

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

Appropriations Committee  
March 18, 2015

---

[LB633]

The Committee on Appropriations met at 1:30 p.m. on Wednesday, March 18, 2015, in Room 1003 of the State Capitol, Lincoln, Nebraska, for the purpose of conducting a public hearing on LB633. Senators present: Heath Mello, Chairperson; Robert Hilkemann, Vice Chairperson; Kate Bolz; Ken Haar; Bill Kintner; John Kuehn; Jeremy Nordquist; John Stinner; and Dan Watermeier. Senators absent: none.

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 I serve as Chairman of the Appropriations Committee. I'd like to start off today by having members do self-introductions, starting with Senator Kintner on my far left, your far right. Senator Kintner from District 2, representing parts of Cass County, Sarpy County, and Otoe County, will be joining the committee later this afternoon. Sitting next to Senator Kintner is Senator Jeremy Nordquist, representing the 7th Legislative District in downtown and south Omaha. Senator Nordquist will be joining the committee shortly as well.

SENATOR KUEHN: John Kuehn, District 38, seven counties in south-central Nebraska.

SENATOR HILKEMANN: Senator Robert Hilkemann, District 4, west Omaha.

SENATOR STINNER: John Stinner, District 48, Scotts Bluff County.

SENATOR BOLZ: Senator Kate Bolz. I represent District 29 in south-central Lincoln.

SENATOR HAAR: Ken Haar, District 21, northwest Lincoln and part of rural Lancaster County.

SENATOR WATERMEIER: Dan Watermeier, District 1, from Syracuse.

SENATOR MELLO: Assisting the committee today is Rachel Meier, our committee clerk; and Julia is our committee page for the afternoon. On the cabinet up here to your right you'll find yellow or white testifier sheets. If you're planning on testifying today, please fill out one of the yellow sheets and hand it to Julia when you come up. It helps us keep an accurate record of today's public hearing. There is also a white testifier sheet on the cabinet that if you do not wish to testify but would like to record your position on a specific issue or legislative bill, you can do so on that white sheet. When we hear testimony today regarding state agencies, we will first hear from a representative of that state agency. We will then hear testimony from anyone who wishes to speak on that agency's budget request. When we hear legislative bill testimony today, we will hear so in the following order. First will be the introducer. We will then hear from those in support, followed by those in opposition, then those

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

Appropriations Committee  
March 18, 2015

---

testifying in the neutral capacity. And we will end with a closing statement by the introducer of the bill. If you have any handouts, please bring at least 11 copies and give them to Julia, our page, when you come up. If you do not have enough copies, please let her know so she can make more for the committee. We ask that you begin your testimony today by giving us your first and last name and spelling it 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 will turn green. The yellow light is your one-minute warning. When the red light comes on, we ask that you wrap up with your final thoughts. At that time I'd ask all of us, including senators and staff, to please check our cell phones and make sure that they are on the silent or the vibrate mode. And with that, at this time we will begin today's public hearing with LB633 from Senator John Stinner.

SENATOR STINNER: (Exhibit 1) Standing room only crowd here. (Laughter) Good afternoon, Senator Mello and fellow members of the Appropriations. For the record, my name is John, J-o-h-n, Stinner, S-t-i-n-n-e-r. It is my honor to introduce LB633 on behalf of the Nebraska League of Municipalities and the Nebraska Association of County Officials. LB633 is introduced to address property tax relief. And LB633 is intended to restore some of the direct state aid to municipalities and counties in the amount of \$40 million of General Funds beginning fiscal year 2015-16. After years of cuts to direct state aid to municipalities and counties, it was totally eliminated in 2011 with the passage of LB383. LB633 would provide \$20 million in state aid to municipalities and \$20 million in state aid to counties. These funds could be used by municipalities and counties only for public infrastructure as currently defined in state law. I am also offering amendment AM880 to LB633 to accomplish two objectives. One is to better define the types of infrastructure that LB633 would potentially fund; and two, to provide formulas to distribute the aid to municipalities based on a per capita basis and to distribute aid to counties based on lineal feet of bridges. A few counties without qualifying bridges would receive an amount equal to 85 percent of the smallest county aid distribution under the formula. It is important to note that although county aid would be distributed based on lineal feet of bridges, counties would have the flexibility to use these funds for other vital infrastructure needs. Municipalities and counties across the state have a huge infrastructure deficit. For an example, this infrastructure deficit includes the need for repair, replacement, and construction of streets, roads, bridges, jails and correction facilities, water distribution facilities, storm water and water treatment systems. Just the infrastructure deficits for streets, roads, and bridges alone is in the billions. In 2004, a report of the Governor's Transportation Task Force for Nebraska's Future was presented to Governor Mike Johanns and the qualified...and qualified...and quantified the counties' and cities' collective estimates of infrastructure project needs at \$2.47 billion. This number was quoted again in 2009 reports of the Transportation and Telecommunications Committee. Of course, the number would be significantly higher in today's dollars. Obviously, the funds appropriated by LB633 would not totally address the huge infrastructure deficit facing municipalities and counties. However, LB633 is an important first step to help restore the historic partnership between the state and

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

Appropriations Committee  
March 18, 2015

---

municipal and county governments. In closing, we all know how significant infrastructure is for public safety and the delivery of critical public services. Infrastructure is also extremely important to existing businesses, as well as business and industry that are considering whether or not to locate in our state. Without adequate infrastructure, we are not able to keep and attract businesses which create jobs to keep high school and college graduates in Nebraska as a valuable part of our work force. Those that follow me in support of LB633 will be providing the committee with background on the history of state aid cuts and the overwhelming need to repair, replace, and construct essential infrastructure throughout Nebraska. They are in a position to answer you in more detail. [LB633]

SENATOR MELLO: Thank you for your testimony this afternoon, Senator Stinner. Are there any questions from the committee? Senator Hilkemann. [LB633]

SENATOR HILKEMANN: Senator Stinner, have we...with so much of this being for infrastructure and so forth, there's a proposal that we would increase the gas tax. Has anything, any kind of numbers, been how this would affect this bill and if we raise the gas tax how that's going to? [LB633]

