To kind of give you a perspective, had the Army National Guard had to fly those missions, flying their HH-60s, the cost would have been about \$570,000, aircraft and crew cost included. You can see that we saved the state of Nebraska, in this instance, about \$550,000. And recently, as Tom alluded to, we flew a search mission for a missing couple in Antelope and Holt Counties, and in that case we flew about 20 hours over a three-day period of time. The cost of delivering that service was about \$2,600. Had the search been flown by the National Guard, it would have been \$86,700. And to kind of give you some additional perspective, had the Department of Aeronautics flown the mission in the same kind of airplane, the cost to the taxpayers would have been about \$4,500, excluding additional crew. What I'd like to do now is address how you all can help us. As I indicated, we're volunteers. As Tom indicated, we need help in operating our aircraft fleet in behalf of our fellow citizens. As Colonel Todd mentioned, most of our acquisition money comes from a very modest appropriation from the federal government, and they are the people who give us the funds where we acquire the aircraft, the motor vehicles, and the communications facilities. They also have provided over the years a modest amount of funding to provide air search and rescue, particularly for missing airplanes. As I'm sure all of you are keenly aware what's happened recently, because of sequesters and other machinations between the national political parties, those funds have been reduced dramatically. And even when they're forthcoming, they're often delayed because of additional infighting between the two political parties. So what we're asking is for the state of Nebraska to provide the funding so we can continue to provide service to the citizens of Nebraska. And as Senator Krist mentioned, we're looking to fund sufficient dollars to operate each of our six airplanes for 100 hours a year. Using a modest reserve for maintenance costs, plus the cost of fuel, we're looking at approximately \$79,500. That would allow us to fly the kind of missions that include counter-drug reconnaissance, some wildlife and habitat surveys, fly the rivers as we did just day before yesterday, transportation and spotting in fire season, and as Tom indicated, which is terribly important, training to maintain proficiency to accomplish these missions. Additionally, as Senator Krist mentioned, we receive reimbursement for some of our administrative expenses to include repairs to our emergency response vehicle fleet and maintenance of our office equipment. As Senator Krist mentioned, those funds had been reduced. We asked them to be restored to their previous amount of \$31,500 and

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returned to the General Fund. We would, therefore, ask that the total appropriation that Senator Krist has recommended be granted in the amount of \$111,000. Concludes my remarks. [LB666]

SENATOR MELLO: Thank you so much for your testimony, Dave. [LB666]

DAVE HALPERIN: Welcome. [LB666]

SENATOR MELLO: Are there any questions from the committee? Senator Nordquist. [LB666]

SENATOR NORDQUIST: Thank you. Thank you for your testimony. [LB666]

DAVE HALPERIN: Yeah. [LB666]

SENATOR NORDQUIST: Who ultimately makes the decision on each mission whether or not you fly those? [LB666]

DAVE HALPERIN: Well, generally, it's a funding question. And in the case of a search and rescue mission, the Air Force Rescue and Recovery Service, headquartered in Florida, makes the call... [LB666]

SENATOR NORDQUIST: Uh-huh. [LB666]

DAVE HALPERIN: ...on whether we should be involved. For other sorts of emergency missions, assuming funding is available, the call is made right here in Nebraska. [LB666]

SENATOR NORDQUIST: Okay. And is...like if the...you said it was the NRDs that asked to do the river? [LB666]

DAVE HALPERIN: Right. [LB666]

SENATOR NORDQUIST: Do they do any reimbursement or...? [LB666]

DAVE HALPERIN: Some can and do. Others don't because they can't or can't afford it, although NRDs are perhaps better funded than some other political subdivisions. [LB666]

SENATOR NORDQUIST: Great. Thank you. [LB666]

DAVE HALPERIN: Welcome. [LB666]

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SENATOR MELLO: Any other questions from the committee? Seeing none, thank you, Dave, for your testimony. [LB666]

DAVE HALPERIN: Thank you. [LB666]

SENATOR MELLO: Other proponents for LB666. [LB666]

ROBERT MOORE: My name is Robert Moore, R-o-b-e-r-t M-o-o-r-e, and I'm the Antelope County Sheriff. On January 4, we had received a call from family members that were concerned about one Cory Wettlaufer and another family was Amanda Makovicka's family, that they had not been seen in a 24-hour period. We did some local things immediately, talked to friends, families, did some Facebook checking and things to try and obtain that maybe they'd just gone somewhere or something. And in the course of about a three-day investigation, we determined that they were having vehicle troubles on the...be the south side of O'Neill, about two miles south of O'Neill. We attempted with fire departments and a couple local pilots to try and get some searches done but our fire departments were running into some impassable roads. The, bless their hearts, our pilots that did go out, they just kind of did some circular areas of the counties and we just...we had no grid pattern or nothing set up. I believe it was day four I finally contacted the Civil Air Patrol and inquired for help because, obviously, we were under some pretty good pressure from family that we weren't doing enough, and we were doing what we could with the resources that we had. So we were able to get the Civil Air Patrol in play with us and, to be honest with you, they were a breath of fresh air. They came in, they set up grid patterns. We knew what they were (inaudible). Well, what made this thing so complex is that we had two counties and we're out there where basically a lot of what is called minimum maintenance roads. They're trails, is the bottom line. And some of them get so dug out that you even bottom four-wheel drive pickups out trying to go up and down. Some of them, they use tractors. We were dealing with a...the night that they come up missing, an REA company come in contact with the couple. They said they were having vehicle problems and that they thought they were having a gas issue. The REA poured gas in their vehicle and that's the last they're seen is they...they both departed. They seen the vehicle moving. The REA returned back in. We battled below-zero temperatures for the next two, three days, which also hampered us in trying to get people out there. They, the Civil Air shows up and, as the gentlemen have explained to you, the first day they kind of got a feel of the area of what we're looking at, because we were dealing with O'Neill to Chambers, Chambers to Inman, Inman to Orchard, and this takes in a huge area. And the Civil Air Patrol was able to show up. They "gridded" that. We know that they were just going back and forth across that whole pattern. They had 14 people on the ground to assist in doing search there, and it just became...kind of turned chaos into...it kind of settled things down for us. And it took some pressure, because the family just thought...and when you're dealing with all these small rural fire departments and asking them, can you try and check your fire district, we didn't know, you know, that were they going down the

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road that had the bridge washed out, because we've got on some of these old minimum maintenance roads the bridges don't exist anymore because they couldn't afford to fix them. I would...I'd just like to encourage the senators today that for us out there, where we're kind of in no man's land, these guys can cover the area so fast. And when we're talking about a loved one that may be stranded and in a critical situation, they can come on the scene. And they're trained to look. Some of the pilots, what they look for and what these guys look for are totally different. You know, they know their job. And we were very impressed when they showed up on the scene because that was the first time I've ever dealt with Civil Air Patrol and it was a class act, I can assure you that. That's all I have. [LB666]

SENATOR MELLO: Thank you for your testimony today, Robert. Are there any questions from the committee? Senator Kintner. [LB666]

SENATOR KINTNER: Well, did you find them? [LB666]

ROBERT MOORE: Yes, we did. They... [LB666]

SENATOR KINTNER: Okay. [LB666]

ROBERT MOORE: ...they decided to go off the radar and not tell no family no nothing and they were located in Iowa by authorities over there. So it was... [LB666]

SENATOR KINTNER: Okay. As long as it has a happy ending, I feel better. [LB666]

ROBERT MOORE: It had, yeah, it had a happy...and both of them are, from talking to the family, they're both in treatment in an Iowa facility right now, so. [LB666]

SENATOR MELLO: Any other questions? Seeing none, thank you, Robert. [LB666]

ROBERT MOORE: Thank you. [LB666]

SENATOR MELLO: Are there any other proponents for LB666? Seeing none, is there any opponents to LB666? Seeing none, is there anyone here in the neutral capacity? [LB666]

DARYL BOHAC: (Exhibit 3) Good afternoon, Senator Mello and members of the Appropriations Committee. I'm Major General Daryl Bohac, D-a-r-y-l B-o-h-a-c, the Adjutant General and director of the Nebraska Emergency Management Agency. I'm appearing today to give neutral testimony to LB666. In the bill you'll note that Section 1 of 55-181, Reissue Revised Statutes of Nebraska, would be amended in part to say that the Military Department "shall" contract with the Nebraska Wing of the Civil Air Patrol, instead of the current language in statute that states "may" contract. In (5) of the current

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statute, one of the defined duties of the Civil Air Patrol is to assist in meeting emergencies within the state. To that end, NEMA currently maintains contingencies with our duty officer system for contacting of the Civil Air Patrol to request mission support in emergency situations. The Military Department currently has in place two memorandums of understanding with the Civil Air Patrol for operational support and assistance to the state through NEMA. The first MOU defines roles and responsibilities of both NEMA and the Civil Air Patrol, and also covers reimbursement for services rendered. The second MOU is specific to NEMA, the Nebraska Forest Service, and the Nebraska Wing of the Civil Air Patrol, and specifically covers mission procedures and coordination responsibilities for aerial reconnaissance and aerial survey missions during times of high fire danger and/or high fire activity in the Pine Ridge area of northwest Nebraska, and additional areas of the state at the request of NEMA. The Military Department already has the ability to utilize the Civil Air Patrol. At such point in time the Civil Air Patrol is requested and activated by NEMA, they will be reimbursed under these agreements. In checking the fiscal records of NEMA for the past three years, the Civil Air Patrol was utilized once in 2011, once in 2012, and once in 2013 on two river surveys and one fire reconnaissance mission, for a total cost of \$496.66. Under current statutes, the Nebraska Military Department has reimbursed to the Civil Air Patrol an average of \$26,775 for the past three fiscal years with the funds coming from the Department of Aeronautics cash fund. These funds have covered other operating costs not associated with those costs covered by activations by NEMA and MOUs currently in place. This concludes my testimony and I would be happy to answer any questions the committee might have. [LB666]

SENATOR MELLO: Thank you for your testimony, General Bohac. Are there any questions from the committee? Seeing none, thank you, General. [LB666]

DARYL BOHAC: Thank you, Senator. [LB666]

SENATOR MELLO: Is there anyone else here in the neutral capacity on LB666? Seeing none, that will close today's public hearing on LB666 and lead us to our next public hearing on LB738 by Senator Larson. [LB666]

SENATOR LARSON: Thank you, members of the Appropriations Committee. I am Senator Tyson Larson, T-y-s-o-n L-a-r-s-o-n, representing District 40 from O'Neill, and I am here today to introduce LB738. LB738 would create the Vehicle Title Registration System Replacement and Maintenance Fund, and would appropriate \$12.5 million from the Department of Motor Vehicles Cash Fund into this fund. This fund and its accompanying appropriation would allow the DMV to start the process of replacing its outdated vehicle titling and registration system. Additionally, this bill makes specific appropriations within the \$12.5 million to begin the VTR replacement identification process and provide salary funding for additional staff and aid in that process. The vehicle titling and registration system is used throughout the state to issue motor vehicle

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titles, note liens, collect sales tax, register motor vehicles, and collect all motor vehicle taxes and registration fees. About 3 million transactions are processed through the VTR annually and approximately \$575 million in state and local revenues are collected through the system as well. The current VTR system was designed and developed in 1991 using components from the late 1980s. The installation process began in 1992 and was finally completed in all counties by 1997. The VTR system has been functioning as is for the past 21 years. It is clear it's time to update the system. Technology has advanced significantly since the late 1980s and we need to have a VTR system that is flexible and adaptable to future technological changes. Updating the system will also allow for the state to improve customer service by providing customers and dealers access over the Internet, to provide opportunities to enhance fraud prevention, and increase collection in unrealized revenues, and reduce the overall operational costs. Creating a new fund and appropriating the \$12.5 million proposed from the DMV's own cash fund will help DMV jump-start the process of replacing our outdated VTR system. The DMV has started to take some preliminary steps in understanding the current issues are...what the current issues are and what actions need to be taken to identify a VTR system replacement. This funding would allow them to continue to work to put additional funds aside and will go towards purchasing the system itself. It is anticipated that more than \$12.5 million will be needed when the DMV is ready to buy a replacement system, but this will give DMV the solid foundation they need to move forward. Thank you. And I'd be happy to answer any questions should the committee have some. [LB738]

SENATOR MELLO: Thank you, Senator Larson. Are there any questions from the committee? Senator Bolz. [LB738]

SENATOR BOLZ: Thanks, Senator Larson. I'm just curious and maybe someone behind you can address this as well. But it says in the fiscal note that there's \$6,000 the first year and \$13,000 the second year to investigate other state VTR systems at the same time that you're hiring an IT consultant. And I'm just wondering if you could speak to that and help me understand why you have both a consultant and a significant amount of money to just investigate other state systems. [LB738]

SENATOR LARSON: Well, the consultant, I think that we are hiring someone to run the program. Speaking to that, DMV might be better, when they come up in a neutral capacity, to answer the \$6,000 and \$13,000. But a number of states I know have been implementing their own or systems throughout and I would assume that that \$6,000 and \$13,000 would just be to investigate what those other systems are. But I think that question would be best answered by DMV, who will be coming up later. [LB738]

SENATOR BOLZ: Okay. [LB738]

SENATOR MELLO: Any other questions from the committee? Senator Larson, I have a

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question, and feel free to defer it to DMV if you'd like. But under state law, I believe the Nebraska Information Technology Commission is supposed to give approval before any major technological or IT project is undergone by any state agency. Do you know, has the DMV started that process to go through making this new titling system an enterprise fund project? [LB738]

SENATOR LARSON: I don't. That would be a great question for DMV. [LB738]

SENATOR MELLO: Okay. [LB738]

SENATOR LARSON: I know they have been waiting, from my understanding, to build up the funds or get to the point where they could afford the new system, and maybe where...and I don't know, when I introduced this bill, if they had done that or not. But I see a real need for the system so I'm guessing if LB738 were to pass, that would be something they would obviously have to do moving forward... [LB738]

SENATOR MELLO: I'll... [LB738]

SENATOR LARSON: ...or not passed but become part of the budget. [LB738]

SENATOR MELLO: I will ask them that question then for my answer. Seeing no other questions, thank you, Senator Larson. We will first take proponents for LB738. [LB738]

LOY TODD: Senator Mello, members of the committee, my name is Loy Todd, that's L-o-y T-o-d-d. I'm the president and legal counsel for the Nebraska New Car and Truck Dealers Association. I've been working for these people for the last 26 years. It's the first time I've ever been in front of the Appropriations Committee. I'm not totally familiar with how it works. Asking for money is a little different for us, so. And I do want to make one thing clear and that is that this isn't for us. It's for the state of Nebraska. The state of Nebraska is in the car business. I know you don't feel like it, but you are. And when you talk about generating the kind of money that is generated by motor vehicle taxes and fees and how dependent we all are in the state on that, it's very important to make it as efficient as possible. Our system is good. The Nebraska system of titling, registration, lienholding is the envy of many states. My counterparts in Colorado, Kansas, Missouri are just amazed that you can walk into a courthouse in Nebraska and walk out with a title at the same time. It takes months in other states. One of the things I fight all the time in other states is we got a 30-day grace period to register. We can't get a title out of some of these states in 30 days. And so we're excuse-making and working in that regard quite a bit. Our motor vehicle taxes in this state are either second or fourth highest in the nation, but we still support and have supported historically reasonable fee increases in order to fund things like the new computer system. What we have...in my understanding of this whole process, and this is a cash funded agency, and so we have for years been saying, you know, why can't you get the new computer? There's been

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money there historically, but what tends to happen is they build it up over time and then in about a seven-year cycle the state runs out of money and then they go and appropriate, sweep all the funds out of all the cash agencies, and we go back to starting over. So to us at least, in a most simplistic way, you got this piggybank there and there's money in it again. And we really appreciate Senator Larson looking at this methodology of at least taking \$12.5 million of that, setting it aside and saying, okay, this, please don't take this while we figure out how to do it. We have looked at other states. And one of our thoughts early on was let's just adopt somebody else's cookie-cutter approach. It doesn't seem to work that way. Our system is unique, as is virtually every state. We tax them differently, we license them differently, we do everything. And historically, we have gone to the DMV time after time saying can we do this, can...? When you buy a car from one of my dealers, we send a report to the Department of Revenue saying you need to show up in 30 days and here's how much money you owe. We send it to the county. We give it to the customer. We keep one ourself. And you would think the computer could tell you that they didn't show up or why. It can't. There are so many...we have a national system, NMVTIS, that discloses fraud, title fraud, salvage titles and things like that. We really can't fully implement that in Nebraska. It's a system that I have pushed hard nationally to make functional. We would like to tie into that. Dealers would like to help you as customers out by titling and registering your car at the dealership with a direct hookup with the DMV. We can't do it. There are just so many things that can't be done. And this computer is, at best, 21 years old. We were watching the kennel club show the other night, and I was thinking in dog years that's like 145 years. (Laughter) I don't know what a computer year is. But you know, it's a pretty old dog. And computers are outdated in a matter of a few years. I can't imagine what would happen if you called some computer repair person and said, would you come work on my computer, by the way, it's 20 years old. New technology needs to happen. The upgrades need to happen. The money is there. We've been putting it away for a long time. We would ask that we start the process of getting some back. Thank you. [LB738]

SENATOR MELLO: Thank you for your testimony, Mr. Todd. Are there any questions from the committee? Senator Kintner. [LB738]

SENATOR KINTNER: I wasn't going to ask any questions, but I got to get my hands around this thing. So we're putting \$12 million aside to do this. You know, Amazon puts a computer system together that does millions of transactions a day, billions a year probably. I don't think they spend more than a couple million, \$3 million, \$4 million on it. Why? Maybe I'm asking the wrong person this. Maybe this isn't you, but whenever government puts together a Web site or computer system, they get...they pay three times as much. Is there a company that does this out there that's...is there a company that specializes that we're hiring? Why aren't we going on Amazon or someone and say, hey, can we have some of you guys, come...bring them over here and design this thing for us? [LB738]