SENATOR STINNER: I think the gas tax will be kind of a parallel subject. We'll see if we can pass it. This, obviously, is an appropriation bill that we could put in and see what the status is of that gas tax. But both of them would help the infrastructure. There's no question about that. [LB633]

SENATOR HILKEMANN: Right. [LB633]

SENATOR STINNER: As I reported, \$2.47 billion and it's probably more close to that \$2.50 billion in infrastructure needs right now. So we got a long way to go to solve that, plus the fact that the cities and counties did get state aid money and over the years it's been cut and cut and cut. And of course, you know, when the budget cuts were made, they were completely cut out. [LB633]

SENATOR HILKEMANN: Right. [LB633]

SENATOR STINNER: And so this kind of restores some of that state aid. And obviously, with all the mandates, I think you read the article that I read last summer about Douglas County and how much unfunded mandate there was from the state level, so. [LB633]

SENATOR HILKEMANN: Exactly. [LB633]

SENATOR STINNER: And it's a big number. [LB633]

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

Appropriations Committee  
March 18, 2015

---

SENATOR HILKEMANN: Yeah. There's no question we've got a lot of infrastructure needs that need to be taken care of. There's no question. [LB633]

SENATOR MELLO: Thank you, Senator Hilkemann. Senator Haar. [LB633]

SENATOR HAAR: Well, since I cosigned on to this, I'll make this a softball question. (Laughter) If there's a formula in this, and formulas so often devolve into, you know, strife and struggle, I take it that this formula was agreed upon by the counties and the cities. [LB633]

SENATOR STINNER: I think you ought to ask somebody that knows a little bit more... [LB633]

SENATOR HAAR: Okay, we'll do that. [LB633]

SENATOR STINNER: ...about how that was put together and what the formula...I have looked at the formula. But I think somebody else can answer that question a little better than I can. [LB633]

SENATOR HAAR: Good. Okay. Thank you. [LB633]

SENATOR MELLO: Thank you, Senator Haar. Are there any other questions from the committee? Seeing none, thank you, Senator Stinner. [LB633]

SENATOR STINNER: Thank you. [LB633]

SENATOR MELLO: We will first hear from proponents for LB633. [LB633]

JEAN STOTHERT: (Exhibit 2) Good afternoon, Senator Mello and members of the Appropriations Committee. I am Omaha Mayor Jean Stothert, last name is S-t-o-t-h-e-r-t. And thank you for your consideration of LB633 to appropriate funds annually to cities and counties. Designating these funds for public infrastructure projects would be very beneficial to the city and to the Omaha taxpayers. Let me give you a few examples. First, as you know, Omaha is in the early years of construction of a federally mandated sewer separation project. The estimated cost of \$2 billion will fall on our ratepayers. By 2017, the project will average...sewer rate increase for our residents will increase approximately \$50 every month and our businesses will also pay increased and higher fees. State aid could be used to pay for a portion of this CSO work. Secondly, in Omaha we have 4,500 lane miles of road in our city. By some estimates, we are 50 years behind in repair and maintenance. In 2013 and '14, we received approximately \$12 million from the state of Nebraska to resurface state highways within the city limits. This allowed us to resurface some of the busiest roads in Omaha, including Dodge Street. Consequently, money that we had planned to spend on those

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

Appropriations Committee  
March 18, 2015

---

roads could then be reallocated to neighborhood street repairs, especially in our older parts of our city. Public safety is my number one responsibility and priority, and road repair and maintenance is a matter of public safety. State aid could be used to make safety improvements on even more Omaha streets. Third, we are in the final study phase of modernizing Omaha's mass transit system. Last year the federal government awarded a TIGER grant to pay approximately half of a \$30 million bus rapid transit system in Omaha. The BRT is the backbone of a complete overhaul of our metro bus system. It will connect downtown Omaha to major shopping areas, Nebraska Medical Center, and the University of Nebraska in Omaha. It has been defined as the locally preferred option in studies of the city's transit system. When U.S. Transportation Secretary Anthony Foxx visited Omaha last fall, he said the BRT will improve the quality of life, mobility, and access to jobs in our community. He called it an example for the rest of the country. It is expected that more than 1,000 new jobs will be created, 1,350 residents will live along the corridor, and the system will generate \$450 million in new development. State aid would help us complete this important system. We project that our revenue sources, primarily property and sales tax, will not grow at the rate of inflation beginning next year. In fact, the growth will be far less than 1 percent. This shortfall will begin to put great stress on the city's ability to fund critical infrastructure needs in 2016 and in 2017. Prior to the elimination of state aid in 2011, Omaha had received as much as \$5 million annually. LB633 will provide much needed funding for cities as we continue to recover from the recession. State aid directed at infrastructure improvements will free up local funds for other critical needs. I urge you to support this legislation and I am happy to answer any of your questions. [LB633]

SENATOR MELLO: Thank you for your testimony this afternoon,... [LB633]

JEAN STOTHERT: You bet. [LB633]

SENATOR MELLO: ...Mayor Stothert. Are there any questions from the committee? Senator Haar. [LB633]

SENATOR HAAR: Yes. Thanks for being here. [LB633]

JEAN STOTHERT: You bet. [LB633]

SENATOR HAAR: Was the city of Omaha involved and are you satisfied with the formula for distributing funds? [LB633]

JEAN STOTHERT: For the state aid formula? [LB633]

SENATOR HAAR: Yes. [LB633]

JEAN STOTHERT: You know, I can't say that I am 100 percent familiar with how it's

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

Appropriations Committee  
March 18, 2015

---

planned to fund them. I'm assuming it has a lot to do with per capita. [LB633]

SENATOR HAAR: Okay. Okay, good. [LB633]

JEAN STOTHERT: So I can't really answer that honestly. [LB633]

SENATOR HAAR: Okay. Thank you. [LB633]

JEAN STOTHERT: You bet. [LB633]

SENATOR MELLO: Thank you, Senator Haar. Senator Kuehn. [LB633]

SENATOR KUEHN: Thank you, Chairman Mello. Welcome. [LB633]

JEAN STOTHERT: Thank you. [LB633]