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LOY TODD: Well, Senator, I'm partially the guy to ask this question and only in that I've been looking at this for a long time. And when I saw \$12.5 million to start with I thought, wow, that's a lot of money for a computer. But when I check with other states, Iowa went through this process a few years ago. I think they spent \$24 million doing it. Other states have spent much more. I can tell you that I can't find anyplace...and we looked. What I would love better than anything is to come in here and say, hey, the thing is going to cost \$2 million or \$3 million; let's hire somebody. I can't find that, and not that I am in charge of finding that. But I think the numbers, they were surprising to me also. However, it looks like those are the real numbers. I even talked to other states. In Arizona, for example, the Car Dealers Association actually titles and registers cars. They've taken over that function from the state. They don't think these numbers are unreasonable when I've talked to them. They have much more money than that tied up in it. So this is the number, while surprising, seems to be modest in comparison with other states in similar circumstances. But I'm sure the department can answer that much more appropriately. [LB738]

SENATOR MELLO: Senator Wightman. [LB738]

SENATOR WIGHTMAN: Yes. And maybe you can't tell us, but you probably know how much comes into that fund annually that we would be taking the \$13 million out of? [LB738]

LOY TODD: You'll have...the people from the DMV can tell you that. I'm not... [LB738]

SENATOR WIGHTMAN: Okay. [LB738]

LOY TODD: ...I'm not familiar with that. [LB738]

SENATOR WIGHTMAN: You don't know how much is in it now either, I assume. [LB738]

LOY TODD: I understand that there's something a little over \$20 million in the fund now. [LB738]

SENATOR MELLO: Any other questions from the committee? Seeing none, thank you, Mr. Todd. [LB738]

LOY TODD: Thank you. [LB738]

SENATOR MELLO: Next proponent for LB738. [LB738]

DON WESELY: (Exhibit 4) Mr. Chairman, members of the Appropriations Committee, for the record, my name is Don Wesely, W-e-s-e-l-y. I represent the Institute of Scrap

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Recycling Industries. They go by ISRI. They're the national group that scrap recyclers belong to and we're here in support. Loy was talking about the start of the cycle on automobiles. We're at the end of the cycle. We're the guys that, when they get done and they're ready to salvage and scrap the car, they come to us and then we turn those cars into metal that goes up to Nucor. So it all ends up working out pretty well for us. But there's a reporting system under this NMVTIS system that we report to and we end up double reporting. We end up reporting to the national system and to the DMV, and then there's a little bit of confusion sometimes about how that works. And in catching thieves, this system is...that's what they're about, is catching thieves, people that are trying to get away with car theft or whatever. The quicker you act, the quicker you can catch them. And right now it's...this double-entry thing is problematic for us. So we're here to support this in the hopes that this new system could then accommodate a way that we could report to the DMV and it could automatically then go right to the national. And they can find out--if you get a chance to read that--they'll talk about they can find out, they get a car up here in Nebraska, they can find out through this system if somebody down in Texas reported it stolen or something. You know, there's a way to track all this down and find out who's doing some of this stuff. So we support it. We'd like to work with the DMV and get the end of it as well as the start of the automobile's life cycle to help make sure we don't have problems with it, so. [LB738]

SENATOR MELLO: Thank you for your testimony, Mr. Wesely. Are there any questions from the committee? Seeing none, thank you. [LB738]

DON WESELY: Thank you. [LB738]

SENATOR MELLO: (Exhibit 5) Are there any other proponents for LB738? Seeing none, the committee received a letter of support from the Nebraska Association of County Officials to be read into the public record. Are there any opponents to LB738? Seeing no opponents, is there anyone here in the neutral capacity? [LB738]

GARY RYKEN: (Exhibit 6) Chairman Mello and members of Appropriations Committee, I am Gary Ryken, G-a-r-y R-y-k-e-n, accounting and finance manager of the Department of Motor Vehicles. Director Lahm sends her apologies for not being able to be here today as she is out of the state due to a family matter. I'm appearing before you today to offer neutral testimony on LB738. The vehicle title and registration system, known as VTR, was designed in the late 1980s and collects and distributes approximately \$600 million annually to a multitude of local and state agencies. VTR is aging and lacks the business flexibility that a new system could provide. The current system was designed to follow the paper-handling processes of the precomputer era that took place in the offices of county clerks, county treasurers, and county assessors. Over the years, functions have been consolidated through legislative changes; however, the current VTR system is still structured as though it operates in three separate offices when, in fact, all transactions are now performed by the county treasurers and managed

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by the DMV. The system lacks consolidated statewide data for many of the users. For example, the counties, not the state, have historical data about registrations, but the counties only have current title information. On the flip side, the state has the current and historical data about titles but only has the current registration records. Only counties have information about fees, taxes, and transaction types. Furthermore, VTR lacks interfaces between vehicles owned by the same owner and the DMV's driver license data. These are just a few examples which point out the necessity for an updated business model. DMV has engaged in discussions with stakeholders over the last few years about designing and developing a new VTR system. On October 23, 2013, DMV published a VTR business case, which examined the current system, identified issues, design alternatives, and finance options for VTR replacement. The business case makes it clear as DMV moves forward with a replacement VTR that any solution selected would be a multiyear project. DMV proposes to use the appropriation contained in the bill to move deliberately and cautiously in search of the best possible VTR solution for the citizens of Nebraska. DMV will report back to this body with a recommended solution, time frame, and cost to complete the project before proceeding to the contract stage. Senator Mello, thank you for your time today and I'll be happy to answer any questions the committee may have. [LB738]

SENATOR MELLO: Thank you for your testimony. Are there any questions from the committee? Senator Wightman. [LB738]

SENATOR WIGHTMAN: Mr. Ryken, thank you for being here. The indication was there's maybe, what, \$24 million, is that approximately correct, as to how much is in that fund at the present time? [LB738]

GARY RYKEN: There's a little over \$18 million in the fund right now. [LB738]

SENATOR WIGHTMAN: Eighteen million, okay. How much comes in annually? [LB738]

GARY RYKEN: Annually, our revenues are in the...it varies a little bit due to, you know, driver licenses and so forth coming in, but approximately \$17 million, \$17.5 million a year. [LB738]

SENATOR WIGHTMAN: And have you done enough study to know about what this would cost? Is it pretty close to the amount you're asking for here? [LB738]

GARY RYKEN: We are at the very preliminary stages of this process. I can't really say with any assurances that \$12.5 million is enough or isn't enough at this point. It's a number to start with, though. [LB738]

SENATOR WIGHTMAN: Thank you. [LB738]

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SENATOR MELLO: Gary, I asked a question of Senator Larson and I'm going to defer to you. My understanding of state statute requires that any state agency who undergoes a project like this has to get approval first from the Nebraska Information Technology Commission before you can move forward with such a large IT project. Has the department followed...has started that process with the NITC to this point, or is that a process that would start by us essentially earmarking the \$12.5 million for the project? [LB738]

GARY RYKEN: That would certainly be the start, yeah. It's something that we know that we have to do at some stage. At this time, though, we don't really have enough information to go with a solid plan to the board yet. So we would be filing the necessary paperwork at the appropriate time. [LB738]

SENATOR MELLO: And maybe that dovetails off, I think, Senator Bolz asked a question, just in general of... [LB738]

GARY RYKEN: Uh-huh. [LB738]

SENATOR MELLO: ...of the department's use of funding in regards to hiring an IT consultant as well as a project manager. It's one thing for us as the committee...and this respects to I think we're appropriating money to the fund for you to be able to use it for the project. The question though is knowing the NITC has a fairly large role in regards to evaluating whatever proposal you put forward, do you think that there is...that maybe there's a little too much money appropriated from this fund for the department to investigate this without talking first or communicating, working with the NITC? [LB738]

GARY RYKEN: Well, our plan is to work with them. But in terms of the money appropriated, there's...I think there was \$800,000 over the next two-year period. So we're not anywhere close to, you know, expending the \$12 million. I guess...does that answer your question, Senator? [LB738]

SENATOR MELLO: I think the question Senator Bolz asked, and if I...and I'm trying to paraphrase it, I think her question was it seems like we're spending an awful lot of money on administration over the next two years to come up with what this system will be, where the NITC will have to do an evaluation of their own or they can assist with such a large enterprise IT project. Where I'm wondering if this is--now granted this just gives you the authority to spend the money out of the \$12.5 million--of whether or not the department...I mean if the department really thinks they're going to spend \$800-plus million (sic) on administration over the next two years. [LB738]

GARY RYKEN: Well, \$800,000 was what the appropriation was. Yeah, I think we can...that would be enough to get the project started to the point where we can take it to the board. Their role, I believe, is more of a review of the plan and the process, so...and

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makes sure that it fits into the overall state plan. And I don't really see a problem with that, Senator. [LB738]

SENATOR MELLO: Okay. Any other questions from the committee? Seeing none, thank you, Gary. [LB738]

GARY RYKEN: Yeah. [LB738]

SENATOR MELLO: Is there anyone else here in the neutral capacity? Seeing none, Senator Larson, would you like to close? [LB738]

SENATOR LARSON: Thank you, members of the Appropriations Committee. And I think I'll close on a few issues that I wanted to talk about. I think Senator Mello brings good points up when it comes to the administration of it over the next two years, and that's something that we as a committee can definitely look at. But at the same time, I think it's been displayed that they've struggled or DMV has struggled in the past to find the money in order to start the process. And what I've heard from DMV is they need that money to start the process so they can take it to get reviewed to be able to build the new system. A few things I wanted to touch first of all, and Loy with...touched on it real quick, that's very interesting in my legislative district. In a district that borders South Dakota, which has significantly cheaper car registration, is there's a number of individuals that may buy vehicles in the state of Nebraska--O'Neill, Niobrara, Hartington--that are Nebraskans that then in turn go to South Dakota and license those vehicles. A new system...and most of the time I think we realize we pay sales tax on the vehicles we buy when we license them at the courthouse. And as Loy said, all the paperwork is getting done on the dealer side and send that wherever else, but there's no system to go back and really cross-check to make sure every vehicle that was bought in the state of Nebraska by a Nebraskan is getting registered in the state of Nebraska. And there is a significant loss of income in sales tax dollars and not to mention registration dollars that would continue to go into the DMV's funds that we're seeing here. And this is a system that it won't fix the entire problem, but it could...it will make it a lot easier to investigate that issue. And to Senator Kintner's point, to think that Amazon is only spending a couple million dollars on any computer system is not necessarily correct. I think we are extremely optimistic when we're talking about a company that is spending billions of dollars in infrastructure to make sure that their sites stay up and their delivery processes. So for the record, I just wanted to correct that misconception that he may have had on a company of that nature. They're spending far more than \$15...or \$3 million or \$4 million, and they're spending far more than the, you know, \$12.5 to \$20 million that this system could cost us. So for the record, that just needed to be corrected. [LB738]

SENATOR MELLO: Thank you, Senator Larson. Are there any questions from the committee? Senator Bolz. [LB738]

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SENATOR BOLZ: I just want to make sure I understand how this project would move forward. If I'm understanding you right, the appropriation of about \$800,000 would go to trying to... [LB738]

SENATOR LARSON: Out of the \$12.5 million. [LB738]

SENATOR BOLZ: ...would go to trying to understand what the strategic plan should be to move forward with the major system overall. That's right? [LB738]

SENATOR LARSON: Yes. And... [LB738]

SENATOR BOLZ: Okay. [LB738]

SENATOR LARSON: ...to kind of...the reason why essentially is...and again, I think Loy Todd with the Car Dealers kind of touched on it, there have been numerous types of systems built recently and there are numerous companies that do build these, and they'll have to bid it out. But the concept is they're going to have to really go out and figure out what system is best for Nebraska. Is there a prefabricated system that's out there or is it going to take a select system that we need to build? [LB738]

SENATOR BOLZ: I certainly see where you're coming from. What my question is, I'm curious why you didn't include language about reporting those findings back to this committee, since it's such a significant amount of money. [LB738]

SENATOR LARSON: More than happy to include that. [LB738]

SENATOR BOLZ: Okay. That would be great. [LB738]

SENATOR MELLO: Any other questions from the committee? Senator Nelson. [LB738]

SENATOR NELSON: Just a quick question, Senator, going back to South Dakota. You're saying we lose the sales tax income here too? How do you track that with any system if you don't have cooperation with the state of South Dakota? [LB738]

SENATOR LARSON: Well, right now we're not tracking it. What the system would help track, in my understanding, is when an individual were to buy a car, and I'll use a good friend of mine, Moody Motors in Niobrara, a very large Ford dealership for a town of 629, a beacon of rural economic development. Many people will buy a vehicle from Moody Motors and they may be Nebraskans, and Moodys is doing all the paperwork to...they're sending the sales tax form to, you know, the county treasurer and Department of Revenue and doing all the paper side of it. But the system itself, what Loy was saying is the system itself can't be implemented at the car dealer. And if a new

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system were to be built that is more like a model of what other states have done, is we could implement the VTR system straight into the car dealer. And if they're a Nebraskan, which we would know at that point whether they are or not, we could essentially figure out...and if they don't, you know, they can...the car dealer would be able to put it straight into the VTR system that they either bought the car or if we wanted to process it, we could let the car dealer process the registration and title right there. So the whole concept is it would be easier to track those individuals that, depending on how we want to do it or deemed you wanted to do it, those people that aren't paying sales tax. Right now it's all on paper and we can't track who registered their car in South Dakota. And this system would...it would essentially let us know if a Nebraskan didn't register a car they bought in Nebraska. [LB738]

SENATOR NELSON: Well, getting the car dealers into the system, is that what happened, what Mr. Todd referred to down in Arizona, is where they got implementing the program? [LB738]

SENATOR LARSON: You'd have to ask Mr. Todd that. I'm not...I'm not... [LB738]

SENATOR NELSON: Okay. I'm just curious about that. [LB738]

SENATOR LARSON: Yeah, I'm not completely familiar with that, what happened in Arizona. [LB738]

SENATOR NELSON: Thank you. [LB738]

SENATOR MELLO: Any other questions from the committee? Seeing none, thank you, Senator Larson. [LB738]

SENATOR LARSON: Thank you. [LB738]

SENATOR MELLO: That will close today's public hearing on LB738 and take us to our next public hearing on LB891 by Senator Dubas. [LB738]

SENATOR DUBAS: (Exhibit 7) Good afternoon, Senator Mello and members of the Appropriations Committee. My name is Annette Dubas, A-n-n-e-t-t-e D-u-b-a-s. We have been a member of the Midwest Interstate Passenger Rail Compact since 2001. In 2009, the Governor sent a letter to Laura Kliwer, who's the director of the Midwest Interstate Passenger Rail Compact, stating that as a result of budget reductions the annual dues of \$15,000 were being eliminated from the state's biennial appropriations. In August of 2011, we received notice that we were in arrears on our compact dues for fiscal year 2010 and 2011. The notice went on to state a hope that Nebraska would present a proposal to return as a member of the compact. They also expressed a willingness to work out an agreement. Last year I introduced LB486 to pay our past

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dues and become a member in good standing again with the compact. There was a willingness to negotiate on what we owed, and this committee included that negotiated amount of \$30,000 for the past dues and \$15,000 for the following year to bring us current. Unfortunately, the Governor vetoed the appropriation and I was not successful in an override motion. So we are basically back to square one with no resolution. I've distributed a copy of a bill and a letter from the Midwest Interstate Passenger Rail Commission. The bill is for \$75,000, which includes past dues from 2010 through 2013, and then the current dues for 2014. The letter is addressed to Mr. Maraman, the finance director at the Department of Roads. It reminds the state that these dues are a part of a contractual obligation pursuant to statute. Contained within statute 74-1601, Article IX, withdrawal from the compact shall be, shall be enacted by a statute repealing that membership. It further states that the withdrawal will take effect one year after the effective date of the new statute, and the withdrawing state shall be liable for any obligations occurred prior to the effective date. I believe it's important for Nebraska to remain a member of this compact. There is a question as to the benefit of our membership. And while there may not be a visible benefit of this compact, I believe we should be at the table as the future of passenger rail is discussed. There is great potential for development of rail transportation from Omaha east as well as west. Recent conferences that I have attended have emphasized the importance of looking at things regionally in terms of economic development. I believe that is exactly what this compact seeks to accomplish. How do we develop and implement improvements and long-range plans? How do we coordinate interaction among Midwest state officials, just to name a few of the advantages? Nebraska has a very proud history and relationship with railroads. It would be sad, as this aspect of public transportation infrastructure continues to move forward, if we are not a part of those conversations. Current members of the compact are Illinois, Indiana, Kansas, Michigan, Minnesota, Missouri, North Dakota, Ohio, Wisconsin, and technically Nebraska. I believe there are several questions this committee and the full Legislature needs to answer. Number one is, do we want to remain a member of the compact? If not, then we need to take official action to withdraw. Whether we remain a member or withdraw, there is still the question of paying our dues. I never believed that the state had the option of paying bills. Do we have the option of ignoring bills we don't like or agree with? We frequently brag, and rightly so, that we maintain a balanced budget and we don't spend money we don't have. Do we now say we only pay the bills we like and ignore the rest? How can we look at this letter and this bill and then say, nope, not going to pay this one? Even when statute says we are obligated to this contract, an official action needs to be taken to withdraw. Then the question remains, do we pay our past dues even if we withdraw? I believe it's time for a decision and I also believe it's time for us to pay our bill either way. I know last year when the negotiated agreement was put into the budget, you know, they backed away from us owing the full amount. I don't know if that agreement or if that willingness to negotiate on that is still in play, but I do know that the Midwest Passenger Rail Commission does want Nebraska to continue to stay a member. And so I'm hopeful that there is still that willingness to negotiate with us. So with that, I would attempt to

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answer any questions you may have. [LB891]

SENATOR MELLO: Thank you, Senator Dubas. Are there any questions from the committee? Senator Wightman. [LB891]

SENATOR WIGHTMAN: Thank you, Senator Dubas. But first of all, in the area that would be included in this Midwest Passenger Rail, whatever we call it, Compact, how many states would be in it, and have others withdrawn from it? [LB891]

SENATOR DUBAS: I know for sure that Iowa has withdrawn. And as I stated, the members that are still a part of it, and I don't know if there were any others that withdraw. [LB891]

SENATOR WIGHTMAN: And you read those, but I... [LB891]

SENATOR DUBAS: Yeah, those are the members that are still in it. [LB891]

SENATOR WIGHTMAN: So Iowa is the only one you know that has withdrawn. [LB891]

SENATOR DUBAS: That's the one I'm aware of, yes. [LB891]

SENATOR WIGHTMAN: I didn't hear South Dakota in that. Was it in that? I heard you say North... [LB891]

SENATOR DUBAS: And I don't know if they were. [LB891]

SENATOR WIGHTMAN: ...North Dakota but... [LB891]

SENATOR DUBAS: North Dakota, but South Dakota is not mentioned. So you know, it's possible they may have been a member and withdrawn, but I can get that information for you though. [LB891]

SENATOR WIGHTMAN: Do you know what Iowa did or would somebody be addressing us here that would know what Iowa did when they withdrew, whether they paid the back membership or...? [LB891]

SENATOR DUBAS: I don't know that they were ever in arrears on what they owed. I think they just made the decision to withdraw. And I can also get you the specifics on that as well. [LB891]

SENATOR WIGHTMAN: By not being a member, what do we lose that we would have if we were a member (inaudible)? [LB891]

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SENATOR DUBAS: As this commission meets, I believe, at least once a year and we have...in the past we've had two members of the Legislature who represent the Legislature on that commission and they travel to those meetings. And there's just a lot of discussion. I know last year there were quite a few handouts looking at how far passenger rail has progressed as far as the building of tracks, etcetera. But they do just do a lot of discussion about how do we improve passenger rail transportation, where do we want that hub to be, the direction we want it to go. So by Nebraska not being a part of it, it's...don't remember exactly how far they've made it so far. I know Chicago, I think they may have made it to Des Moines, but I don't...not 100 percent sure on that. But by us not being at the table for the discussions, and we haven't sent anybody for the last several years, you know, the decision to where the next path of that passenger rail track goes would likely not include Nebraska. And Omaha would be the logical and the likely destination and then, ultimately, Lincoln I would think too. [LB891]

SENATOR WIGHTMAN: Did you say the last year we paid was 2009, or did we not pay 2009's? [LB891]

SENATOR DUBAS: The last year we paid was 2009. [LB891]

SENATOR WIGHTMAN: Thank you. [LB891]

SENATOR MELLO: Senator Bolz. [LB891]

SENATOR BOLZ: Good afternoon. Did I hear you correctly that statute change is required for us to withdraw from the compact? [LB891]

SENATOR DUBAS: Yes. [LB891]

SENATOR BOLZ: And to your knowledge has that legislation been put forth? [LB891]

SENATOR DUBAS: Several years ago there was a bill introduced in the Transportation Committee to withdraw from the compact but no action was taken. The bill was not advanced and no action was taken. [LB891]

SENATOR BOLZ: And there's not currently a bill. [LB891]

SENATOR DUBAS: No. [LB891]

SENATOR BOLZ: Thank you. [LB891]

SENATOR DUBAS: After that, I introduced legislation then that would bring us up to make us current and continue our membership. [LB891]

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SENATOR BOLZ: Okay. Thank you. [LB891]

SENATOR MELLO: Senator Nelson. [LB891]

SENATOR NELSON: Thank you, Senator Mello. I remember reading about Iowa withdrawing, but I don't remember much. Was that legislative action on their part? [LB891]

SENATOR DUBAS: You know, I don't know the details as far as how their statute was directed. [LB891]

SENATOR NELSON: I think it was something about the railroad not going all the way across and, I mean, they were frustrated. But doesn't their withdrawal kind of pull the rug out from under us a little bit as far as anything ever coming to Omaha and/or to Omaha or going from Omaha east? [LB891]

SENATOR DUBAS: You know that there's that possibility. But again, if we aren't there to represent Nebraska and why we think Nebraska should be that ultimate destination, then we don't have any say in it. [LB891]

SENATOR NELSON: It's an annual meeting... [LB891]

SENATOR DUBAS: Yes. [LB891]

SENATOR NELSON: ...and it's through CSG, isn't it? [LB891]

SENATOR DUBAS: Yes, that's where this is operated under, yes. [LB891]

SENATOR NELSON: Thank you. [LB891]

SENATOR MELLO: Senator Wightman. [LB891]

SENATOR WIGHTMAN: Yes. Maybe you can tell me if we are kind of the center of the rail service for the two biggest...two of the biggest railroads in the United States. Is that correct? [LB891]

SENATOR DUBAS: That's correct. [LB891]

SENATOR WIGHTMAN: Both Burlington Northern... [LB891]

SENATOR DUBAS: Burlington and UP. [LB891]

SENATOR WIGHTMAN: ...and the Union Pacific. [LB891]

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SENATOR DUBAS: We have the heaviest traveled rail corridor in the United States. [LB891]

SENATOR WIGHTMAN: Now are they in some way part of this rail service? Do they attend? Do you have any idea on that? [LB891]

SENATOR DUBAS: I don't know that they are active participants. This is more the passenger, the Amtrak part. The UP and Burlington, the tracks that mainly go through our state, are more for the... [LB891]

SENATOR WIGHTMAN: Thank you. [LB891]

SENATOR DUBAS: ...the coal and things like that, yes. [LB891]

SENATOR MELLO: Senator Kintner. [LB891]

SENATOR KINTNER: Thank you, Mr. Chairman. Thank you, Senator, for coming here. You know, you've got a lot of great legislation. I like signing on to some of it. I'm afraid this isn't, in my opinion, one of them. Matter of fact, I'd go so far as to say this is probably offensive to a lot of taxpayers, the fact that we want to give money to a technology which is 180 years old. You talked about how far rail technology has advanced. Well, it's advanced so far we've got cars. You can get in your own car and drive anywhere you want. And we've got airplanes that fly and they're going to get there a lot quicker. I mean this is just not a...this is just not something, outside of the East Coast corridor where it's very tightly packed with people, or Japan where people are packed in together. And you know, you don't...cars don't make as much sense there. But for Nebraska, this is ridiculous, in my opinion. And I would think, you know, if you list the top 30 things people in our state want to spend money on, this isn't going to make the top 30. I will introduce legislation to get us out of it and I would say don't pay me anything because we haven't gotten anything out of it. With that said, (laugh) sorry, I had to...have we even approached maybe UP or Burlington Northern and said, hey, would you help us pay these dues? Wouldn't that make more sense, I mean, to go to them and say, hey, would you help with this? [LB891]

SENATOR DUBAS: That's probably always an option. I guess I'll come back to...I'll put my personal preference aside as to whether we should or shouldn't belong in this. I'll go back to the fact that we have statute that says we are part of this commission. We are contractually obligated to pay dues. And a decision was made by the administration that we were no longer going to pay these dues, so we now have a bill that is sent to us on a regular basis saying, you are still technically a member of this commission, we would like for you to pay what you owe us. And so the decision comes down to, I think as the Legislature, if we don't think this is something that's worthwhile for us to be a part of,

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yes, we need to make that decision and we need to withdraw. But the question still stands, do we have an obligation to pay our past dues because we did not take the action to officially withdraw from the compact? To me, that's probably the bigger question as to whether we do or don't continue to move forward belonging to this compact. [LB891]

SENATOR KINTNER: And my second question would be kind of the big picture thing. I know there was a real push during the stimulus time of 2009 to move rail. A lot of states backed out of it. Wisconsin backed out. Florida backed out of it. Ohio backed out of it. Those funds went to California and other places that were a little more progressive in their thinking. But do you think that maybe at some point the federal government would get serious about a trillion dollar deficit every year and says, rail stuff, what, are you kidding me? Do you...I mean I don't think there's a long-term commitment in our country. You know, we're just at one change of the administration away to get another administration that says we can't spend money we don't have. And next thing you know, the federal government quits funding this stuff. That's why I'm thinking this whole thing is pretty shaky. So looking long term, have you thought about that? [LB891]

SENATOR DUBAS: No, that's the bigger picture, that certainly is the bigger picture. You know, if we remain a member of this compact, where does it go in the future? What benefits do we get? And I'll come back to the same point I made. If this isn't something that the state of Nebraska feels is worthwhile of their time, sending members to or paying their dues, then we need to make that decision. But the question still remains, we have been officially a member of this compact. We have not paid our dues since 2010. We have been sent bills saying, you owe this money, and we have chosen to ignore these bills. It's time for us to make a decision and I think make things right and then move forward. Whether we move forward as a member of the commission or whether we say we're done, I believe as a state we have a responsibility to pay our obligations. [LB891]

SENATOR KINTNER: Thank you. Appreciate it. [LB891]

SENATOR DUBAS: Uh-huh. [LB891]

SENATOR MELLO: Any other questions from the committee? Senator Dubas, I have one, and it would be more of a request to work with the Fiscal Office. As you mentioned in your testimony, the Midwest Interstate Passenger Rail Commission last year, when they testified on a bill you brought to the committee, they provided I would say a repayment plan option for us, and which this committee and the Legislature as a whole approved. While you mentioned it was vetoed by the Governor, we as a Legislature did not override that veto. Is it possible you could follow up with them again and see if that option is still available for the Legislature to consider this year? I don't disagree with your general premise, which is regardless of whether or not we choose policywise to

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stay a member of this commission, we do have an obligation statutorily to pay bills, and this is a bill that we have been given multiple times and we've been fortunate they're willing to work with us on this bill. But if you could find out if that agreement that was made last year, which we as a Legislature initially approved, if that's still available for this committee and the Legislature to consider, that would be appreciated moving forward. [LB891]

SENATOR DUBAS: In the conversations that I have had, they said they are still willing to work with us. I'm not sure that there's...that the agreement we had last year is still on the table. I know they still really want us to be a member of the commission, but that's what I will talk to them about is, you know, a decision will be made but what are you willing to do as far as helping us meet our dues. [LB891]

SENATOR MELLO: And just as I guess a quick...I appreciate that and I know the committee as a whole would appreciate that background information. Just so we're clear, I think part of it, if I'm not mistaken, there is a significant amount of passenger rail that goes through Nebraska now, correct? It's not simply about building new projects moving forward but there is a considerable amount of passenger rail that cuts across the entire state as part of a couple major Amtrak lines. [LB891]

SENATOR DUBAS: There is. [LB891]

SENATOR MELLO: Am I correct? [LB891]

SENATOR DUBAS: There is, yes. [LB891]

SENATOR MELLO: Okay. [LB891]

SENATOR DUBAS: This is just trying to...the commission is looking at how do we take it to the next level; how do we make it...you know, it's not the most...you know, you can't be on a very tight schedule if you're taking the train because their schedules have to take a backseat to the schedule of the big coal trains and those other things. So that's what this commission looks at. [LB891]

SENATOR MELLO: Right. Thank you. Seeing no further questions, thank you, Senator Dubas. We'll first take proponents for LB891. [LB891]

MILO MUMGAARD: (Exhibit 8) Good afternoon, Senator Mello. My name is Milo Mumgaard, M-i-l-o M-u-m-g-a-a-r-d. I am senior policy counsel to the city of Lincoln Mayor Chris Beutler, who has asked me to come today to express our very strong support for the participation by the state of Nebraska in the Midwest Interstate Passenger Rail Compact, and to explain a little bit about all the work that actually is going on in the region and the state that the city of Lincoln, indeed, is part of in

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particular, and why we have such a strong interest in an expanded regional transportation system that includes passenger rail into the future. I won't bore you and go through the testimony I prepared for you in any detail. I'll try to summarize it here. But I've tried to lay out a variety of things that I think are helpful for your analysis as to why it is important that, not only to pay our bills, of course, but it is to participate in this compact and to participate in the planning activity and the funding activity that is taking place with respect to passenger rail activity around the region. Now obviously you moved this forward last year and we would, of course, ask that you move this appropriation again for this year. I think the primary thing I wanted to make clear today or impress upon the committee is how much activity is actually taking place. If you look at...it's not just East Coast activity. It is a Midwest activity. The Midwest Interstate Compact is specifically involved in what's called the Midwest Regional Rail System advancement. And if you go into Michigan, Illinois, Wisconsin, Minnesota, right now you will find tens of thousands of people riding rapid rail, high-speed rail systems. In fact, just recently the system was completed between Chicago and St. Louis that allows for passengers to ride at a rate of up to 110 miles an hour. So you go to a place such as Normal, Illinois, which is in the center of the state, the home of Illinois State University, and their commuter passenger rail traffic has quintupled in a matter of years in terms of passengers to Chicago, to St. Louis, primarily student and university oriented and so on. But it talks...but what you see there is there's a tremendous amount of activity that is already going on in our Midwest region. Now as for Iowa, Iowa indeed has, as a state, withdrawn from the compact. However, the Iowa Department of Transportation is a commission-based situation in Iowa, as opposed to here where it's within our executive department. They have elected to continue to participate in the planning and activities related to the Midwest Rail System, which includes a significant high-speed rapid rail system coming from Chicago to Council Bluffs via Des Moines. Des Moines hasn't had a passenger rail situation for 50 to 60 years. The economic development and chamber of commerce and other officials in central Iowa are extremely excited about this activity to bring high-speed rail to Iowa, which will create a two-hour trip, two- to three-hour trip from Des Moines into Chicago via train. And therefore, there is plenty of economic development options for that as well. The problem though is it terminates in Council Bluffs with present planning, and the reason for that is pretty obvious, which is Nebraska has not been participating in the planning activity related to the Midwest Rail System because of all the nonparticipation you've heard described. In the city of Lincoln we're very concerned about that for a lot of reasons that are fairly obvious, but there's a real concrete example, and that is we just completed in the last two years spending over \$1.2 million on a brand new train station, the Haymarket station down in the Haymarket district, fully intending for this station to be a major participant in a growth of our passenger rail system into the future. Obviously, that's a very concrete example. It's the kind of thing that we put a lot of time and effort and thinking through in terms of the ability to use it as potentially a commuter rail station from Omaha to Lincoln, using it in relation to the University of Nebraska, and so on. In that light, in October we just completed an event whereby we brought together a variety of representatives from a lot

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of different organizations, including the university, including the railroads, including city of Omaha, city of Lincoln, League of Municipalities, and others to talk about this issue and whether or not passenger rail does have a future in the state of Nebraska. And the consensus is it indeed does, and there's a lot of very strong reasons to incorporate this into our regional Midwestern transportation planning as well as our eastern and western Nebraska transportation planning. And I'll just conclude here and you can read in more detail in the materials I've presented you, but I will conclude that Lincoln is already a...not only do we have a brand new train station but we're one of the hotbeds of train car manufacturing in the entire country. Kawasaki in Lincoln, multimillion dollar operations, many hundreds of employees right now are building the very trains and the train cars that are being used on the East Coast, the West Coast, Chicago, and so on. We'd love to have that come to...the circle to be closed, in effect, so that the train cars being built at Kawasaki are actually going to use here in Nebraska and Iowa and so on. So with that, again, we would reiterate our support for paying the dues but certainly, with that, reengaging with the Midwest Compact and pursuing the options that are presenting themselves as a function of that. Thank you very much. [LB891]

SENATOR MELLO: Thank you for your testimony, Milo. Are there any questions from the committee? Senator Kintner. [LB891]

SENATOR KINTNER: Hi. Thanks for coming out. I appreciate your passion. I think it's misdirected a little bit, but I appreciate your passion. I don't think there is anyone from Omaha, city of Omaha here, and if Omaha doesn't partici...is there anyone from Omaha here? You're from the city of Omaha? Okay. [LB891]

BOB BORGESON: No, I live in Omaha. [LB891]

SENATOR KINTNER: Okay. There's no one...I don't think there's anyone here from the city of Omaha representing. And if they don't choose to participate, does that worry you? [LB891]

MILO MUMGAARD: Well, indeed. I mean the reality is if the city of Omaha, city of Lincoln, and other cities, McCook, Holdrege, etcetera, that are involved in passenger rail right now as we speak, are not actively engaged in the development of passenger rail options, it makes it more complex. It makes it more difficult. It is true that right now the city of Omaha is not as engaged as the city of Lincoln, but they are engaged. Their planning department, the municipal...metropolitan planning organization, etcetera, is very involved in thinking through the regional transportation options, which include passenger rail. [LB891]

SENATOR KINTNER: Oh, okay. Well, thank you very much. Appreciate it. [LB891]

SENATOR MELLO: Senator Wightman. [LB891]

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SENATOR WIGHTMAN: Yes, thank you. Thank you for being here, Mr. Mumgaard. Do you know, for example, in Iowa, you said there were some passenger rail services that were either thinking of coming there or in the process of coming there. If we were looking in Nebraska, would there be anybody thinking of coming here other than the two major rail companies that are here, the Union Pacific and the...or do you know that? [LB891]

MILO MUMGAARD: Yeah. Well, that's a very good question and I do know part of the answer to that. What's happening in Iowa is they are developing a new updated line that's already an existing rail line in Iowa--and we have some people here who might be able to go into more detail on that if you'd like--to allow for a passenger rail line to extend from Illinois, through Iowa, up to Council Bluffs. The question then is getting across into Omaha, what bridges to use, how to use it, and so on. Burlington Northern and Union Pacific are certainly part of the conversation on all of this, and the line in Iowa is actually, I believe, Inter-Iowa (phonetic), I believe is the name of the rail company that that line is being updated. And when I say it's actually happening, it literally is. As we speak, the investment that's taking place in Illinois has brought the line all the way to the Quad Cities, which will now come to Iowa City, come to Des Moines, and so on in sequential nature. But the Legislature has to step in and do some appropriation at this juncture as well in Iowa. Now in terms of the participation of the railroads, Burlington Northern and Union Pacific, right now the Amtrak line that goes through Nebraska is a Burlington line. That could conceivably become the rapid rail, high-speed rail line. So therefore, there isn't, in effect, a need to build out new lines. We may have to build new rails with the existing right of ways and so on that exist, but that's far cheaper than building new interstates and everything else, and certainly far cheaper than building a new railroad line. Now Burlington is a busy railroad so, therefore, actually having more passenger rail on their rail is tough to...is a tough call. That's why it would probably require some additional lines to be constructed. However, in terms of comparative costs between that and interstates and new lines, it's considerably less. [LB891]

SENATOR WIGHTMAN: We're part of the Midwest district. How many districts or regional districts, I suppose, are there throughout the nation? Do you know? [LB891]

MILO MUMGAARD: I'd say there are probably five active ones, four to five. Five is what I would guesstimate, but definitely four. There's the... [LB891]

SENATOR WIGHTMAN: Does that cover pretty much the whole distance east to west and north to south or...? [LB891]

MILO MUMGAARD: Well, you have your northwest, you have your California and Arizona, you have your Midwest, you have your northeast corridor down into the D.C.