SENATOR KUEHN: Based on the formula, do you have an estimate about what proportion of the \$40 million would go to Omaha directly in aid? Do you have a general idea? [LB633]

JEAN STOTHERT: Well, as I said, I haven't studied the formula so I can't answer that honestly. But in the past, like I said, we have received up to \$5 million in state aid in the past. And so when that disappeared in 2011, we had to make it up other ways. Because of our growth, of our revenue, and like I said, in Omaha it's primarily sales tax and property tax, heavy on the sales tax, we're not anticipating to grow even with the rate of inflation. So although we've been able to manage our budget and do more city streets than we have, I've been budgeting more in the budget every year for city streets and infrastructure. In fact, for street resurfacing in 2015, put \$7.1 million in our budget which is more than has been in there in years to come. But I think as we see in '16 and '17, it's going to become more and more of a challenge. And we sure have a lot of roads. [LB633]

SENATOR KUEHN: Right. Senator Stinner in his opening indicated that this is a mechanism for property tax relief. So do you anticipate, if receiving these funds, that you would reduce then your revenue via property tax and a levy reduction? Or do you just see this simply replacing and you divert then that property tax revenue to other sources and other funds? [LB633]

JEAN STOTHERT: You know, in my '15 budget now, we have the first property tax rate reduction in over 14 years. And so we are trying to run a much more efficient government, but we're always trying to prioritize where our needs are. And besides property tax relief, the number one issue that's brought up to me all the time is our infrastructure in our city. And so you know my goal in the 2015 budget was to pay down

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

Appropriations Committee  
March 18, 2015

---

our debt more, put more in cash reserve, and give property tax relief if we can, and we did all three of those. But the needs are still there for our roads. And like I said, estimates are we are about 50 years behind and so we're doing what we can. We're adding more and more money in our budget, but it's going to take a long time to catch up. And especially in pothole season now, I hear about it every single day. And we have a lot of older roads in the eastern part of our city that are really crumbling, so it will take us a while. [LB633]

SENATOR KUEHN: Thank you. [LB633]

SENATOR MELLO: Thank you, Senator Kuehn. Senator Hilkemann. [LB633]

SENATOR HILKEMANN: Mayor, what's the budget presently for road maintenance that the city pays approximately? [LB633]

JEAN STOTHERT: Presently, it's about \$7 point...in the '15 budget, I budgeted about \$7.1 million for street repair and maintenance. [LB633]

SENATOR HILKEMANN: So if you were to get a \$5 million appropriation, we would expect that next year we may be looking at \$12 million in road repair (inaudible)? [LB633]

JEAN STOTHERT: I would absolutely like to add more to it. And like I said, in the past, in '13 and '14, we were very fortunate to receive approximately \$6 million from the state each year, and that, as you that live in Omaha and drive on our streets, you could see a lot more resurfacing and repair has been going on in the last two years than you've seen in many, many years. And that was because of the money, the extra money the state gave us. So over the last two years we had over \$12 million more put in street repair. And Dodge Street, in particular, is one that saw a lot of that construction and it's really pretty much all ready, all done now from downtown all the way out past Westroads now. We would not have been able to do that without the help from the state. We have planned to do that in the future. But like I said, now we can take the money that was planned to be spent on, say, Dodge Street and some of these other big intersections, and now we can divert that and reallocate it to our residential areas, which a lot have great needs also. [LB633]

SENATOR HILKEMANN: You mentioned that in your case we could expect maybe \$12.5 million. Do you think other mayors in other municipalities feel the same way, that this would be money that they would add to that? Or are they going to use this as an option...an opportunity to cut back on their own spending toward those projects? [LB633]

JEAN STOTHERT: You know, sir, I couldn't answer for other mayors. [LB633]

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

Appropriations Committee  
March 18, 2015

---

SENATOR HILKEMANN: Okay. [LB633]

JEAN STOTHERT: But I can only answer for what I see in Omaha. The needs are great. Like I say, we're about 50 years behind. We always want to add more and more to street repair and maintenance that we can, but we always keep in mind that the money we are spending is not ours; it's the taxpayers'. And whenever we can give relief to them in any form of tax relief, we will also try to do that. We try to be very, very careful with our budgeting process. I'm already working on the '16 budget now. And as you all know, budgets are never easy nor should they be easy. [LB633]

SENATOR HILKEMANN: Right. Thank you. [LB633]

JEAN STOTHERT: You're welcome. [LB633]

SENATOR MELLO: Thank you, Senator Hilkemann. Are there any other questions from the committee? Seeing none, thank you, Mayor. [LB633]

JEAN STOTHERT: I have a letter here for...I think we didn't pick them all up, but they're here... [LB633]

SENATOR MELLO: Okay. Okay. [LB633]

JEAN STOTHERT: ...for everyone. Thank you. [LB633]

SENATOR MELLO: Next proponent for LB633. [LB633]

MARLENE JOHNSON: Good afternoon. Thank you, Senator Mello and members of the committee. I appreciate being able to be here this afternoon to visit with you about the concerns that we have and so forth. My name is Marlene Johnson, M-a-r-l-e-n-e J-o-h-n-s-o-n. I'm the mayor of West Point and I am the president of the League of Nebraska Municipalities. First, I would like to sincerely thank Senator Stinner for introducing LB633 and I would also like to thank Senators Ken Haar, Nordquist, and Watermeier for reintroducing this important bill. LB633 represents a significant and meaningful step to begin reestablishing the historic partnership between the state and the local government, specifically municipalities and counties. In November of 2014 the league executive board voted unanimously to support the proposals outlined in LB633. This state aid is of critical importance to help close the huge funding gap needed to maintain and improve virtually every essential component of our deteriorating local infrastructure, from sewer and water systems to our streets, to our roads, our highways, and our bridges. To illustrate this significant funding gap, I would like to highlight just one facet of our overall deficit in infrastructure funding by focusing on our transportation needs for streets, roads, highways, and bridges. Unfortunately, there has not been a