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area and so on, and I believe there's a south Atlanta-based oriented one as well. So the short answer is, no, it doesn't cover the whole country in terms of the planning for high-speed and rapid rail activity and these compacts, but it covers a good majority of it, I'd say. [LB891]

SENATOR WIGHTMAN: And Iowa doesn't have the population centers that we have perhaps with Lincoln and Omaha. On the other hand, they're closer to Chicago and some of the big city areas that are much bigger than Omaha or Lincoln in Nebraska. I don't know if that has anything to do with it or whether you would know. [LB891]

MILO MUMGAARD: Oh, it very much does. In fact, the analyses that have been done about passenger rail, yes, folks in Des Moines can use it, practically speaking, as almost a commuter situation. We wouldn't be able to do that. But it would cheapen and it would speed up in a lot of respects our trips from Lincoln and Omaha to Chicago, and the economic development business community really believe that is a strong argument in favor of a rapid rail system from our neck of the woods back to Chicago, because trains obviously offer a number of options that going by car, going by airplane and so on do not provide, which is you have five or six hours of on-line, paid-for activity, etcetera, and you get it...you leave here and you get out in the Loop in Chicago and you're where you need to be. That's the logic of what's going on right now and I think it has real strong logic to it. [LB891]

SENATOR WIGHTMAN: Thank you. [LB891]

SENATOR MELLO: Any other questions from the committee? Seeing none,... [LB891]

MILO MUMGAARD: All right. Thank you very much. [LB891]

SENATOR MELLO: ...thank you, Milo. Next proponent for LB891. [LB891]

BOB BORGESON: (Exhibit 9) Good afternoon. I'm Bob Borgeson, B-o-b B-o-r-g-e-s-o-n. I'm the state director for the Sheet Metal, Air, Rail and Transportation. We're a railroad union that represents railroad workers here in Nebraska. Represent about 2,400 folks from about 11 different locales within the state. We were proponents last year. We're proponents this year of Nebraska participating and paying the dues of the Midwest Interstate Passenger Rail Commission. SMART is a partner nationally. We're proponents of it everywhere because we represent railroad workers. So my feeling is I've seen...I've been to a couple of hearings, one here in Lincoln that Mr. Mumgaard was the MC of down at their new depot, which is a beautiful place, and they were going to build...some of the questions that were asked earlier, they're going to build the Iowa, Chicago is the hub, and they're going to build it incrementally into Iowa City, then to Des Moines, then to Council Bluffs. And my fear would be, as an Omahan, that it would stub in Council Bluffs. That would be, as a rail guy, that...I would not like to

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see that. I want to see it get across the Missouri. If we can get it across the Missouri, they can get it to Lincoln as well. So we are a proponent of it and that's really all I have to say. I'd answer any questions that the committee would have. [LB891]

SENATOR MELLO: Thank you for your testimony, Bob. Are there any questions from the committee? Seeing none, thank you. [LB891]

BOB BORGESON: Thank you for your time. [LB891]

SENATOR MELLO: Any other proponents? [LB891]

DAVID PURDY: (Exhibit 10) Okay. My name is David Purdy, Purdy is spelled P-u-r-d-y, and I am the president of ProRail Nebraska, which is an organization dedicated to the encouragement of passenger rail in the state of Nebraska. I think you are familiar with this. You came to one of our meetings and noted Senator Nelson, I don't think you've been to...have you been to our meetings also? [LB891]

SENATOR NELSON: No. Didn't you speak at the Dundee Homeowners' Association. [LB891]

DAVID PURDY: No, but you spoke at my Kiwanis Club,... [LB891]

SENATOR NELSON: Yes, that's correct. [LB891]

DAVID PURDY: ...because I invited you. [LB891]

SENATOR NELSON: Okay. Thank you. [LB891]

DAVID PURDY: Yeah, so there's some familiarity there. But we support LB891 because we support passenger rail in Nebraska. We think that Nebraska is exhibiting kind of a head-in-the-sand attitude toward passenger rail, and that is that while the state of Iowa and other places are working hard at making this stuff work, we're sitting here trying to ignore them. Governor Heineman has said that he's going to pay attention to passenger rail when it shows up at the borders of Nebraska. In a sense, it already has. As several people have alluded, the state of Iowa has a project underway which will come to Council Bluffs certainly, and their design does call for it to come through Nebraska. And I wanted to mention to Senator Kintner that the state...the city of Omaha did participate in the application for the design of the service that Iowa is carrying out right now, and they have...I've talked to, gee, I forget his name already, the mayor that was...preceded Stothert, and he was very enthusiastic about this whole passenger rail thing. Now we do have a new administration in Mayor Stothert and, frankly, I have not bothered her because I can see that she has her hands full with the fire department union and several other fiscal issues in the state of Nebraska. When I think she has a little bit more

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time, I'll approach her and try to get up her interest again. With regard to the current state of passenger rail in the country, it is exhibiting a revival. Again, I have to refer to you because you mentioned it. It is. Passenger rail, per se, is 100-year-old technology, just like jet airplanes are now 50-year technology, but there is a place for it. And as our country becomes more dense, I think there's going to be more place for passenger rail in the future. It does have advantages. You just get on the train and go. You don't have to mess around with TSA. So many trips, trips less than 200 miles, are definitely faster by train than they are by airplane when you consider the total time involved. And certainly they're a lot more comfortable than they were. And while I was at it, I thought I'd give two examples of recent revivals of passenger rail to show you that this stuff does exist. One is a service from Lynchburg, Virginia, to Washington, a distance of some 240 miles. I used to live in Lynchburg and I used to take the train from there up to New York fairly frequently because I could get on the train at night, spend the evening with my family at home then get on the train at night, take the pullman up to New York and have no time away from the family. And the other one I wanted to mention is a service from Boston north into Maine, which didn't exist a few years ago, does exist now, and is being extended because this has proved so popular. That's the end of my remarks. I'll answer questions. [LB891]

SENATOR NELSON: Are there any questions for Mr. Purdy? Senator Kintner. [LB891]

SENATOR KINTNER: Let me just say I...thanks for coming, by the way. [LB891]

DAVID PURDY: Yeah. [LB891]

SENATOR KINTNER: You know, I appreciate your past. You know, I like a choo-choo as much as anybody else. [LB891]

DAVID PURDY: Yeah. [LB891]

SENATOR KINTNER: And when I watch White Christmas and that, they're on the rail car, it looks like so much fun. Well, you know what? You just can't make money. Those things have to be so heavily subsidized. And I'm just looking out for the taxpayers and I know it's, you know, \$15,000 here and \$30,000 here, but that adds up. It adds up. So I don't want you to take it personally. I know it's your passion. I hate to dump cold water on your passion. But I just don't think, in my opinion, this is a wise expenditure. I don't want you to think it's anything personal or anything like that. [LB891]

DAVID PURDY: Yeah. [LB891]

SENATOR KINTNER: It's just that I just don't think this is where we should be. So I wanted just to clarify that, that I don't have anything against rails. It's kind of neat. But, you know, unless they, you know, they can make it on their own in a free market, and

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they can't unless you're in a very limited area, a corridor or something, then it just doesn't make sense. [LB891]

DAVID PURDY: Well, we are talking only about limited areas because it's all that works. But as for the business about subsidy, if you were to give us a free right of way like the highways are, would make lots of money. [LB891]

SENATOR NELSON: Are there any other questions? Thank you, Mr. Purdy. Are there any other proponents that wish to testify at this time? Is there anyone who wants to speak in opposition? Is there any neutral testimony on this bill? If not, we will close the hearing then on LB...well, did you...I'm sorry, Senator Dubas. Did you wish to close? [LB891]

SENATOR DUBAS: I would, basically just to answer a few more of the questions that you asked me in my opening. I do have the transcript from last year's hearing and Laura Kliewer, who is the director of the commission, referenced South Dakota. South Dakota was never a member of the compact. They don't have any passenger rail in their state. Iowa did withdraw. Let's see, looking for my notes here. Apparently it was a part of kind of a big end of the year bill where they put everything in there and you just vote up or down on that bill and you move forward, and that was in there. So my understanding is there's not a chance to amend or pull things out or whatever. So I don't...she said at the time last year she said they were talking with Iowa again to see if they would consider renewing and coming back into the compact, but I haven't heard anything since then. I would also recommend CSG's Web site, and there's a link on there about the Midwest Rail Compact and you can go on that and it will give you...it will show you where the lines are, what's going on right now, and just all kinds of information about the compact itself. And I will visit further with Ms. Kliewer and see where we're at and bring that back to the committee. [LB891]

SENATOR WIGHTMAN: I might just ask one question. And the Midwest rail service, and apparently Iowa got out at some point, were members, is that correct? [LB891]

SENATOR DUBAS: They were. [LB891]

SENATOR WIGHTMAN: Did they pay all their back...or maybe they didn't have a statute. [LB891]

SENATOR DUBAS: You know, nothing in the transcript says that they were ever behind. It's just they made the decision to get out. So I think they were current with their dues. They just took whatever action they needed to do to officially withdraw from compact, which we have not done. [LB891]

SENATOR WIGHTMAN: Has there been discussion as to whether the amount, if we

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were to withdraw from the contract, could be reduced as a result of not having attended anything for the last five or six years? [LB891]

SENATOR DUBAS: You know, last year there was that agreement. The agreement was probably, okay, we'll reduce it, you continue to be a member. So I don't know if they feel like we're not going to go forward with our membership, where they'll be as far as the negotiation goes. All I heard from Mr. Kliewer was, we would be happy to visit with you. So I will approach her and see where the dialogue goes. [LB891]

SENATOR WIGHTMAN: Thank you. [LB891]

SENATOR NELSON: Are there any other questions for Senator Dubas? Thank you, Senator Dubas, for your testimony. [LB891]

SENATOR DUBAS: Thank you. [LB891]

SENATOR NELSON: That will close the hearing then on LB891. The next bill up is LB1004. Is there anyone here taking Senator Avery's place? [LB891]

NICOLE KANNE: Uh-huh. [LB1004]

SENATOR NELSON: Are you going to introduce the bill? [LB1004]

NICOLE KANNE: Yes. [LB1004]

SENATOR NELSON: All right. [LB1004]

NICOLE KANNE: Hi, committee. My name is Nicole Kanne. I am Senator Avery's LA. My name is N-i-c-o-l-e K-a-n-n-e. He is in Government today. They've got a packed house so he can't be here. LB1004 adds the words "contracts" and "fees," "from nonfederal sources" to the definition of funds that may be deposited and expended by the Indian Affairs Cash Fund which is authorized under section 81-2516. Grants and gifts from nonfederal sources are still retained in this section. According to the Fiscal Office, this was an oversight when the cash fund was created last year under LB199. Prior to last year, the cash fund had been administratively created and managed by the DAS Budget Office, which has the authority to create cash funds for a two-year period. However, when the new Indian Affairs Cash Fund was created, some language was omitted and the new general purpose cash funds generally allow for contractual deposits and expenditures. This oversight was first discovered when the Indian Affairs Commission was approached by the Lincoln Parks Foundation for a contractual participation in the Centennial Mall Revitalization Project. The design effort to renovate Centennial Mall has always included Native American history and interactive educational elements for students. Specifically, designs have included the Spirit of

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Nebraska Pathway, which will be a mosaic of tile work telling Nebraska's Native stories. Their participation will require a contractual obligation between the Lincoln Parks Foundation and the Indian Affairs Commission. We're very fortunate to have the Indian Affairs Commission here today to tell you a little more about that project. The commission is also hoping to become contractually involved in a second project by facilitating a \$750,000 grant contract program through the National Science Foundation and in conjunction with the University of Nebraska. A university associate professor of chemistry applied for the grant and upon learning that Nebraska's Indian Community College in Macy, Nebraska, had not offered a chemistry course to students in over six years. Through the experimental program to stimulate competitive research, the grant allows chemistry professors to teach a unique system of chemistry at Nebraska's tribal colleges that incorporates real-world topics from the communities that the colleges serve. These technical sciences are critical for our students to become achievers in their communities, and I'm hopeful the commission can tell you a little bit more about that program. Again, we're just including "contracts" and "fees" in statutory language for a general purpose cash fund. These two pending contracts are awaiting passage of this bill. And in your fiscal note you'll see that there is an emergency clause because these contracts will probably start prior to mid-July. LB1004 will open up potential opportunities for the commission, our students, and for our state. It's really a win-win for everyone. Please advance the bill. [LB1004]

SENATOR MELLO: Thank you for your testimony, Nicole. Are there any questions from the committee? Seeing none, thank you. [LB1004]

NICOLE KANNE: Thank you. [LB1004]

SENATOR MELLO: We will first take proponents for LB1004. [LB1004]

JUDI GAIASHKIBOS: Good afternoon, Senator Mello, members of Appropriations. I'll fill that out when I get finished. I am Judi gaiashkibos, J-u-d-i g-a-i-a-s-h-k-i-b-o-s, and I'm a member of the Ponca Tribe. I'm the executive director of the Nebraska Commission on Indian Affairs and I'm here to thank Senator Avery for introducing this legislation that will allow us to do the work that the Indian Commission is here to do, and that is to facilitate the dialogue between the state, the federal government, and our tribal governments, and to serve as a liaison between all entities in the state. So we're really pleased that we have developed many partnerships over the years. And I really...what all I was going to say was just said about the two...the reasons why we need this legislation. And it was a result of when we went to receive these funds. As you know, we have a very small budget and a staff of three, and we really have really very little money to do traveling to the reservations to have meetings, etcetera. So any programs that we have we raise the money for. We have a youth leadership camp each year and we get monies donated for that. And we have partnerships. This year we'll have our camp at Doane-Crete, and Doane is donating the dormitories. Dr. Anne Hubbard is

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donating the funds for the camp. And so we have to be really creative and think out of the box. This legislation will allow us to be able to accept contracts, and we anticipate in the future that we'll have other opportunities and won't just be these two but we hope to have many more. As we work and continue to develop the Standing Bear Trail Project throughout the state and throughout Kansas and Oklahoma, there may be opportunities to receive contracts with the railroads perhaps even Burlington and Union Pacific. We do work with them on different projects. So I really don't have much else to add except to say that I do hope that you will support this and move it to the floor and that this little oversight can be corrected and we will be able to continue to do the work that we enjoy doing. And I'd be happy to answer any questions. [LB1004]

SENATOR MELLO: Thank you for your testimony. Is there any questions from the committee? Seeing none, thank you, Judi. [LB1004]

JUDI GAIASHKIBOS: Uh-huh. Thank you. [LB1004]

SENATOR MELLO: Are there any other proponents for LB1004? Seeing none, is there any opponents for LB1004? Seeing none, is there anyone here in the neutral capacity for LB1004? Seeing none, Nicole, would you like to waive closing? Waiving has been closed (sic). That will end today's public hearing on LB1004 and take us to our last public hearing of the day, LB904 by Senator Kolowski. [LB1004]

SENATOR KOLOWSKI: (Exhibit 11) Good afternoon, Chairman Mello and members of the Appropriations Committee. My name is Rick Kolowski, R-i-c-k K-o-l-o-w-s-k-i, and I represent District 31 in the Omaha area. I'm here today to ask you to join me in supporting a new Great...the new Great Plains Black History Museum, Science and Technology Center in Omaha, Nebraska. The vision for the museum is 35,000 square feet filled with inspiring interactive exhibits that illustrate and celebrate African-American achievement in Nebraska and the Great Plains. At this point I want to divert just for a short time to add a little bit to this total presentation this afternoon by answering some questions concerning history and where this ties in. And I'll use some of my own early days in Omaha as an example to make a few points concerning where we are and what role this would play with this particular museum. Bear with me because one of my questions is, what's a white suburban guy doing putting a particular presentation together like this for a black history museum, a white suburban guy? I think it's important as we look at history and knowing that today's current events will be tomorrow's history and understanding that museums are about preservation and learning--preservation and learning. It's not about color, race, or place of home location. My own majors in college of political science, history, and education has been the dominant move or force behind my interest in and the placement of this particular museum in Omaha, Nebraska. I want to go back and touch on, within this short diversion as far as a sidebar, touch on five areas in my own life from a very short time period of about 1968 through about 1972 just to touch bases on five concepts, concepts connected to people. The first one

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is related to teammates, and if you'll pardon the sports connections because that's what first drew me to Omaha, Nebraska. But I want to connect that, and let me connect the dots as I move through this. In 1967 I played with the Kansas City Chiefs as a 12th round draft choice of that particular team and was cut and came to Omaha with the Omaha Mustangs at that time in the Continental Football League. At that time, '67 and I played in '68 and in '69, I played with a number of great athletes from lots of different walks of life. Bob Churchich was our quarterback in 1968. We had a young man named Frank Solich who was also one of our receivers. We had a lot of good athletes and a lot of good people on that team. Some of my teammates from north Omaha, such as Tandy Holmes, George Anderson, Johnny Edmonds, Jerry Patton, we lived in different parts of town. But we were all teammates banded together to put together the very best games we could play for the Mustangs. Nineteen sixty-eight was a crucial year. If you knew what was happening in Omaha and the cities around this country, we had lots of turmoil and lots of difficult times. When I went home from practices which were out at the Boys Town facility of their elementary school at that time, I went to 90th and Blondo. My teammates went to north Omaha. Most of them had to drive around police and fire department blockades to get to their homes or apartments during that very difficult time. We lived through that together, kept our focus on playing together, and had a great deal of success because of that. But that doesn't lessen the lessons of the time. They were very difficult, and we lived through that together and moved on from there. That was a teammate connection. At the same time, and I'll tie these five together with that comment, at the same time, a teacher named Lyle Reed in the Millard Public Schools in the late '60s was putting together an ethnic studies class that was part of the curriculum in the Millard Public Schools and has remained such up to this day. Lyle Reed was a Korean veteran, a Golden Gloves boxer, and an excellent, excellent social studies teacher. He had an impact on thousands of students over his career in the Millard Schools as he worked in the '60s, the '70s, then through the '80s until he retired. Ethnic studies class was taken by hundreds and eventually thousands of students and made a significant change in their lives as they experienced Mr. Reed, his teaching, and what he opened up to them in life. He had a new tool about 1975 in the Omaha area that really assisted him in that work and that was the annual bus trips to the Black History Museum in north Omaha. That's point number two--teachers. Teammates and then teachers. At the same time, a third point, Coach Al Caniglia at UNO, who was also one of my coaches with the Omaha Mustangs, assistant coach there, had a young man called Marlin "the Magician" Briscoe. He was lighting up the scoreboard for UNO, All American, quarterback, and later went on to be the first black quarterback starting in the NFL with the Denver Broncos, later a Super Bowl champion with the Miami Dolphins at receiver, not quarterback. We could talk about many other athletes throughout the Omaha area from Johnny Rodgers to Eric Crouch as far as Heisman Trophy winners, but we've been very fortunate with the performance of many of those athletes, both black and white, in the Omaha area over all that time. That's my third point--athletes we've known and worked with over the time. At the same time, fourth point, I was a graduate assistant in 1969 at UNO. Don Benning, Dr. Don Benning, was at UNO at that

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time. He was the wrestling coach and worked in the education department as he was building and had a Division II national championship team. When they were on the road, as a graduate assistant, I taught his classes. But I knew Don very well at that time, and he was one of our assistant coaches with the Mustangs as well at that time, along with Al Caniglia who I mentioned with UNO, along with Don Leahy, Creighton Prep and later UNO and Creighton AD as he worked in that capacity. And they had a young man on our squad at that time who was also named Mike Denney, and he went on to have multiple Division II national championship wrestling teams at UNO. Lots of connections, thousands of lives touched with many people from different capacities. That was my fourth point. At the same time, there were politicians. In 1972...I started in the Millard Schools in 1970 and there was a young black activist from north Omaha named Ernie Chambers who was elected to this Legislature. And I called Senator Chambers after I had permission from the Millard District, my principal at Millard South, which was Millard High at that time, the only one high school at that time, and we brought in Senator Chambers as he had permission to do that through Dr. John Lammel, our principal, and Dr. Don Stroh at superintendent's level. We brought in Senator Chambers and I want to read something briefly that I took out of the student newspaper in May of 1972. Chambers speaks to students: Teachers are giving you an unloaded gun to go into the woods filled with lions and tigers, proclaimed Nebraska State Senator Ernie Chambers in a speech to the American government and ethnic studies classes May 11 during fourth and fifth hours. I think that comment about lions and tigers fits very nicely on his early affinity to animals of a feline nature that we are dealing with in this current Legislature. Ernie went on to also talk to the students about being good questioners and challenging things because that equals thinking. And so Ernie hasn't changed very much in his 42 years since that time. But I risked that, bringing Ernie in, asking permission to do that, and basically an all-white school at that time. I think we had maybe one black student and he was the son of a basketball star. That made a difference in the lives of those students. It was a great comment by Senator Chambers as he visited high schools throughout the metro area, and we were glad to bring him in and to do that. But more importantly, Senator Chambers was very active in that time when the city was burning. And the movie made at that time, A Time for Burning, was very popular, seen by thousands in the Omaha area and made a social statement about what was going on and the challenges that we had in the Omaha area, right up to this day as we had discussions today, this morning on education and other issues, social issues in the school district contained in Omaha. Forty-two years later we are here, and Ernie and I happen to be...have experienced the Learning Community for four years together and now our second year together in the Legislature. That's my fifth point--politicians. So I touched on teammates, teachers, athletes, politicians, and my coaches along the way in those early years that brought those things together. Again, today's current events will be tomorrow's history and we have an obligation and a potential to do those things and do them together. I say that because we can't disassociate ourselves from all that we're trying to do with the establishment of this particular museum. I think it has great potential, and I'll get back to my regularly

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scheduled comments at this time. But I thank you for the opportunity to take that sidebar discussion on what else is going on and how those things all connected to the history that I had and also that Omaha had at that time. This entire project, including land, is estimated to cost \$25 million. The museum and the Omaha Convention and Visitors Bureau estimate that it will draw 65,000 visitors in its first year, could have a \$65 million economic impact in its first five years, and will bring in enough revenue to be self-sustaining. The museum is undergoing a major capital fund-raising campaign and has built a solid base of support, many of whom you will hear from today in person or through written testimony that has been sent to this committee. I believe it's important that the state join in support of this effort. LB904 establishes an \$8 million trust fund to be known as the Great Plains Black History Endowment Fund. This fund supports the design, development, and construction of the new museum. The Nebraska State Historical Society will administer and distribute this fund. On July 1, 2014, the State Treasurer shall transfer the \$8 million from the General Fund to the Great Plains Black History Endowment Fund. The Nebraska State Historical Society shall make a grant of \$1 million for every \$2 million of matching funds collected for the center, up to a total of \$8 million of state funds. The \$8 million of state funds shall be available for distribution as grants until July 1, 2016. Additionally, the matching funds shall not include in-kind contributions. The Budget Division of the Department of Administrative Services shall approve allotment and disbursement of funds within 30 days after the Historical Society has provided documentation of the match required. The Nebraska State Historical Society shall report to the Appropriations Committee of the Legislature and director of Administrative Services annually regarding disbursement of this fund. Reports submitted to the Legislature shall be submitted electronically and shall include a complete listing of the uses of the fund, the sources of funding used to match state funds, and the balance of the fund. The newly designed facility in a prime location will take this museum to the next level and will become an important tourism and educational draw to Nebraska and to the Great Plains. With that, I urge your support of LB904. I am anxious to get to our expert testifiers so I will ask you to hold questions until my conclusion, if you would. Thank you very much for this time. [LB904]

SENATOR MELLO: Thank you, Senator Kolowski. Are there any questions from the committee? Thank you, Senator Kolowski. First, we'll take proponents for LB904. [LB904]

JIM BEATTY: Good afternoon. Thank you for the opportunity. I'm Jim Beatty, chairman and president of the Great Plains Black History Museum. I'm also former chairman of the Durham Western Heritage Museum. [LB904]

SENATOR MELLO: Jim, could you do us a favor... [LB904]

JIM BEATTY: Certainly. [LB904]

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SENATOR MELLO: ...and spell your full name for the public record. [LB904]

JIM BEATTY: Jim Beatty, it's B-e-a-t-t-y. [LB904]

SENATOR MELLO: Thank you. [LB904]

JIM BEATTY: (Exhibits 11 and 12) A former chairman of the Durham Western Heritage Museum, and the only black person to have served in that role thus far. Civic activities have included as chairman and president of the Omaha Jaycees; chairman of the Urban League of Nebraska; member of the national board of the YMCA; current member of the Omaha board, metro board of the YMCA; executive committee of the Chamber of Commerce. Been appointed by Governor Bob Kerrey to the State Economic Development Commission, reappointed by Governor Kay Orr. I've been appointed to several Omaha commissions and boards, starting with former Mayor Ed Zorinsky, Bernie Simon, Hal Daub, P.J. Morgan, and recently served as an economic advisor under Mayor Suttle. This past fall I received the prestigious Alumni Humanitarian Award from Doane College. I'm also president of NCS International. I do work for a living. We're a corporate site selection and economic development firm in Omaha, recently completed for one of my clients a corporate expansion of 450 jobs that ended up in El Paso for a billion-dollar firm, and I have information on that if you'd like. Professionally, my work has been featured in The Wall Street Journal and other leading business and economic development publications over the past 30 years. But I'm also a volunteer for the museum, and I am committed to serving my state. I appear today to encourage your support for a bill that will affect all Nebraskans. Not since the first African-Americans in Nebraska were counted in the census in 1854 has an action meant more for not just African-Americans in the state but for the entire population. I want to acknowledge the people who have come from Lincoln and joined me in support of LB904, and I would ask the supporters to show their support and their signs in back of me if they'd be so kind. I ask you this to the committee: Can you name the accomplishments and contributions of any African-American in Nebraska or can you more readily name the crimes of African-Americans in Nebraska as highlighted in today's paper on Jenkins? Were you aware of the accomplishments of Michael Anderson, the astronaut who received his master's degree in physics from Creighton in 1990? I'd be willing to bet that you do know Clayton Anderson, God bless him, astronaut from Ashland, who, by the way, I'm awfully proud of his accomplishments. Have you ever heard of Michael Anderson? Well, he died in the crash of the space shuttle Columbia disaster in 2003. Or perhaps you can more easily name the top running back for Nebraska from last year's football team. You see, we, as African-Americans, are often excluded in America and have to make an effort to be included even in history books. I don't pose these questions to embarrass you but to highlight the need to educate all Nebraskans on the contributions and value of all of its citizens for not even not many black Nebraskans know of Michael Anderson. What a sadness, disgrace, and loss, especially since every school in the state is promoting achievement and accomplishment in the STEM areas of

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science, technology, engineering, and math. What better way to encourage learning from youth than to show what black men and women have accomplished in the area of space travel? Or if you were in my shoes and others like me, how do you respond to this question, are there really black people in Nebraska, which is the statement that many outside of the state make when initially meeting a person of color from Nebraska which really means they never or seldom hear about or are aware of the contributions and accomplishments of African-Americans in this great state. I am sure you are seldom, if ever, asked when you leave the state, are there really white people in Nebraska. You see, you don't understand what it is to be black and in Nebraska, and I can't expect you to. However, your colleague, Senator Rick Kolowski, has courageously taken a major leadership role in trying to educate all Nebraskans and its visitors on the accomplishments of African-Americans in this state by introducing LB904. The bill immediately puts Nebraska at the forefront nationally of national consciousness about the value a state places on its citizens of color and contributions made by those same people. I believe everybody on this committee has graduated from high school, attended or graduated from college. However, during that time, can you honestly tell me how much history were you taught about the contributions and accomplishments of African-Americans in this country or in this state? Minimally, I would suggest, if at all. So why not take the leadership and correct a wrong, correct an oversight, correct an omission? If not, then be responsible for perpetuating the negatives and stereotypes that we are all painfully aware of. I was recently given these music sheets distributed by a drugstore in Omaha in 1918 featuring coon songs, highlighted by "Pickaninny's Paradise," distributed at 18th and Vinton in a drugstore. Is this how Nebraskans learned of the contributions of African-Americans? Or did this perpetuate the misinformed and malicious stereotypes? You can thrust Nebraska into a national position just as Mississippi, Mississippi has done with their October 2013 announcement of a \$90 million state-funded effort to create a Mississippi State Museum and a Mississippi Civil Rights Museum. That's right, Mississippi is ahead of Nebraska in this endeavor, but there's time to catch up. Mississippi is acknowledging and learning from its violent, murderous past, and redirecting its efforts to create a viable, historical, and cultural attraction to promote tourism and economic development while teaching others. Yes, they will even discuss and present the murder of Medgar Evers. His wife, his widow, civil rights leader Myrlie Evers-Williams said the museum will show who we are, where we have been, and where we are today and where we're going. The museum will even display the rifle that a white supremacist used to kill her husband, Mississippi NAACP field secretary Medgar Evers, in 1963. They'll also have large panels with the names of every known victim of lynching in that state. In 2011, Governor Haley Barbour worked with the Mississippi legislature to provide \$38 million in bond construction for the two museums. The legislature required a dollar-for-dollar match to pay for the exhibits and interactive galleries. The Mississippi development authorities, tourism, estimates the two new museums will welcome approximately 180,000 visitors each year, and create a tourism impact of over \$17 million, 231 jobs. These are all good numbers, so I'm going to skip it out of deference to you. But it will create totally, with brick and mortar, some

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500 jobs. I come to you today also enduring unwarranted and unfounded and baseless accusations from the vocal and uninformed minority who have no standing in the community. However, that would be a small price to pay in order to keep the momentum moving, as evidenced by the scores of letters of support from people ranging from Congressmen Lee Terry to former Mayor Jim Suttle and comments later that you will also hear from Mayor Stothert's chief of staff, Marty Bilek. Copies of these 56, when I wrote this, now 60 letters have been sent to Chairman Mello, including some from your former classmates, in order to ask that they become part of the record and I've got a copy of all of those here if you want. These letters are from black people and white people who understand and embrace the value of diversity in this state. They are from people who are willing to stand up to what they believe in and, in doing so, are trying to convey to you, as state leaders, the need and necessity of teaching current and future generations the truth and the museum dedicated to the contributions and accomplishments of black people. Will you please participate in this truth, or pass it off as too hard, too difficult, too inconvenient? This bill must not only be discussed in this committee but by the full Legislature and legally signed into law. Nothing else is acceptable. Again I ask, how much were you taught in your respective high schools and colleges about the vast contributions of African-Americans? It is your leadership, as well as proper discerning a fact versus fiction, that will allow for the full debate on this measure which it deserves. As I mentioned, I'm past chairman of the Western Heritage Museum, now the Durham Museum, and as a result, I'm fully aware of the efforts needed to make the institutions great. The private sector often looks to the public sector to provide a measure of leadership and, yes, appropriate financial assistance in projects of this nature. The private sector will take its cue from the public sector. Your recommending passage of this bill will assist greatly in opening the pocketbooks of the philanthropic community and corporations and individuals who are considering financial support. In the past 90 days, I've met with 28 representatives of these individuals and their foundations, and they all agree this is a project whose time has come and will follow your lead. This was done courtesy of John Gottschalk, retired publisher of the World-Herald, who has provided valuable leadership and guidance in this effort. Let's talk about the economies of the proposed 35,800-square-foot facility. The state's contribution is \$8 million, which, by the way, has to be earned by the museum, raising \$2 for every \$1 from the state, will be leveraged with \$16 million from other sources and ultimately turned into \$24 million. That \$24 million would then result in a \$64 million impact on the state within the first five years of operation. So by my math, \$8 million ultimately turns into \$64 million. I would dare say that anyone would take that return on investment anytime. The museum is also projecting 65,000 visitors annually with 19,500 coming from out of state and spending money. The presence of a new museum facility also allows for the city and state to aggressively market to ethnic groups for regional and national meetings and leisure travel, which is a \$40 billion market that Nebraska currently has a negligible market share. Again, that's \$40 billion. Organizations such as Blacks in Government, National Black MBA Association, National Association (sic) of Black Engineers, National Medical Association, just to name a few, just the economic

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impact on these organizations is estimated between \$4.6 to \$13.3 million each. By the way, these are the very type of people that the Chamber of Commerce is trying to attract to this state to take high-paying jobs. We want those folks. Just to put this in perspective in terms of government providing leadership, I also want to cite the National Museum of African-American History and Culture, which was created in 2003 by an act of Congress establishing it as far as a Smithsonian Institution, with the board of regents, the Smithsonian board of regents governing body, voted in January of 2006 to build the museum on a five-acre site on Constitution Avenue, Washington, D.C., between the Washington Monument and the National Museum of American History. The new museum, which is the 19th by the Smithsonian, will be the only national museum devoted exclusively to the documentation of African-American life, art, history, and culture, expected to open in 2015, it will be 350,000 square foot and cost \$350 million. [LB904]

SENATOR MELLO: Jim, I'm going to have to ask you to kind of share your final thoughts. We have a committee policy of doing five-minute committee testimony per individual, and I know there's a lot of other individuals who want to testify. [LB904]

JIM BEATTY: Okay. I will wrap it up. Last thing, I want to talk to you about the unsung heroes of the Civil Rights Movement, (inaudible) Martin Luther King and others. But I can tell you unsung and forgotten heroes are, in fact, courageous white people. I ask you to be courageous. Did you know that 75,000 white people marched in the 1963 March on Washington, estimated at 250,000 people? Two of the slain civil rights workers in Mississippi were white. And how about Viola Liuzzo, who was a white mother of five who was murdered helping black folk get voters rights in Selma, Alabama? I ask all of you to provide the courage and the vision necessary to make this bill a reality and push Nebraska, and I do mean push, into the national spotlight. I thank you very much. [LB904]

SENATOR MELLO: Thank you for your testimony, Jim. Are there any questions from the committee? Senator Nordquist. [LB904]

SENATOR NORDQUIST: Thank you. Thanks, Jim, for certainly all the work and time you've devoted, not just to this project but certainly to the Durham and all the other philanthropy you've done... [LB904]

JIM BEATTY: Yes, sir. [LB904]

SENATOR NORDQUIST: ...in your time. The \$25 million total budget, how much of that is for construction, how much for ongoing endowment support? [LB904]

JIM BEATTY: Yes, sir, \$15.2 million is construction. We are allowing \$2 million to \$4 million for property acquisition. That range is based on where the property is and our

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ranges that we've been given is somewhere in the \$25 to \$40 a square foot if we're looking downtown. Uh-huh. [LB904]

SENATOR NORDQUIST: Uh-huh. Okay. And have any potential property or locations been identified? [LB904]

JIM BEATTY: I've been looking for the past two years and have worked and talked with multiple landowners, yes, sir. [LB904]

SENATOR NORDQUIST: Uh-huh. Okay. Actually, I have a bill on the floor right now which would create a tax credit for renovating historic properties. I see the renderings for new buildings. [LB904]

JIM BEATTY: Yes, sir. [LB904]

SENATOR NORDQUIST: Have you looked at potential sites, buildings that are around, available now, or are you pretty set on...? [LB904]

JIM BEATTY: For the footprint that we're asking, that we're looking for, a plus three to five acres contiguous, there's very little in the inventory. [LB904]

SENATOR NORDQUIST: Yeah, there just isn't space. Okay. Okay. And then, last question, I know as far as the state, one of the...I guess one of the funding mechanisms the state has to support projects like this, I know it's very beneficial to a number of the museums and sites in my district, is the lodging tax that the counties distribute. And I was just wondering if, and it wouldn't...obviously, it's not anywhere near the total amount that you would need. But have you approached the county and/or the city of Omaha about making this a priority in their budgets and putting money towards, either from the visitor fund or the city of Omaha dedicating money towards it? [LB904]

JIM BEATTY: We have had discussions with Douglas County. In fact, two of the letters of support are from the commissioners, Rodgers as well as Mike Boyle. And we have met with the...and we have been funded in the past with the Douglas County Visitor Improvement Fund. [LB904]

SENATOR NORDQUIST: Okay. [LB904]