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

Appropriations Committee  
March 18, 2015

---

recent assessment of the collective transportation needs of municipalities and counties. The LR152 report of the Transportation and Telecommunications Committee quoted from the 2004 report, and this was done in 2009, of the Governor's Transportation Task Force, as Senator Stinner mentioned, of the \$2.47 billion that was talked about at that particular time. And of course with the increasing cost of materials and inflation, that number no longer is actually a current number. And so due to the lack of funding municipalities and counties, we've deferred maintenance and construction, which ultimately results in even higher costs to us as we do these projects. Nebraska transportation system is of vital importance. First and foremost, this additional revenue is needed to help address safety concerns, because safety is definitely a priority for all of us. Safety-related issues include those caused by deteriorating infrastructure, as well as congestion in areas with increased traffic. Second and critically important is the need for additional revenue to help maintain and improve our transportation infrastructure for economic development and redevelopment projects in our communities. Transportation truly is the engine that powers Nebraska's economy. Our highways, streets, roads, and bridges are literally economic lifelines for our agricultural, manufacturing, and business sectors which rely heavily on the commercial transportation industry to transport inputs and move projects to market. As I stated earlier, transportation infrastructure is just one component of our overall municipal infrastructure. A well-maintained infrastructure is essential for municipal economic development and redevelopment efforts which help retain and create jobs for our citizens. This includes jobs for those involved in the actual construction of the infrastructure, as well as the jobs for many farmers and others living outside of our municipalities who are employed at businesses located in our cities and villages. The economic health of the state of Nebraska and the financial stability of revenue for the state budget are directly related to the strength of our agricultural economy, as well as the economic viability of municipalities. With only a few exceptions, like ethanol plants, economic development and redevelopment occurs in and around our cities. This is because the manufacturing and business sectors need electric and/or natural gas service, water and sewer systems, as well as other vital municipal infrastructure. This is my 17th year as mayor of West Point, and when business and industry prospects decide whether they want to locate in our community, or any other city for that matter, their representatives examine several key factors. Certainly one of the most significant factors they consider is the condition of our overall municipal infrastructure system. I want to emphasize that our mutual infrastructure, economic development and redevelopment, as well as job creation and retention, are all interdependent on each other. Without good-paying jobs, we cannot expect our high school and college graduates to remain in our cities and in Nebraska or even come back to our cities after they have graduated from college and to become a part of our valuable work force, which is necessary to retain and attract more businesses and industry to our state. In closing, West Point is at the maximum levy allowed by law for municipalities, which is 45 cents per \$100 of valuation. Like other cities of the second class and villages, West Point was required by the Legislature in 1996 to reduce our levy from \$1.05 to 45 cents by 1998--two years. In addition to the devastating effect of

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

Appropriations Committee  
March 18, 2015

---

cutting our levy by more than half within two years, West Point has continued making cuts and operating in the most efficient and economical way possible. Meanwhile, the cost of providing healthcare for our employees has risen significantly. The cost of other necessary purchases and services which we cannot control at the local level are also increasing. Please advance LB633 to General File to restore some of the state aid funding that was promised to local governments when our property tax base was significantly reduced due to tax exemptions granted by previous Legislatures. Thank you. [LB633]

SENATOR MELLO: Thank you for your testimony this afternoon, Mayor Johnson. [LB633]

MARLENE JOHNSON: Thank you. [LB633]

SENATOR MELLO: Are there any questions from the committee? Senator Hilkemann. [LB633]

SENATOR HILKEMANN: Mayor, I'd ask you somewhat the same question I asked of Mayor Stothert. Do you think that municipalities will use this money as...for the purpose or are they going to use it so that they don't have to...now they don't have to put so much money into the roads because the state is taking care of more of it? [LB633]

MARLENE JOHNSON: Well, you know, I don't...the state takes care of all the roads. You know, they don't basically take care of our city streets and that type of thing that are happening locally in our communities, and so that would be the money that we would use. We would use this money to do our own in-city streets and roads and maintain those, because obviously that's a continuing problem. As they get older, they need more repairs. We too have potholes, not as many probably as Major Stothert, but we do have potholes in our community and it's every spring, you know, you have to do these things. And we do have some very old streets in our community that if we had the funds, you know, we would like to take them out and replace them just so that it just makes for a better...you know, better driving around the community and so forth. And so the other thing is we also have aging water and sewer supplies and that type of thing in the community, and those are things that always rupture or go wrong at the worst times of the year. And so this, if we could get some additional money, that would allow us to kind of work on some of that infrastructure also. We have some new developments coming into town so it's going to put more pressure on our system. And so, you know, any help that we can get to bring all of these things up to what we're required to have by all of the other, you know, laws and so forth that we have to abide by, it's a great help. Because, as I said, we're at the lid and levy limit and we cannot raise property taxes. The only thing we can do is we hope that we have an increase in valuation every year so that that might bring in some additional funding for us. [LB633]

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

Appropriations Committee  
March 18, 2015

---

SENATOR HILKEMANN: Okay. Thank you. [LB633]

SENATOR MELLO: Thank you, Senator Hilkemann. [LB633]

MARLENE JOHNSON: Thank you. [LB633]

SENATOR MELLO: Are there any other questions from the committee? [LB633]

MARLENE JOHNSON: Thank you so much. [LB633]

SENATOR MELLO: Seeing none, thank you, Mayor. [LB633]

MARLENE JOHNSON: Thank you. [LB633]

GIL WIGINGTON: (Exhibit 3) Good afternoon. My name is Gil Wigington, I'm from Colfax County, Colfax County Commissioner, District 2. As we've heard a little bit from the municipalities, from the counties' side of the world I want to talk about some of the funding that has been cut over the years. Currently, there's two main avenues for funding. There's state aid bridge program, as we hear a lot about our deficient bridges. That currently has only put in about \$793,000 a year, okay? That's 50 percent from the county's portion of the Highway Trust and 50 percent of NDOR's Highway Trust Funds, \$32,000 a month from each side. The other avenue to talk about is that there's a federal fund purchase program and that program specifically, again, as we've heard a lot about deficient bridges--and I was one that testified in opposition to LB609--that program only has \$2.5 million in it for deficient bridges. They increased it from \$2 million in 2013 to \$2.5 million now is what the new one will be for the projected 2015 payment. So at that point, when we talk about deficient bridges in comparison, my roads budget is \$6 million. I'm getting back at Colfax County a check for \$73,000 out of the prorations of the federal buyback program. In your handouts, it does show a lot of the details. We just recently received a upgrade, since it went to \$2.5 million, to \$93,000. But to give you an idea of Colfax County bridges, those bridges cost roughly between \$600,000 to \$1 million to replace. We've got the Shell Creek and we've got the Maple Creek, which are pretty large tributaries of the Platte River. So this money, the \$20 million, would go a long ways to help out counties. Now I personally believe that we should do a little more share costing with the counties. One of the questions you've asked considerably is does this lower down our mill levy. A lot of times what counties have done in the past is, instead of addressing some of the bridge problems specifically that we've had, they instead close the bridge and lower the mill, and that becomes a problem for our safety. Colfax County has been very proactive in trying to get our bridges built and rejuvenated. Matter of fact, we had in 2010 a bridge go down because of our flooding up in the area. We had, because of good financial responsibility, the \$1 million that it took to go ahead and front the money as it became a FEMA project for emergency management. After we received our funds back, we took that \$900,000, which was the difference, and are

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

Appropriations Committee  
March 18, 2015

---

putting that into three additional bridges, medium-size bridges of about \$300,000 this year. So from our perspective, we've been very proactive in getting those taken care of. Will we lower the mill levy? We intend to anyway. We've been very good stewards of our taxpayers' money. For the last two years--this will be my second term--the first two years of my term we were very weighted down with a lot of debt. We didn't have enough cash reserves on hand. That's changed. So now as we're moving forward, we're continually incrementally lowering down our mill levy, so we're at the 41 cents instead of the cap of 50 (cents). But we don't want to lower it down too much, knowing that ag values are going to probably go down here over the next few years. We're only allowed to increase by another 5 (cents). So at that point, if we lower it down too dramatically, we're going to have problems. But to answer the question, will this help, it won't be the driving factor of lowering down property tax but it will be part of the equation. Knowing that we put in, you know, like I said, our budget is about \$6 million for our roads infrastructure, and we try to add more bridges to that list so that we're not behind the curve, keeping in mind that a lot of the bridges and deficient bridges we hear about nowadays are in a cycle, no different than anything else. A bunch of them were built back 75 years ago and we're now dealing with it as we deal with larger equipment, wider equipment and anything else that comes with it, and erosion of tributaries. So again, I support this bill and I would love to see some type of match. The calculations and the formulations that you're using, they're already in place from the counties' aspect. From the federal purchase program, that uses deficient bridge square footage and starts to make that formulation. I think by using that same--and it's an MBP, major bridge program--by using that same program and changing some of the rules with it through NDOR and the agreements between the counties, that can end up being the delivery system for this. By doing also a matching system, a 50 percent match, you can turn that \$20 million into \$40 million very easily. And that's all I really have to say. I appreciate it. Any questions, I would be glad to answer. [LB633]

SENATOR MELLO: Thank you for your testimony this afternoon, Mr. Wigington. Are there any questions from the committee? Seeing none, thank you, Gil. [LB633]

GIL WIGINGTON: Thanks. [LB633]

CHRIS BEUTLER: (Exhibit 4) Members of the committee, good afternoon. My name is Chris Beutler. I'm the mayor of Lincoln, B-e-u-t-l-e-r, and I'm very happy to be here today in support of the city and the League of Municipalities. This is my second appearance before your committee. In the future I'll try to be less of an annoyance to you, but I do appreciate the time that you've given us on a couple of different occasions. I certainly want to thank Senator Stinner and Senators Haar and Nordquist and Watermeier for sponsoring and cosponsoring the bill. This bill is, as you've heard, a top priority for cities across the state. And this bill is a restoration of funding, not additional funding in any sort of historical sense. And it's being directed to what is one of the most needed things in the state, whether it's a state obligation or a local obligation, and that's

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

Appropriations Committee  
March 18, 2015

---

the local infrastructure. The roads and the sewers and the water and those basic fundamental things. If this \$20 million were distributed on a population basis, it would equate to about \$2.8 million for the city of Lincoln. And our most likely use of it would be for roads, at least at the beginning. Our public infrastructure generally continues to outpace our resources, particularly when it comes to roads funding, and I think in a longer conversation that all could be explained by the relative actions of the federal, state, and local level in recent times. The city of Lincoln maintains about 1,240 miles of roads. We spend \$51 million annually on road repair, rehabilitation, and new construction. That is \$7 million per year less than our closest estimate of what our needs are, which is \$58 million a year. That's the result of our long-range transportation plan and that is the goal to which we aspire. As you all know, roads funding at the federal level has been stagnant for the past several years, leading states and municipalities across the country to start to look to themselves to do this funding. Thanks to initiatives like LB84, the Nebraska Department of Roads has been successful in moving forward some of the backlog of projects across the state, including, in our area, the South Beltway. As you look ahead, as we look ahead, our water system will also require significant investments to meet the needs of the growing community. We anticipate completing a fourth horizontal well on the Platte well field in 2017 at a cost of \$12 million. These horizontal wells allow us to take more water out of the aquifer as it comes downstream, without drawing water in other places that our agricultural neighbors can ill afford to give up. And so these horizontal wells are a good solution for both. Looking a little ways down into the future, over the next 10 to 25 years, we'll be putting in probably at least two more horizontal wells. Within the city, we have about 1,200 miles of water mains that's maintained, of course, by our Public Works and Utilities Department. Almost half of that system is more than 40 years old. To minimize breaks, we need to replace about 7 miles of pipe per year at a cost of \$6 (million) to \$7 million annually. Our Wastewater Treatment Plants will also have to make a \$20 million investment beginning in 2018 in order to comply with new federal Clean Water Act regulations. There are many other things, of course, but this gives you some of a picture of what's going on at the local level. I think it is roads, far and away, is the thing that our citizens are most concerned about right now. And to answer your question, Senator Hilkemann, we would not be supplanting funds. We would be needing more funding for a considerable period of time down the road just in the roads area. But it will help us keep our property tax levy down because we can't go on like this. One way or another, we have to deal with our roads situation. At the same time, of course, that we're recovering from the recession and trying to deal with the cutback in federal funding and your cutbacks in funding, we're continuing to grow. We've grown by almost 9 percent since 2007, when I took office, 9 percent in geographic area and 13 percent in population. And we add between 10 to 20 miles of streets annually to our assets. We're investing in both the fringes of the city, building new schools at the edges as the city moves out, and also at the core of the community as we try to keep in good repair what Mother Nature does considerable damage to at this time of the year. I think that I would also tell you that as you've tried to balance your budget and cut back in those hard