JIM BEATTY: And the indications are that they will look upon this favorably once we have a site. Regarding the city of Omaha, I have had discussions with Councilman Ben Gray as well as chief of staff Marty Bilek, who you'll hear from immediately on this as well too, so. [LB904]

SENATOR NORDQUIST: Uh-huh. Okay. [LB904]

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JIM BEATTY: Okay? [LB904]

SENATOR NORDQUIST: And, okay. Thank you. [LB904]

SENATOR MELLO: Any other questions from the committee? Jim, one question in this document here, and if it's something you could provide the committee, it would be helpful. [LB904]

JIM BEATTY: Yes, sir. [LB904]

SENATOR MELLO: There's no real...there's no, I guess, kind of financial analysis of the projected project itself, the capital side. I saw you have an annual revenues and expenditure budget, but... [LB904]

JIM BEATTY: Uh-huh. [LB904]

SENATOR MELLO: ...more of the project itself, if you could provide a little bit more. I know Senator Nordquist just asked some more about where the space may be. If you could provide us a little bit more information on the capital construction costs, that would be helpful to the committee and to the... [LB904]

JIM BEATTY: The breakdown of the \$15.2 million? [LB904]

SENATOR MELLO: Yeah. That would be helpful. [LB904]

JIM BEATTY: We can provide that. Those numbers have been developed with our architect, ASD Stanley How and the Kiewit Building Group. Yes, sir. [LB904]

SENATOR MELLO: (Exhibit 13) One last question, and I'll ask the city of Omaha when they come up and testify a little bit about the local funding. But has the museum looked at all, and Senator Kolowski, I'll give him kind of an opening to discuss this when he does his close as well,... [LB904]

JIM BEATTY: Yes, sir. [LB904]

SENATOR MELLO: ...the potential constitutionality issues? Has the museum or Senator Kolowski's office looked at any of the past precedent in regards to some of the unconstitutionality issues that have been raised before when projects have been brought to the Legislature of giving a direct appropriation to a nonstate entity for a nonpublic purpose? Have you or your legal counsel looked at that issue? And I'll leave it to Senator Kolowski, if he wants to address it when he closes as well. [LB904]

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JIM BEATTY: They can answer it better than I can, but I'm aware that they have...they are reviewing that and, therefore, as I understand it, the state has...the funding would flow from the state to the Historical Society and then under certain parameters to our nonprofit. [LB904]

SENATOR MELLO: And I'll give them a little preface... [LB904]

JIM BEATTY: Yes. [LB904]

SENATOR MELLO: ...if they want to look at it. I know particularly the issues that have been raised has been the constitutionality of this being special legislation under Article III, Section 15, and giving the credit of the state to a private entity in Article VIII, Section 3. So if they can look to address that and/or Senator Kolowski's office can look to address it too, those have been issues that have been brought to our attention as a committee, so. [LB904]

JIM BEATTY: Fair enough. [LB904]

SENATOR MELLO: Any other questions from the committee? Seeing none, thank you for your testimony today, Jim. Next proponent for LB904. [LB904]

MARTY BILEK: (Exhibit 14) Good afternoon, Senators. My name is Marty Bilek, M-a-r-t-y B-i-l-e-k, representing Mayor Jean Stothert of Omaha today on this issue. Unfortunately, she's out of town, is not able to testify herself, but maybe that's okay because I kind of wanted to speak to this issue myself because I grew up in Omaha. I've lived there all my life and I'm perfectly aware of Omaha's black history. And when Jim Beatty came to me when we first took office back in June, he was one of the first folks I had an opportunity to meet with about his project for a Black History Museum, it made perfect sense. And the reason it made perfect sense to me is because, having lived there, I was perfectly aware also of, for example, the jazz district in north Omaha and how significant that was. As a matter of fact, my father, who's a musician, had told me stories about how famous musicians from the East Coast would travel to the West Coast, stop in Omaha, play up in north Omaha. Allen's Showcase Lounge I think is one of the places they would stop. But there's...but it goes far beyond that. We're all aware of Malcolm X and his significance in history. The...it's already been mentioned that the Tuskegee Airmen, at least one of them is from Omaha. There is a public school in OPS that has recently been named after a Tuskegee Airman. We all know about the underground railroad that came through here, Nebraska City and that's very significant in the post-Civil War Era and prior as well. And I feel that that history is valuable (inaudible) lives in Omaha. Young kids growing up here should be aware of it, should be reminded of it. That black history should be preserved, it should be memorialized, and that's what museums are all about. And I think they laid it out very nicely. And then I think to myself, well, there are other museums here. There's museums that

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commemorate what goes on at Offutt Air Force Base. I just passed it on the way down here today. The Latinos have a museum. The children have a museum in downtown Omaha. There's Western Heritage. There's always been the Joslyn. They have a purpose. They're valuable. They're educational tools and it only makes sense, it makes perfect sense. As a matter of fact, I'm kind of surprised that it hasn't happened already. I know that there's artifacts in a museum that already exists. I know that they are being stored in some of the local libraries but they're also stored in a facility in north Omaha. So when I saw the financial report and learned that financially it's viable, it could be a very popular attraction depending on where it goes. Well, regardless of where it goes it will be a popular attraction. It will make Omaha a destination city for yet one more reason. So it makes sense. And finally, I guess I'll say that I found out recently that there's going to be a science and technology aspect to this museum, and as an engineer by training, that kind of rang true for me, because I've always felt that maybe we don't emphasize to our young children how important science and technology are. Nobody finds algebra and calculus and biology and chemistry appealing these days, and I feel they should. And I feel like Black History Museum that showcases science and technology might be just what the doctor ordered for the young kids who are going through that museum and trying to make a decision about their own educational future. That's all I have. Thank you. [LB904]

SENATOR MELLO: Thank you for your testimony, Marty. Is there any questions from the committee? Senator Nordquist. [LB904]

SENATOR NORDQUIST: Thank you, Mr. Chairman. Thank you for being here, Marty. Just kind of following up on a question that I asked Jim about on local support, something we've done for a number of the projects that we've funded, (inaudible) those are state projects, the (inaudible) Cancer Center had local support. But have you or the city or Mayor Stothert laid out what you intend, or is there potential for the city to make an investment in this project? [LB904]

MARTY BILEK: You know, I figured that would be the first question I would hear. (Laughter) We've talked about it. Now the reason I can't give you a good answer, and I really wish I could, but it's the timing is sort of awkward for us because we...our 2014 budget was set back last July. It's been approved by the city council, and the Black History Museum wasn't discussed at that time. It wasn't brought up to us in time for us to do anything about it. So the follow-on question would be then, well, okay, but the sunset clause on this is in '16, so what are you going to do about it next year? I'll guarantee that it's going to come up for discussion. We're going to have...we're going to have debates around the discussion with all the department heads about how the '15 budget is going to look. I don't know what the revenue projections are and I can't predict what the city council will do either. But I guarantee you that at least one city councilman wanted to be here today to speak as a proponent and I'd be surprised if this at the very least wouldn't get very healthy discussion. [LB904]

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SENATOR NORDQUIST: Thank you. [LB904]

MARTY BILEK: And I'll do my part to see to it that it does. [LB904]

SENATOR MELLO: Real quick, I guess, Marty, is a follow-up to Senator Nordquist's question. In reading the local paper and the World-Herald, it's my understanding that the mayor and the city council are moving forward with \$100-plus million incentive program for the Crossroads redevelopment that includes a very large bond issue that you're going to be proposing in the upcoming May primary ballot. I'd pose the question that Senator Nordquist did a little bit more direct, which is if this is a priority, couldn't you put this on the May primary ballot for the city of Omaha and cover a significant portion of this capital expenditure through the city? That would then give the Legislature an ability to consider, if it's not special legislation, to then maybe come in and provide assistance on top of what the city does. [LB904]

MARTY BILEK: The city is no stranger of public and private partnerships. There's a reason for those. They're desirable. They're helpful to the city. The city is robust now because of the public-private partnerships. So is this a public-private partnership? Yes, it is. I don't know who all the partners are yet, but it is that. And we are proponents of them. An answer to your question specifically, we have not discussed the Black History Museum from a financial standpoint yet in the city, and maybe we need to do that. I mean I can't preclude...and nothing is off the table. I'd just word it that way. [LB904]

SENATOR MELLO: For this May primary ballot bond issue, nothing is off the table? [LB904]

MARTY BILEK: No, no, I'm not saying that. I'm not in a position to say that because I haven't had discussions about this for the May primary nor the November general, for that matter. The discussion hasn't taken place yet. [LB904]

SENATOR MELLO: Has the discussion happened at all of possibly levying a special new tax, similar to the way the city is proposing now with the Crossroads project, to help fund this project as well? [LB904]

MARTY BILEK: You mean like a... [LB904]

SENATOR MELLO: New. [LB904]

MARTY BILEK: ...an increase in sales tax so it can be turned back to the project? [LB904]

SENATOR MELLO: Yeah. [LB904]

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MARTY BILEK: That has not been discussed yet, but I'm aware that there are options like that out there. [LB904]

SENATOR MELLO: Well, I think this committee and I think the Legislature as a whole would be very interested first to see, one, since this is a city of Omaha-related issue, that it would be good to know what the city of Omaha is going to propose in respects to, I think, direct capital contributions to the project, as well as any potential bonding that you would do on behalf of the project and/or any new occupation tax that the mayor and the city council would like to levy on behalf of this project. In part, because of the constitutional issues that have been raised by this issue of being potentially special legislation, since it's not a public entity like we have done in other previous appropriations to museums or other, I should say, state entities or state agencies, but I know the Legislature as a whole would be interested in seeing what the city is going to propose first to give us a little direction as well. So any other questions from the committee? Seeing none, thank you, Marty. [LB904]

MARTY BILEK: Thank you, Senators. [LB904]

SENATOR MELLO: Next proponent for LB904. [LB904]

PATRICK JONES: Hello. My name is Dr. Patrick Jones. I am an associate professor of history and ethnic studies here at UNL and I do African-American studies. It's my area of expertise. It's where I teach and write and publish, and though I live in Omaha. My wife is a family medicine doctor there focused on underserved urban communities of color. For the past few years I have served as the special historical advisor to the director of the Great Plains Black History Museum. My primary role has been to lead the effort to reunify the archival collection and begin the process of rehabilitating and reorganizing the collection, with the ultimate goal of making it available to researchers and the public, once again. Sadly, because of the poor treatment the collection received at the hands of previous administrators, portions of the collection have been damaged and very disorganized and spread out. As a result, this has been a major endeavor to reunify the collection, to stabilize it, and to now work on rehabilitating it and making it available again. It really is a wonderful collection. I spent the last year and a half working, going through each file, so I probably have, in terms of the current structure, the best sense of what's in the collection. For many years the Great Plains Black History Museum was one of the few African-American museums and archives west of the Mississippi River, a testament to the vision and work of Bertha Calloway and her husband, Jim, who started the archive and the museum. It was a great loss to researchers and the public when it closed its doors more than a decade ago. That's why this project is so critical. Even today the archives represent an important collection of historical artifacts documenting the diverse experiences of African-Americans in Omaha and, more broadly, in Nebraska and on the Great Plains. Its significance is both local

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but also importantly national, and we Nebraskans, regardless of race or ethnic background, should be proud of this collection in our state. Within the more than 200 archival boxes that make up the collection, there are photographs, documents, and objects that relate to work, family, education, politics, church life, athletics, civil rights, music, social clubs, military service, black-owned businesses, African-American cowboys, African-American pioneers and more. The breadth of the collection is one of its key strengths. Did you know, for instance, that Omaha was home to one of the very first African-American film companies in the whole entire United States? Did you know that in the years before the Montgomery bus boycott there was a bus protest in Omaha, Nebraska, that there were black homesteaders, that there were black cowboys here and across the Great Plains as well? Taken together, the artifacts powerfully bring to light the long history of the black community, of institution building and achievement within the broader confines of segregation and discrimination. It is a story that strenuously pushes back against the still dominant public narrative of African-Americans in Omaha today, a derogatory, media-driven narrative that emphasizes impoverishment, crime, drugs, dysfunction, and violence, a narrative that often demonizes black people and fuels problematic and discriminatory racial stereotypes, and I see this in my classroom each semester, sadly. This collection suggests that that is not the full measure of the community by any stretch. Again, instead, this collection underscores that the main story of black experience in our state and across the Great Plains is one of community, institution building, and achievement, despite the very real and persistent problems of segregation, poverty, and discrimination. Today, as a new effort to revitalize north Omaha and rebuild the community gains traction, I feel strongly that the Great Plains Black History Museum has a central role to play, linking the achievements of the past to the achievements of today. As a university professor in Lincoln and as an educator in Omaha with the "Making Visible Histories Visible" Program, the "History Harvest" Program, and my public talks through the "Get on the Bus" exhibit that I helped create, and through the Great Plains Black History Museum's own programming I've seen firsthand the dramatic and transformative possibilities of this collection and this history. That is true for adults as well as young people. It has been true with the elementary school, the middle school, and high school students, as well as college and university students that I work with. It is true for African-Americans as well as white folks, Latinos, and others as well. And in a state that is still often deeply divided, in part, by issues of race and ethnicity, this collection in a new Great Plains Black History Museum space can play a pivotal role in building up greater understanding and mutuality, basic respect and dignity across the lines of difference that too often cause discordance and disharmony here and elsewhere. We have not done a good job of teaching our young people about diversity. We have failed in a number of studies on this as well. So this is, in a very real sense, both north Omaha's collection, a source of pride for many local African-Americans who continue to feel a great sense of ownership over this collection, as well as Nebraska's collection, and really the Great Plains' collection. The visionary proposal put forth by Jim Beatty and the rest of the Great Plains Black History Museum board offers exciting and dynamic new opportunities, not merely for the museum or

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even north Omaha but also for the city of Omaha, the state of Nebraska more broadly. The new Great Plains Black History Museum has powerful potential as a new tourist attraction with national pull, alongside the Henry Doorly Zoo, the College World Series, Chimney Rock, and other tourist jewels in our state. In part, again, this potential stems from the relative dearth of African-American archives and museums west of the Mississippi and outside of larger coastal cities. This institution can play a role in helping to reclaim the long, rich history of African-Americans in Nebraska and across the Great Plains. This is not a secondary history to our state's history, nor is it secondary history to the larger American history. Rather, race and African-American experience are central threads in our state's history, our region's history, and our nation's history. This is not merely black people's history. This is all of our history and we need to see it like that. And I hope that we might all embrace that history and this collection as a source of great pride for our state. I hope that your committee will look favorably on this proposal and support it by reporting it out of committee, where I hope the full body will support this innovative effort to help reestablish one of Nebraska's real but often overlooked treasures. This is not a handout to the museum but a challenge grant, essentially, that affords this noble institution the opportunity to prove itself in this regard. And lastly, I do want to say, too, in working with the museum for the past almost three years now, I know that there's been some negativity and some ugliness in the community about the museum and some politics infighting, and I just want to say how much I admire Jim and Terri and the rest of the board. In my experience, they've conducted themselves with great integrity and honor, and they have demonstrated to me, someone who's a professional historian who cares very much about these things as historical artifacts, they care deeply about the collection and its connection to the community. I think that needs to be said on the record as well. So I appreciate the opportunity to share with you my expertise as a historian of African-American studies and someone who has donated my time. I don't get paid or anything to do this work. I've given my time to this. And that alone suggests how important I think this collection is and the work that we're doing here. The museum, as the board members like to say, the building is closed but the museum is open and they have demonstrated that by (inaudible) programs going and a variety of great and dynamic things that are happening in the community. So we hope that you will encourage a further growth of this institution and understand the great value it could have to our city and our state and beyond. [LB904]

SENATOR MELLO: Thank you. [LB904]

PATRICK JONES: Thank you. [LB904]

SENATOR MELLO: Thank you, Dr. Jones. Are there any questions from the committee? First question, just for clarification, you're speaking on behalf of yourself today, not on behalf of the University of Nebraska. [LB904]

PATRICK JONES: No, no, I'm speaking on behalf of myself... [LB904]

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SENATOR MELLO: Okay. [LB904]

PATRICK JONES: ...as a historian of African-American studies and as a special director to Great Plains historical (inaudible). [LB904]

SENATOR MELLO: And as you mention, you live in Omaha and work at university. [LB904]

PATRICK JONES: I do live in Omaha, yeah, I live in Omaha. I've lived there for six years... [LB904]

SENATOR MELLO: Well, I'm going to ask... [LB904]

PATRICK JONES: ...but I teach here. [LB904]

SENATOR MELLO: ...I'm going to ask probably you and everyone else from the city of Omaha who are residents in regards to a similar question I just asked Marty Bilek, chief of staff of the city of Omaha mayor, in the sense of whether or not the city of Omaha is considering right now close to \$200 million in bonding and tax incentives for a high-end retail development that's going to go in front of the voters. Is that something you think we should be considering, encouraging the city of Omaha to put maybe funding for the Black History Museum on the ballot with it at the same time or try to consider that to be a priority of the city's as they're moving forward, looking to invest hundreds of millions of dollars in a development like that? [LB904]

PATRICK JONES: Uh-huh. Well, I would, you know, I defer to Jim, as the director of the museum and others with a deeper knowledge of this. Again, speaking as a citizen of Omaha and of Nebraska and as a scholar, this, absolutely. I mean I hope that every level of government, as well as private and folks with private means, would get behind this proposal. And to use whatever opportunities and tools that are at our disposal to try to raise the necessary funds for what I think is a critically, critically important institution. Again, I see our failure in teaching our young people about this history every day in my classrooms. And I see it, when I teach in the summertimes, elementary through high school students in Omaha as well, and that's all young people. So we're failing on this and we need to do something. And then it can be a wonderful, unifying thing in our community and have great economic impact too. [LB904]

SENATOR MELLO: Well, thank you, Dr. Jones, for your testimony. Anyone else from the committee have any questions? Seeing none, thank you. [LB904]

PATRICK JONES: Thank you very much. [LB904]

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SENATOR MELLO: Next proponent for LB904. [LB904]