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

Appropriations Committee  
March 18, 2015

---

times, and we were one of the things that got cut back, we also had to cut back during those times. We had to make difficult decisions. And over the last eight or so years we've reduced park mowing schedules and pool hours and library hours. We were forced to cut bus routes and services offered by our Aging division as well as many infrastructure costs. At one point, we reduced general fund spending in our capital improvement program overall to \$100,000, which is very, very small for a city of our size. That was part of recovering from the Great Recession. We also cut 119 full-time equivalent positions, and many people were in those jobs when we cut those positions and jobs. We actually cut many more than that early on in the eight years that I've been in office, close to the period of the Great Recession, but we have not restored only 40 of the 160 or so. So we're looking to technologies, we're looking at other ways of doing things, and we've done without with respect to a couple of programs. So it's not that we're just asking money to spend more. We're doing our part also to be good stewards of the money. So I think that's probably all the information here that's new and different from the first two testifiers. And with that, members of the committee, I would take your questions. [LB633]

SENATOR MELLO: Thank you for your testimony this afternoon, Mayor Beutler. Are there any questions from the committee? Senator Haar. [LB633]

SENATOR HAAR: Well, first of all, having served on the Lincoln City Council for a while, I know how easy it is in city government to just kick the can the down the road. And I appreciate that you, as a mayor, have refused to do that. [LB633]

CHRIS BEUTLER: Thank you. [LB633]

SENATOR HAAR: And my second question, for those of you who read the Journal Star will understand: Are you too old to be mayor? (Laughter) [LB633]

CHRIS BEUTLER: I refuse to lower myself into that discussion (laughter) and say anything about my opponent's lack of experience and youth. [LB633]

SENATOR HAAR: Thank you very much. [LB633]

CHRIS BEUTLER: Yeah. [LB633]

SENATOR MELLO: Thank you, Senator Haar. Senator Kuehn. [LB633]

SENATOR KUEHN: Thank you, Chairman Mello. Just question why this funding mechanism. You know, other utilities look at building and maintaining distribution. For example, on our electric system they maintain their infrastructure in rates. Why look at state General Funds, which is income tax and sales tax primarily, as a means for funding utility infrastructure and other infrastructure, as opposed to user-based fees and

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

Appropriations Committee  
March 18, 2015

---

taxes based on those who are benefiting most from these services? [LB633]

CHRIS BEUTLER: Yeah, I think that's a good question and I'm not sure it can be fully explained without a lot of historical analysis. In Lincoln, with regard to sewer and with regard to water, those are separate utility funds and we have been able, with the approval of the people, to consistently raise those rates by small amounts to keep up with some of our needs at least. But with respect to roads, I don't know that anybody has been able to set that on a utility basis. It's much harder to assess things to individual people. And so we don't do it and I don't know anybody that does do it. And historically, the care of roads has been so shared by the federal government and the state government and the local government that it's hard to know what to count on. It used to be fairly consistent. Then, as you know, the gas tax structure went to pieces and nobody has put Humpty Dumpty back together again. And you read stories every week in the national press about the condition of the infrastructure in the country and either the federal government has to man up or somebody else has to take over their responsibility, and that's essentially what's happening right now. The responsibility is being, on a greater proportionality, flipped down to the local political subdivisions and we're bouncing back up and saying help us here, you know? [LB633]

SENATOR KUEHN: So I guess that leads to my next question which is, given the overwhelming need for infrastructure funding, \$40 million a year statewide doesn't go very far. So my question is, is this a good use of that \$40 million, or should we be continuing to look towards more long-term, stable funding mechanisms other than retapping an already strapped General Fund? [LB633]

CHRIS BEUTLER: Well, you know if my constituency heard you say that, they'd be in rebellion. They think the roads... [LB633]

SENATOR KUEHN: They probably will be. [LB633]

CHRIS BEUTLER: ...they think the roads are pretty bad and, you know, I can't disagree with them entirely. I don't have as long a historic perspective as some other people might have in that regard, but I know from my past experience that both from the state level and the federal level, a lot more help used to come from other levels of government. If you don't want to do that then I think you need to look at the fetters you put on municipal government in terms of levy limits and sources of revenue and the curtailment of different types of revenue, as you have done in recent years, and let loose of some of those strings and let us do that business. But of course the big bugaboo is the property tax, right? [LB633]

SENATOR KUEHN: Thank you. [LB633]

SENATOR MELLO: Thank you, Senator Kuehn. Are there any other questions from the

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

Appropriations Committee  
March 18, 2015

---

committee? Seeing none, thank you, Mayor Beutler. [LB633]

CHRIS BEUTLER: Thank you all. [LB633]

LYNN REX: (Exhibits 5 and 6) Thank you. Senator Mello, members of the committee, my name is Lynn Rex, L-y-n-n R-e-x, representing the League of Nebraska Municipalities. First of all, I too would like to thank Senator Stinner and Senators Nordquist, Mello...pardon me, I'd like to thank you too, Senator Mello, but Senator Ken Haar and Senator Watermeier for being cointroducers of this important measure for us. I'd like to give you a little bit of background. My mission today is to give a very brief overview of how we got here today, and this may be in response, Senator, to some of your questions. First and foremost, there are 529 municipalities in the state of Nebraska. Of those, over 250 are already at their maximum levy limit of 45 cents plus 5, 5 for an interlocal agreement. That means that they have no place to go. In addition, of those over...those 250 cities over and at their maximum levy limit, many of those, in fact I would...I'll caution to say most of those, can't even raise the 2.5 percent that you allow them to spend of restricted funds from the prior year because they don't have the capacity to do it because they're in a no-growth area. So first and foremost, we have that issue. And you may remember that back in 1996 Senator Warner was then Chair of the Revenue Committee. Senator Warner felt that there were certain parts of the state that did not pay enough in property taxes and other parts that paid too much. So after a long effort, the Legislature in 1996 passed three bills, and that's how we got here today. First, LB1114 that put in place--the levy limits. As Mayor Marlene Johnson indicated, that meant that second-class cities and villages had to go from \$1.05 to 45 cents within two years; passed in 1996, took effect in 1998. In 1996 the Legislature also passed LB299. That put in the lid law on restricted funds. That was supposed to go away after two years and then the levy limits would kick in. Instead, Senator Coordsen at that time--unfortunately, Senator Warner had passed away--decided they both ought to stay on. So since that time we've had a double limit: a limit on the restricted funds over the prior year, plus the levy limits. The larger cities, in particular, have had a huge issue with the levy limits of 2.5 percent plus an additional 1 percent with a supermajority vote. But that being said, the levy limits have had a Draconian impact especially on the second-class cities and villages. I'd also like to give you a very brief overview, because this would take quite a bit of time to go into great detail, but let's start with 1967. That's when the Legislature exempted household goods and intangibles. The Legislature created the Governmental Subdivision Fund of \$12.6 million which was totally inadequate to reimburse local governments for the property tax base lost. In 1972 the Legislature started passing exemptions for livestock, farm equipment, business inventory. We're not here today to argue whether or not those were appropriate exemptions or not. I think they were. But the reality is local governments were given a commitment that they would have a dollar-for-dollar reimbursement so that we would not have a shift over to property taxes. That, of course, did not happen. By the way, that effort culminated in 1977 with passage of LB518. The Legislature said, you know, we're

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

Appropriations Committee  
March 18, 2015

---

going to put in \$250 million; we think that's what it would cost us to really adequately reimburse you. The league hired the Bureau of Business Research at that time that told us that that really probably wasn't adequate but it was a good starting place. And that's not for valuation, Senators. That's actual dollars lost that were shifted over to property taxpayers, other property taxpayers. And so at that point Governor Exon said, we can't afford that; we're going to put a \$70 million cap on it. And our cut of that was \$17.9 million. What you have before you is one handout that the title is Recent Cuts in Three Municipal Aid Programs. If you look at that, the short version is there were \$17.9 million in state aid to municipalities. It went through, and we outlined for you, all the cuts, and you can see the cuts that range anywhere from 25 percent, 57 percent, 83 percent, and all the pages as you walk through this to 0, which occurred in 2011 with passage of LB383 totally eliminating state aid to municipalities; \$17.9 million to \$0. The Municipal Infrastructure Redevelopment Fund, which is another aid program that we had, was passed due to LB683 in 1989. That was \$4.5 million annually for 20 years. In 1992 the Legislature cut it down to \$3 million, and then again by 2009, \$0. So essentially, the reason why we're here is because, and looking at this issue, is because we're looking at trying to restore some of these funds, even though our \$17.9 million, frankly, is quite inadequate. And the \$20 million, we came up with \$20 million simply because \$17.9 (million) and \$4.5 (million) does not equal \$20 million. It's more than that. But we were trying to come up with a number that might be something that would be doable. So we think this is very important. We think it's extremely important because we have cities and villages struggling across the state of Nebraska. The reason why it's targeting infrastructure needs and, of course, LB633 is very broad in how you can use those funds, because we have cities that have nitrate issues. They've got to replace water systems. We have cities...I mean streets and roads are always an issue, but other types of infrastructure as well. So this is critically important. We thank those senators that have been so kind to reintroduce this bill to basically try to restore a partnership with local governments. And again, we realize we're never going to get a dollar-for-dollar reimbursement for the amount of money that we shifted over to other property taxpayers, but at least this would be an important first step. I'd be happy to answer any questions that you might have. [LB633]

SENATOR MELLO: Thank you for your testimony this afternoon, Ms. Rex. Are there any questions from the committee? Senator Haar. [LB633]

SENATOR HAAR: Yes. Well, thank you for that sad story (laugh), but it is. I mean I'm aware of that too. Dealing with Education Committee for six years and TEEOSA formula, which leads to nothing but bloodshed and heartache, tell me about the formula. [LB633]

LYNN REX: Okay. Thank you for asking. [LB633]

SENATOR HAAR: Yeah. [LB633]

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

Appropriations Committee  
March 18, 2015

---

LYNN REX: Basically, I think you might be pleased to note that we are all in agreement on what the formulas are. The state aid program for municipalities was always on a per capita basis. LB633 would retain that. The MIRF program was on a per capita basis. This is again per capita for municipalities. So LB633 would give \$20 million on a per capita basis. For counties, and Larry Dix will go into more detail with that, but that is based for them on lineal miles of bridges. And then I think he's going to tell you there are about four counties, Senator, that do not have bridges that are 20 feet or longer, and so there's another formula in there that they would get 85 percent of whatever the lowest county receiving those funds would receive. And the county officials, NACO, came up with that and worked with their members to develop that. So there will be no bloodshed. We would be so grateful to get anything because we have people very desperate, just trying to figure out what to do, and in particular those municipalities that are already up against their maximum levy limit and can't even raise the funds to spend the 2.5 percent which you say that you allow them to spend in the statute. And by the way, I've also handed out for you, just to add to the sad story, our list of unfunded mandates on municipalities and you can pick your favorite top ten. I've got mine and I won't bore you with that. So we really appreciate your time this afternoon. We also appreciate very much the courtesy of coming first so that some of our testifiers that have other commitments could testify. So thank you very much and for your attention today. [LB633]

SENATOR MELLO: Thank you, Senator Haar. Are there any other questions from the committee? Seeing none, thank you, Ms. Rex. [LB633]

LYNN REX: (Exhibit 7) I do have a letter from ACEC in support if the page would give this. Thank you again. [LB633]