JEFF SMITH: Good afternoon. My name is Jeff Smith, S-m-i-t-h, and I work for J. Greg Smith of Omaha. The company was established in 1972 by my father, who helped create the "Nebraska the Good Life" theme for the Nebraska Department of Economic Development, and he also was involved in the establishment of the National Arbor Day Foundation. Our company has been involved in tourism design and development for over 40 years. We are currently providing consultation to the Great Plains Black History Museum board of director for the new museum's master plan, design, and capital campaign. Most museums have a wow factor once you come inside. I don't know if you've had a chance to open up the book, but we are working with Omaha architectural firms as well as Kiewit design with a unique design with a wow factor on display 24 hours a day, 24/7, 7 days a week. This is a design to inspire kids and students to achieve and also to attract tourists. The theme is universal, the "Triumph of the Human Spirit." Inside the entry pavilion, and by that picture is a picture window of the entry pavilion where there will be lifelike cast figures of African-American achievement since the very beginning of Nebraska history of settlement and exploration. Inside the entry pavilion will also be touchscreen kiosks linking this museum to every museum in Nebraska. So connectivity will be a common theme in all exhibits and programs, with Internet connectivity. The museum will recognize and celebrate African-American achievement in Nebraska since the beginning of exploration. "Immersive" displays will help visitors feel like they are experiencing Nebraska history firsthand. Visitors learn that while African-Americans suffered unjustly under slavery in the South in the nineteenth century, they could build a new, free life in Nebraska. "Immersive" galleries will recreate the history of African-American trailblazers in the West... [LB904]

SENATOR MELLO: Mr. Smith. [LB904]

JEFF SMITH: Yeah. [LB904]

SENATOR MELLO: We're going to have to ask you if you could please take a pause. Our recording device, for some reason or another, has went a little haywire (laughter) and we need to make sure we... [LB904]

JEFF SMITH: I'm blowing it up. (Inaudible). [LB904]

SENATOR MELLO: ...for the public record's purposes, we have to make sure we get this fixed before we take testimony. [LB904]

JEFF SMITH: You bet. [LB904]

SENATOR MELLO: I apologize for that, Mr. Smith. We won't count that against any of your time, so don't worry about the timing of your testimony. We just want to make sure

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we get that for the public record. [LB904]

JEFF SMITH: Thank you. Visitors learn that while African-Americans suffered unjustly under slavery in the South in the nineteenth century, uniquely, they could build a new, free life in Nebraska. "Immersive" galleries will recreate the history of African-American trailblazers in the West, Buffalo Soldiers bringing peace to the Great Plains, African-American homesteaders building a new life in Nebraska, and famous African-American cowboys who drove the herds north. This is a unique American story that is not being told in any museum in America today. This will attract tourists and visitor groups to Omaha and to the state of Nebraska. Visitors will also then experience the history of the Tuskegee Airmen, a proud chapter of Nebraska history, that there was a platoon from the Omaha and Kansas area and they were aces during World War II. And to make this history come alive then for today's students, there will be hands-on flight simulators that will show students that in order to fly you first need to know math, science, and technology. The center will also feature a Science and Technology Center that will have another wow experience for all Nebraska and that's "Science on a Sphere." This is a large globe that is suspended in the air, with digital projectors that are hooked up to national weather satellites so that students and visitors then can see how weather patterns form, what the surface of the planets look like. Science comes alive. And all programs in the Science and Technology Center and its adjoining STEM classroom then will have Internet connectivity so that these programs and lessons can be transmitted to schools across the state. With a convenient downtown Omaha location that is accessible to all visitors, it is estimated that the museum will draw a total of 65,000 total visitors a year for self-sustaining operation. Now that projection of 65,000, we're saying that is conservative because it represents 30 percent of Omaha Durham Museum's annual attendance. In fact, we had a museum peer group take a look at the pro forma that's included in the book and they said that those are reasonable expectations for the new museum. The approval and passage of LB904 will play a significant role in helping the Great Plains Black History Museum, Science and Technology Center achieve its capital campaign goal by encouraging private-sector support with a challenge grant from the state for a responsible approach to the development and construction of a twenty-first century institution that will benefit all of Nebraska. Thank you. [LB904]

SENATOR MELLO: Thank you for your testimony, Mr. Smith. Are there any questions from the committee? Seeing none, I'm going to ask you the same question I'll ask everyone. [LB904]

JEFF SMITH: Yes. I'm ready for it. [LB904]

SENATOR MELLO: With the proposed \$150 million incentive and bond package being proposed by the city of Omaha for a high-end retail development at the Crossroads, do you think that this worthy project should be part of that overall process moving forward

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that's going to be going to the voters, both on the bond issue and creating a new tax to pay for it? [LB904]

JEFF SMITH: Let's not forget this is a Nebraska story. This is a Great Plains story. This makes this a unique regional, national museum. In fact, there's conversations with museums in other states, African-American museums in other states bringing new visitor groups to Nebraska. Now certainly Omaha will benefit immediately from new visitors coming to the museum, as well as the day-to-day operations as reflected in the impact statement, but the state will as well. In fact, the state will gain more tax income from this museum's operation and its success than the city. So, you know, we are talking to all entities--the city, the county, and the state--but not so much to pay all of the costs but to encourage private sector involvement. Like I said, this will be viewed as a challenge grant then that will inspire private donors then to step up to the plate. [LB904]

SENATOR MELLO: I appreciate your answer but I didn't hear a yes or no in the sense of whether or not this is something you think...and as an Omaha voter, I represent south Omaha so I live in the eastern part of the city. I work in north Omaha, so I'm very familiar with what's happening in our city. And so I want to know from individuals coming from Omaha supporting this worthy project, is this something our local government should be trying to put money into? [LB904]

JEFF SMITH: From a development standpoint, I guess the community development block grants. What is very creative and I applaud Nebraska is the sales trap. And if there is some way that a sales tax tip zone could be included for the museum, that would be phenomenal. In other states that we've worked with, Kansas and Texas, where they've got that, that's been very good. But to include this on a bond issue or a public vote, I think it's more of a city incentive for development as compared to a public vote. [LB904]

SENATOR MELLO: Okay. Any other questions from the committee? Seeing none, thank you. [LB904]

JEFF SMITH: Thank you. [LB904]

SENATOR MELLO: Next proponent for LB904. [LB904]

LOREN BLAKE: Good afternoon, ladies and gentlemen. My name is Loren Blake, L-o-r-e-n B-l-a-k-e. I'm a student at the University of Nebraska at Omaha. And, of course, I am in support of LB940. As a child, I remember seeing the Ku Klux Klan robe drenched in blood. I remember meeting the Shabazz family, the King family, trips to Woolworth with my grandmother to go get the latest copy of Golden Legacy magazine. I was fortunate, but at the time the ideology of a Black Studies Department was a concept that was in its infancy. My parents, my peers, and that would include Mr.

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Beatty, taught me things about my history that I would have never known at that time. I was learning things that I did not know that I was learning back in the '70s. Years later, as an adult, I have a passion for history and its relevance to myself and to our community. To say that the city of Omaha is in turmoil in regards to ethnicity and its demons is not ludicrous. The beatings of black citizens by public servants, the death of Payton Benson, the murder rate in north Omaha even boggles the minds of the residents that live there. And being recently named the most dangerous city in America to be black--and I know this is getting recorded but I will repeat that--the most dangerous city in America to be black should give us all cause for concern whether you're white, black, Asian, Latino, or any other spectrum of race and racism. We do have a positive recourse though and our positive recourse is through education. The development of a repository for black memorabilia and educators willing to support the cause is monumental. The members of the Black Studies Department at UNO frequently scour the city for service learning opportunities, but historically we haven't even had the necessary tools to teach, educate, and develop our youth properly. The foundation of this museum can help bridge that gap. And being a little selfish here, as a student, as a scholar, I'm continually researching the components of our history in the Great Plains. In general, my largest obstacle is finding source material, physical documents, things that I can relate to, things my peers can relate to. And what hurts about this is that we have this stuff in the state. It's not locked up somewhere across the pond or anything else. These are physical documents, source material, things I'm going to end up educating your children and your grandchildren with one of these days, but we need a place to put it. A centralized location to store the great history of this region would be more than beneficial. And once again, as a future educator of our next generation, the museum will be relevant, necessary, and a beacon of strength for our Omaha community. Once again, ladies and gentlemen, I thank you for your time. My name is Loren Blake and I am in support of LB904. And to answer your question, yes. It would almost be ludicrous to even, no offense to you, to even ask that question, with all due respect. Yes, this is needed for our community and not just my peers and not just my children, but remember, one of these days your kids and your grandkids are going to be getting their grades from me and learning about the history of this state from me. Once again, my name is Loren Blake. Thank you. [LB904]

SENATOR MELLO: Thank you for your testimony, Loren. Are there any questions from the committee? Seeing none, thank you. [LB904]

LOREN BLAKE: Thank you. [LB904]

SENATOR MELLO: Next proponent for LB904. [LB904]

GREG SMITH: My name is Greg M. Smith, S-m-i-t-h. My brother is Jeff Smith you've heard previously. We are working with this wonderful project that's not only great for the city of Omaha, not only great for the state of Nebraska, not only great for the Great

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Plains of this country but for the United States of America. This story is not being told anywhere. It is a proud story, a story of Nat Love, one of the West's great cowboys; a story of Jim Beckwourth who discovered Beckwourth Pass into California, where Californians found their settlement through the pass that he discovered. This is a great story and it's a great project. As had been alluded before, a number of important fund-raising activities are occurring in support of the Great Plains Black History Museum. Leading local, regional, and national foundations have been briefed on the new museum and are considering support. In December, as alluded to earlier, John Gottschalk hosted a series of breakfast briefings on behalf of this museum, which was attended by major Omaha companies, foundations, and individuals, including Union Pacific, Hewitt Companies Foundation, Blue Cross Blue Shield, CenturyLink, Peter Kiewit Foundation, the Suzanne and Walter Scott Foundation, the Sherwood Foundation, McCarthy Investment Group, Whites (phonetic) Family Foundation, SilverStone Group, the Omaha Community Foundation, the Omaha Convention and Visitors Bureau, former Omaha Mayors Hal Daub and Jim Suttle, and Mike Smith, executive director of the Nebraska State Historical Society. We have also had individual meetings with the Daugherty Foundation, the Hawks Foundation, First National Omaha, and Pete Ricketts. Comments from potential donors on the new museum's plan have been consistent. They like the design, the operational plan, and believe the capital campaign goals are attainable. The museum has received an initial grant from the Granger Foundation, and currently has grant requests submitted to the Wells Fargo Foundation, U.S. Bank, the Hitchcock Foundation, and the Kellogg Foundation. The museum is also in discussions with a major defense company to help provide funding for the "Science on a Sphere," science, technology, engineering, and mathematics educational venue, and believes that this kind of dynamic learning center will be good for the community and the state of Nebraska. Matching grant support from the state of Nebraska will play a significant role in helping the Great Plains Black History Museum continue to generate support from major foundations, companies, and individual philanthropists. So with that, I conclude my comments. [LB904]

SENATOR MELLO: Thank you for your testimony, Greg. Are there any questions from the committee? You know the question I'm going to ask and I'm going to let you say a yes or no. I mean is this...if the city of Omaha is willing to put forward almost \$200 million in TIF financing and bond financing, as well as create a new special tax to pay for a high-end retail development at 72nd and Dodge, do you think this is a worthy project that could be incorporated into that kind of development proposal that they're going to put forward both to the city council and to the voters of the city of Omaha? [LB904]

GREG SMITH: Well, as I alluded to earlier, this is a tremendous project and Omaha is a progressive community. Omaha has stepped out and stepped ahead in a lot of different areas. I don't know how the city of Omaha would do this. I would hope that they would. That's really up to the city leaders. But from my viewpoint, this is a significant project

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whose time has come. [LB904]

SENATOR MELLO: And maybe it's something that Senator Kolowski can follow up with in his closing or I could...Jim could...Jim Beatty, the chair of the board, could share with us. I know that you said that there was support from, I think, Congressman Lee Terry. Has there been any movement to try to acquire any federal funding, either from Congressman Terry and/or U.S. Senators Mike Johanns or Deb Fischer? Since this is a regional museum and has a regional impact, has there been any movement to try to get federal, national funds to help provide this? [LB904]

GREG SMITH: We can certainly...we can certainly look at that also. [LB904]

SENATOR MELLO: Okay. All right. Thank you. Next proponent for LB904. [LB904]

STACY WESTBROOK: Good afternoon. My name is Stacy Westbrook, W-e-s-t-b-r-o-o-k. I am a citizen of north Omaha. And, as you can tell, I don't have any prepared remarks. But I felt compelled to come before you today to share my perspective, being a native Omahan and raised also in north Omaha, Black (inaudible) Museum and the importance. As I sat back, to your question, everything about the museum that has been said I, too, like Loren, remember the Ku Klux Klan uniform drenched in blood, while touring the museum as a young girl. And I think that now, I have a ten-year-old daughter, and when we were preparing to come here today, I did not realize that the museum had been closed since 1997. And in that timespan, my ten-year-old daughter has nothing of significance to relate African-American culture back not only to the city of Omaha but to the state of Nebraska. We are fortunate that we do have family and we come from a family that migrated to the city from other areas of the country, but their story has gone untold. And the Black History Museum was an opportunity to share that story. My grandfather moved here from the city of Chicago as a black pullman porter, one of the first in the city of Omaha, and was in the beginning stages of working with A. Philip Randolph on the pullman car...or the Pullman Porter Association. So there's some significant historical references that African-Americans who have migrated to the city of Omaha, for whatever reason, and who have raised their families there have to share to their children and other children that have come after my daughter who don't know the significance of African-Americans. Having worked for Mayor Suttle in the creation of the Civil Rights Mobile Museum bus, it was awesome to see people of color and non people of color get on that bus and say, wow, we had people like this that were from our own community. And Omaha was really on the map like you would see in other cities. So when I think of the fact that I have a ten-year-old daughter and she has not experienced the culture of her community, as well as other African-Americans, and its contribution to the state of Nebraska, when she studies...when she studied 4th grade state history and African-Americans and their contributions weren't mentioned at all. And if she comes to the Capitol, she sees no reference of African-American culture without seeing Senator Council or Senator Cook.

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And having worked in this building myself as a student of UNL and being the first African-American part-time on a Nelson administration, there are historical significance. And what does that say to the children that grow up in our community that can't reach back and see somebody else that looks like them? I urge you, as a Appropriations Committee, to take the challenge and step forward, no matter if the city of Omaha puts it on the bond or not. Lead by example because, as the other man said earlier, this is a state of Nebraska benefit. Yes, the city of Omaha will have some initial benefit from it, but what does that say about our state when we have nothing of a significance to talk about the contributions of African-Americans in this state or even on a regional sense? Yes, it should be also of interest to you because it does bring economic development to the state, as well as more interest possibly in others wanting to come to the state for other ideas with your tourism and film industry and other things that you promote in Nebraska. It'd be nice to see some other historical significant things to promote the city of Omaha besides seeing Chimney Rock and the few things that you see about Arbor Day. We know that the state of Nebraska is very much more complex than that, and it would be also awesome to go to other parts of the country and say, oh, you're from Oklahoma; no, Omaha. (Laughter) So I encourage you to support LB904. And we would appreciate whatever lead the state could do to take that leap of faith, because, yes, it's going to take everybody, but this is a benefit to all Nebraskans, not just the city of Omaha. [LB904]

SENATOR MELLO: Thank you for your testimony, Stacy. [LB904]

STACY WESTBROOK: Thank you, Senator. [LB904]

SENATOR MELLO: Are there any questions from the committee? Seeing none, thank you. [LB904]

STACY WESTBROOK: Thank you. [LB904]

SENATOR MELLO: Any other proponents for LB904? [LB904]

TERRI SANDERS: Good afternoon to Senator Mello, Chairman of the Appropriations Committee, to the Senators on the Appropriations Committee. I am Terri Sanders, vice president of marketing and development for the Great Plains Black History Museum. The museum exists to preserve, celebrate, and educate all people on the achievements and experiences of African-Americans on the Great Plains, from Canada to Oklahoma, make history in our country. The job of the museum is to tell the story. The museum closed its physical doors in 1997. Since 1997, 17 years, 204 months, 10,608 weeks, 74,256 days, 1,782,144 hours, and 106,928,640 minutes the museum has not been able to preserve, educate, or celebrate the accomplishments of African-Americans on the Great Plains. A child born after 1992 has no idea that they could dare to dream to be like Michael Anderson, space shuttle Columbia astronaut who studied and received

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his master's degree from Creighton University. In 2003, the museum missed the celebratory moment to acknowledge a triumph of the human spirit, where the space shuttle crashed. Football fans, and specifically those who rooted for the Denver Broncos, had little knowledge that the first African-American NFL quarterback was Marlin Briscoe, a graduate of Omaha Technical High School. Who knew that York, a black man, was a scout for Lewis and Clark as they moved west? That information is part of the museum. With your vote, Senator Mello's recent addition his family, when that child goes to school in five years, will have the opportunity to dare to dream and celebrate the triumph of the human spirit at the Great Plains Black History Museum, Science and Technology Center. The 345,200 public and private school students are missing the opportunity to learn about Tuskegee Airmen and their part in our nation's history. There are 449 school districts in our state that we want to tell and share the story with. There are 1,252 schools in the state of Nebraska and we plan to reach each 1 with our information. The required hours for grade K is 400 hours of learning, 1,032 for grades 1 through 8, 1,080 hours for grades 9 through 12. We want to be a part of the process and provide, through the Great Plains Black History Museum, Science and Technology Center, a vehicle for students to dare to dream. We have primary source documents entrusted to the museum to share for education and research purposes. I am a native Omahan, educated at Lothrop Elementary School where Eugene Skinner was principal, who was the first black principal in the Omaha Public School system. I'm a graduate of the Omaha Public Schools. In the year that the museum started, my parents had a retail store on North 24th Street in the '60s, and I saw firsthand the race riots. I volunteered at the museum, putting together exhibits as I was a freshman at Creighton University. In 2011, I joined the board of directors and was elected vice president, and in 2013 I became vice president of marketing and development. I have seen the museum from then until now: 106,000...I'm sorry, 106,928,640 minutes with no museum, no stationary place for students to dare to dream, no place to see persons' triumph, no place for the 300,000-plus students to see primary sources to learn from. We want to provide the resource for the 449 school districts to use as an additional resource, for them to use in supplementing textbooks for the experience of African-Americans. The Great Plains Black History Museum, Science and Technology Center is an institution that has been updated and meeting the learning needs and experiences of the twenty-first century. I ask that this committee move this bill to the general assembly and pass that bill that will plug the hole in our history, fill the gap of the 1,782,144 hours without the museum. LB904 will allow the state of Nebraska to be part of the solution to the missing museum for 74,256 days or 10,600 weeks or 204 months or 17 years. Assist us in building a new museum. LB904 deserves to be heard and passed. Would you like to ask me that question that you asked everyone else? (Laughter) [LB904]

SENATOR MELLO: Terri, of course. First, thank you for your testimony. [LB904]

TERRI SANDERS: You are more than welcome. [LB904]

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SENATOR MELLO: I'm going to see if there's any questions from the committee first. Senator Bolz. [LB904]

SENATOR BOLZ: Thanks for coming today, Terri, and I really appreciate your passion. I can tell it's a labor of love for you and for everyone else in this room. Am I remembering right from our previous conversation that you're the only staff member on board? [LB904]

TERRI SANDERS: I am the only staff member on board, so if you get a communication, if you send something, if you want to visit, I back up the board of directors but I am it and love it. [LB904]

SENATOR BOLZ: Well, I appreciate that. I know what hard work it is to start up a nonprofit like that. My question is just one of practicality. Do you have someone on your team who is able to help you with the development work so that you can raise the money that you need to draw down the matching funds? Do you have a strategic plan in place so that that work gets done? [LB904]

TERRI SANDERS: Yes. You heard from the gentleman at J. Greg Smith and company, and the books that each committee member has been provided with, that is our strategic plan. That has been put together. And if you look at it, we have gone strategically month by month, year by year as to how we're going to accomplish this. So, yes, there is backup behind me. I'm just the face. [LB904]

SENATOR BOLZ: And so by 2015 you do expect your revenues to be such that you can hire five additional staff members and one of those will be doing development work? [LB904]

TERRI SANDERS: Yeah. [LB904]

SENATOR BOLZ: That's what your...I'm just trying to understand your... [LB904]

TERRI SANDERS: Yes. Yes. Yes, and you said by 2015. As we develop, with your help, with your \$8 million, yes. [LB904]

SENATOR BOLZ: Okay. Thank you. [LB904]

TERRI SANDERS: You're welcome. [LB904]

SENATOR MELLO: Are there any other questions from the committee? Terri, I have a different question and... [LB904]

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TERRI SANDERS: Oh, darn. [LB904]

SENATOR MELLO: ...and, no, I'll get to the other one too. You'll get that one as well. That's...as I mentioned earlier...and Senator Kolowski can close and I want to make sure no one obviously speaks purely for the Senator's behalf. But we have received a considerable amount of previous historical research in regards to it being unconstitutional, when this has been tried before, to appropriate money for a specific nonpublic entity, of trying to appropriate money for a private entity that's not a governmental entity. Is...and you can speak on behalf of Jim, the board, whoever you want. Are you willing to work with Senator Kolowski and members of the Legislature to look at other potential financing mechanisms besides the way LB904 has been drafted today, which, like I say, there has been concern raised that this is unconstitutional the way it's drafted? Would you be willing, are you willing to work with Senator Kolowski and the members of the Legislature to look at other ways to finance and be helpful to this regional museum? [LB904]

TERRI SANDERS: Do you promise to give us the money? (Laughter) [LB904]

SENATOR MELLO: I can't speak for anyone except myself, Terri,... [LB904]

TERRI SANDERS: Okay. [LB904]

SENATOR MELLO: ...and I think the other eight members of the committee would hold me to that. [LB904]

TERRI SANDERS: I think that it would be not wise on my part to say, no, I wouldn't, because, yes, I would. I think that we have been more than transparent in what we're doing and, yes, we will look at all avenues. But I still want the \$8 million. [LB904]

SENATOR MELLO: I can respect that. [LB904]

TERRI SANDERS: Appreciate that. [LB904]

SENATOR MELLO: The question obviously I'm going to ask anyone from Omaha on a lot of issues, not simply the... [LB904]

TERRI SANDERS: Okay. [LB904]

SENATOR MELLO: ...not on LB904, but this has been something that has come to light in other constituent meetings I've had in the sense of the city of Omaha wanting to prioritize spending hundreds of millions of dollars on redeveloping a high-end retail shopping mall... [LB904]

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TERRI SANDERS: Uh-huh. [LB904]

SENATOR MELLO: ...in comparison to investing in other parts of our city. Is that...knowing that this is something that the city of Omaha could do, is to give a direct appropriation to the museum, where it's questionable whether or not the state can do that, would you support or would you encourage the city of Omaha to consider that as an option in this upcoming year as they look to bring multiple initiatives in front of the city council, the mayor, and ultimately possibly the voters with a bond issue and/or a tax increase? [LB904]

TERRI SANDERS: Being the sole employee of the museum, I would be a fool to say no. I think that the city of Omaha has demonstrated that they support what we're doing and I think that they would do everything within their powers to support that. And if that means that the best answer is what you just suggested, then I'm sure. [LB904]

SENATOR MELLO: Okay. Thank you, Terri. [LB904]

TERRI SANDERS: You're welcome. [LB904]

SENATOR MELLO: (Exhibits 15-50) Any other questions for the committee? Seeing none, thank you for being here today, Terri. Are there any other proponents for LB904? Seeing none, the committee received a significant number of letters of support that I'll read into the public record for support of LB904. The committee received a letter of support from the Omaha City Council, signed by city council president, Pete Festersen; a letter of support from the Nebraska Historical Society by Michael Smith; the Nebraska Arts Council by Suzanne Wise; the Great Plains Black History Museum, Science and Technology Center; the Alpha Kappa Alpha Sorority by Michelle Simpson; a letter of support from Sistahs Elite Social Club, Lori Moore; a letter of support from Omaha North Magnet School by Gene Haynes; a letter of support from the ACLU of Nebraska by Amy Miller; a letter of support from the Interdenominational Ministerial Alliance by T. Michael Williams; a letter of support from Nicholas Murray, a board member from the Great Plains Black History Museum; a letter of support from Mike Boyle, Douglas County Commissioner; a letter of support from Robert Rose, a board member from the Great Plains Black History Museum; a letter of support from Nate Woods, the Clyde Malone Community Center; a letter of support from Bill Hayes, the Mayhew Cabin Foundation; a letter of support from Vickie Young, president of the NAACP of Omaha; and letters of support from self individuals: Lee Warren; Jeffrey Williams; Ronald Marshall; Stella Sallis; Okley Gibbs; Pam Johnson; Barbara Davis; Ola Manning Anderson; Joan Standifer; Catherine Blount; Dave Haar; Kira Gale; Victoria White; Alisa Gilmore; Lisa Laday-Davis; Barry Haire; Gloria Menyweather-Woods, I think it's Meriwether-Woods; Martha Ross; I think Kietryn Zychal; Michael Sothan; and Roosevelt Lee. Is there anyone here in opposition to LB904? [LB904]

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JAMES CALLOWAY: Thank you, Senators and Senator Mello. My name is James Calloway, James L. Calloway, Sr., C-a-l-l-o-w-a-y. I am the son of the founder of the Great Plains Black History Museum, Bertha W. Calloway. For your information, Bertha W. Calloway is alive and well, situated in a local nursing home, contrary to a publication in the Omaha World-Herald three weeks ago that pronounced her as deceased. Where that information came from is a mystery at this point. Now I'm going to get into the dark side of this whole thing. You've just had a lesson, a nice lesson in African-American history in this little room. One of the presenters said this is the wow factor and held up a flier. You know what the wow factor is? Twenty-eight million dollars is the wow factor. Come on, even \$8 million is a wow factor. One of the people in support of this mentioned that we are in a district in a city that has the highest crime or murder rate. We're also in a district that has one of the poorest minority communities in the country. And we're sitting here talking about \$28 million for a monument? This is ridiculous. My mother and father bought that building at 2213 Lake Street back in 1975. They purchased the building and it's an historic building. It's listed on the National Register of Historic Places. It's also an Omaha city landmark. The architect's name is Thomas Kimball, a very famous architect. The building is in disrepair but it is salvageable. Engineers have gone through and I, unfortunately, I don't have my proposal because as I was getting gas somebody got my briefcase, with 25 to 30 pages' worth of documentation and letters in support of what I'm saying. I may appear to be a lone soldier up here, but if this goes on the floor, believe me, I'm going to have a brigade behind me. And the general of that brigade is going to be Senator Ernie Chambers, who is vehemently against this proposal, number one, because of the cost involved; number two, because the site they're looking at is absolutely contrary to what my mother envisioned back in 1975 when she started the museum, and that was to have a place, an inventory of African-American history within the African-American community, not outside of the community. And I'll tell you a little secret. Museums don't make money. I sat back for years watching my mother and father...my father worked three jobs. My mother and our families scrambled together money to keep the museum going. There's two famous museums: one in Atlanta, one in Chicago. Both of those museums are funded because they went to a public vote. The majority population in those cities is African-American. The bill passed. Even one of those museums had to close its doors for lack of money. So to think that they're going to generate money from a museum is wishful thinking. It's not going to happen. I've stood back and watched. I want to make another thing clear because there's a misconception that I have mishandled the collection. I have not. My mother became ill about ten years ago and I'm going to give some very personal information. She's suffering from Alzheimer's and she's in a nursing home. My directive from my mother was take care of this collection and make sure it doesn't fall into the wrong hands, number one, and make sure I don't get put in a nursing home. That was my responsibility. I looked after her at home for seven years straight. I wasn't charged with running a museum. I was charged with looking after her. Finally the time came when I could no longer look after her. It got to be a 24-hour-a-day chore. In the meanwhile, the building fell into disrepair. But because of political

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opposition I had for...because of what I call "decentrifcation" of north Omaha, I was opposed to certain projects going on, I got into a little political battle with some politicians and I'm still in a political battle with them. Mr. James Beatty, by the way, James Randall (phonetic) Beatty, who I handpicked to be on the board of the museum, has made promises, when I handpicked him, that have been absolutely thrown out the window. One of them was in the articles of the museum that a member of the Calloway family would all...shall always be a member of the board of directors. The reason for that is 75 percent of that collection is my mother's personal property. My mother has been collecting black history memorabilia since 1950. The family has that collection insured to this day and for the last three years for \$250,000. We pay the...the family pays the premium. I'm speaking on behalf of my mother, number one, because I'm her guardian and her conservator. Number two, I'm a representative of an organization called the Bertha W. Calloway Center for the Study of African and African-American History, Art, and Culture. I'm also a member of another organization called the Omaha Black History Museum. This is not the only Black History Museum in the city. You're wrong about that. So we are going to be coming to the Legislature for funding. And I agree with you. If there's going to be any funding coming out of the Legislature for that amount of money, \$8 million, the city should get involved. It should be a vote for the people. The people of the city of Omaha are going to vote it down, everybody already knows that. That's why they're hesitant to answer the question. It's not going to happen. If we were a predominantly African-American community, it would (snaps fingers) fly like that, but it's not going to happen. So our organizations are going to approach the Legislature with our general, Senator Chambers, and we're going to ask for \$500,000. And you know what we're going to do with that \$500,000? We're going to take the building at 2213 Lake Street, the historic Nebraska Telephone Company Building, and we're going to rehab that building and we're going to turn that into the museum that my mother envisioned back in 1975; \$500,000, and we're going to match the \$500,000. For \$1 million we've got the museum. And future years, there's land directly to the west for expansion. And that was my mother's dream in '75; I'm here to make sure that dream comes true. I'll be glad to answer any questions that you may have. [LB904]

SENATOR MELLO: Thank you for your testimony, James. Are there any questions from the committee? I've got to ask it just because I've asked pretty much everyone else on the same question with what's going on with the city right now in regards to the high-end retail development at the Crossroads development. You kind of, I thought, answered it, but I just want to make sure I'm clear. You would support... [LB904]

JAMES CALLOWAY: Well, I could... [LB904]

SENATOR MELLO: ...you would support a concept like this going to the vote of the people and/or at least going to the city council and the mayor for them to appropriate directly money in the bond issue to help pay for the capital. [LB904]

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JAMES CALLOWAY: About four months ago I approached the management at the Crossroads Mall about having a satellite location there, and I was on the verge of signing an agreement to have it. And then all of a sudden they seemed to come up with the same idea I came up with. But that...there should be a vote. It should be a bond issue. As I said, there's no doubt it's not going...I'm going to tell you, there's farmers out here that need money. There's drug addicts on the street that need money. There's halfway houses that need money. And for this Legislature to come up with \$8 million for a project that can be done for a half million dollars will be a slap in the face to the people that really need the support. And there are plenty of agencies out there that need some help right now. So, yeah, if it's a bond issue, if it comes up to that, let it go before the voters. The voters will vote it down and we're going to fend, we're going to fend for ourselves. They can fend for themselves. The collection belongs to my mother, the Bertha W. Calloway Black History Collection. I don't know what collection they're talking about. I saw a couple of pieces of sheet music up here. That's part of my mother's collection. And let me also add I had a container purchased, and when I hear these presentations they called it a tin can. It's a commercial shipping container used to ship articles across the ocean, 197,000-pound container my family purchased. We put my mother's collection in that container. It was broken into by individuals sitting in back of me. There's an open investigation for the theft of articles that belong to my mother right now. And that's part of the documentation that I had planned on bringing. I called down and they said it was okay if I bring it tomorrow since I don't have it with me today. I'll make sure everybody gets a copy of it. You'll have information to get in touch with me. You're welcome to talk to Senator Chambers and he will give you the lowdown on his feelings on this. I appreciate your time and am available for any questions you might have. [LB904]

SENATOR MELLO: Thank you for your answer, James. Any questions from the committee? Seeing none, thank you. [LB904]

JAMES CALLOWAY: Okay. [LB904]

SENATOR MELLO: (Exhibits 51 and 52) Are there any other opponents to LB904? Seeing none, the committee received letters of opposition from Dr. Tekla Ali Johnson and Matthew Stelly. With that, Senator Kolowski, would you like to close? Oh, I'm sorry actually, Senator Kolowski. Is there anyone here in the neutral capacity? I apologize for that. Anyone here in the neutral capacity? Seeing none, Senator Kolowski. [LB904]

SENATOR KOLOWSKI: Thank you, Senator Mello, members of the committee. Really appreciate your patience and time on a long day and being the last group to come before you today. If I may, I'd like to address the Attorney General's comments. First of all, we only received notification today that there might be some question concerning the constitutionality and, of course, we're going to look into that and there's also a legal firm with the historical museum that will be of assistance to us as we examine that. I

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know they're basing something on a 1988 standard, and we think there's probably many pieces that are not in that picture yet that we still have to look at. And we'll have an answer for that and, Mr. Chairman, we'll be in contact with you and communicate with...that with you as we go along. Secondly, on the funding from the city of Omaha, yes, we'd look at any options that would be available. We think there's going to be continuous philanthropic giving as well as any possible funding from the Legislature that we could come up with, as well as local and other sources, foundations, and many different areas that we'll look at. And I would never turn our back on anything like that to make all things happen, as we are all skilled in doing some of those things. I hope that answers those two questions. I'd like to finish with, if I may, besides thanking you, I think it's...I'm going to do something that I've shared with Senator Chambers over time as we've worked together for the last six years. He knows this of me and I think it's worthy of talking about because of what we're trying to do with the museum, because it is about preservation and it is about learning. I told in a private conversation with Senator Chambers, and it's not a matter of keeping it anything like a secret because it's of family history, but I remember as a youth going through a box of family photographs and while I was doing that I found some things that were an actual KKK meeting. My grandfather was a Klansman. He was from northern Illinois. In the post-World War I period in Indiana and Illinois, there was a very strong anti-Catholic, anti-everything going on kind of movement, antiblack, everything that you could imagine. Living in an all-white area and an all-white community in northern Illinois, there was a lot of joining that was going on like that. I remember asking my mom about that and she remembers going, as a young child, to the Klan's meetings with the full regalia. And I say that not out of shame or out of anything else except that was my grandfather. My grandfather was uneducated, low-skilled, and bigoted. He's been gone for over 50 years, but I know what he was. Luckily, that's not a DNA passing on to everyone in the family. That's a decision you make through, hopefully, education; skills, especially critical thinking; and losing bigotry in your life because there's more to life if you look around and do the things that we need to do as citizens in this country. So I share that with you only because a museum can help us do those things. It can educate, it can help us to see a broader picture, and have a role in society that would make a difference. That's part of my history. I gave you a lot of history earlier from about a five-year period of '68 to '72, and I thought I'd include that one also, and I have no shame in saying that. We are not what was passed on to us and we can...one of the greatest things about being human beings, we can change. And every generation can go through those things and I think that's the key learning of education. If I may, I'd like to finish with something...read something that I have used...I had used in my 15 years as a high school principal at Millard West High School. Each of my graduating classes, as I handed each of them a diploma, as I read their names, because I didn't pass that around. Even when we started at 180 students up to 520-plus when I retired, I read every one of those student names for 15 years. And I finished with this set of...this quote that I'd like to share with you today. It's from Dr. Benjamin E. Mays, president of Morehouse College. It's entitled, "Live Your Dreams": It must be borne in mind that the tragedy of life does not lie in not reaching

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your goals; the tragedy lies in not having any goals to reach. It isn't a calamity to die with dreams unfulfilled, but it is a calamity not to dream. It is not a disaster to be unable to capture your ideals, but it is a disaster to have no ideals to capture. It is not a disgrace not to reach the stars, but it is a disgrace to have no stars to reach. I finished every one of my classes' graduation ceremonies with that and that was the last thing they heard from me, and I share that with you today out of the hope for what we see for this museum and the difference it will make in the lives of many, many future citizens of this country as they experience their personal growth. I thank you for your time. [LB904]

SENATOR MELLO: Thank you for sharing that personal closing, Senator Kolowski. Any questions from the committee? Seeing none, thank you, Rick. [LB904]

SENATOR KOLOWSKI: Thank you. [LB904]

SENATOR MELLO: That will close today's public hearing on LB904 and will end the Appropriations Committee's public hearings for the day. Thank you. (See also Exhibit 53) [LB904]