PAM DINGMAN: Pam Dingman, Lancaster County Engineer, P-a-m D-i-n-g-m-a-n. I, like Mayor Beutler, will humbly promise that I won't...I'll try not to bother you again in this session. Today I am here testifying on behalf of the Office of the Lancaster County Engineer and on behalf of the Lancaster County Commissioners. We would like you to know that we support infrastructure funding. Lancaster County has 297 bridges which make up 19,801 linear feet of bridges. Bridges have a useful life of 50 years. We would need to replace six bridges a year in order to keep up with our aging infrastructure needs. We have not replaced six bridges a year since the 1980s. In fact, we have not replaced any bridges in the last two years. We currently have 80 bridges that are over 50 years old. We have 272 miles of paved road, of which 80 need overlaid. We have prepared 26 miles of gravel road for future paving but we only have the budget to pave 1 or 2 miles a year. We currently have two bridges that are 90 percent complete with design and permitting that we could consider building if we received additional funding. One of these structures is located very close to you, Senator Haar, at West First and West Raymond Road. It has a daily traffic count of 1,394. It has been on our one- and

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

Appropriations Committee  
March 18, 2015

---

six-year plan since the 1990s. The second bridge is at 68th and Firth Road. This bridge has an average daily traffic count, or ADT, of 883 vehicles. It has been in our one- and six-year plan since 2010. In order to create contiguous projects and get better pricing, we have worked with the city of Lincoln to create several interlocal agreements. This year in May, West Van Dorn Street will be overlaid by the city of Lincoln from Highway 77 to approximately West 27th Street. Some of this project is in the city and some is in the county. But we can get the biggest bang for our buck if we have one mobilization, and we can get the best project if we pour the pavement contiguously. In addition, in August the county will overlay West Van Dorn from approximately West 27th Street to West 84th Street. Some of this area is in the city and some is in the county, and in these areas we have a second interlocal agreement where the city will reimburse the county for the overlay. But once again, we will have one mobilization and one piece of contiguous pavement. I will continue to work diligently to find more ways to be efficient with the dollars that you fund and allocate to my county. As an elected official, in addition, I will humbly pledge to you that Lancaster County will be good stewards of any money allocated to us. Thank you for your time this afternoon and thank you for your continued consideration on this important issue. [LB633]

SENATOR HILKEMANN: Thank you, Ms. Dingman. Are there questions of the committee? Seeing none, thank you very much. Additional proponents. [LB633]

RENEE FRY: (Exhibit 8) Good afternoon, members of the Appropriations Committee. My name is Renee Fry, R-e-n-e-e F-r-y, and I'm the executive director of the OpenSky Policy Institute. We support LB633's increase in state aid to counties and municipalities to reduce the heavy reliance on property taxes to meet critical infrastructure needs. At the county level, state aid has declined from 13 percent of county budgets in FY '01 to 8.2 percent in FY '14. It would require \$76 million in state aid to get back to FY '01 levels. As a result of lost state aid, county budgets have become increasingly reliant on property taxes, growing from 30.2 percent of county budgets in FY '09 to 35.8 percent in FY '14. While municipalities are not as reliant as counties on state aid or property taxes, state aid has declined from 7.1 percent in FY '01 of budgets to 4.8 percent in FY '14--a nearly 32 percent decline in reliance on state aid. It would require \$67 million in state aid to get back to FY '01 levels. Furthermore, more municipalities have turned to local option sales taxes and other sources, such as occupation taxes, to replace the loss of state aid. According to U.S. Census data, we are 43rd in state aid to local governments, so we rank low relative to other states in how much state support we provide our cities, counties, and school districts. While city and county spending has fluctuated, each is at about the same level as a share of the economy today as it was a decade ago. It is important to be aware of the correlation between the loss of state aid and growing property taxes. If we want to meaningfully and sustainably reduce our overreliance on property taxes, increasing state aid to local governments, such as proposed in LB633, is a good first step. Thank you for your time and I'd be happy to answer questions. [LB633]

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

Appropriations Committee  
March 18, 2015

---

SENATOR HILKEMANN: Thank you, Ms. Fry. Are there questions that we have for...? Seeing none, thank you, Renee. [LB633]

RENEE FRY: Thank you. [LB633]

SENATOR HILKEMANN: Additional proponents. [LB633]

LARRY DIX: Good afternoon, Senators, members of the Revenue (sic) Committee. For the record, my name is Larry Dix, spelled L-a-r-r-y D-i-x. I'm executive director of Nebraska Association of County Officials, appearing today in support of LB633. A couple things that I certainly want to touch on: I want to thank Senator Stinner for introducing the bill. Obviously, it's a big step. This is a big deal for counties. And I want to focus a little bit on a partnership and talk a little bit philosophically about there is this partnership between state government and county government. County government fundamentally is an extension of state government. And if you look at over the years the many, many laws, the bills that are passed, many of those are passed and county government is the entity that carries out a majority of the bills that are passed. When you talk about elections, we run the elections. When you talk about different bills that pass, we carry those out on behalf. So there's a natural partnership that goes on between county government and state government. And when we look at LB633, we think, one, it's going to restore that partnership. Obviously, it's going to restore some aid to our counties. And we can go through, and the previous testifiers have gone through, sort of the history and I'm not going to necessarily go down that path. It's a similar statement. In 2001 there was about \$17 (million), \$18 million going to state aid to counties and it was going to counties in three ways, which is a little bit different than what you heard probably in some other areas. We had state aid, we had property tax relief, and we had jail reimbursement. And so it came to counties in three different ways and those were three different formulas. And I know today there was a lot of talk and question about the formulas, and I'll be happy to answer those if somebody wants to ask them about the current formula. But another question that came up was if we receive this state aid, are we going to see a reduction in property tax? And that's always a difficult one and I know it's always a nice one to try to be able to put somebody in a box on that one, and I get it. What I can give you in example, in Buffalo County, which many of you know Buffalo County, Kearney, there's growth there. There's great agricultural land so their ag valuations have kind of been going up, a progressive community. In 2000 they received \$183,000, approximately, in state aid. And at that point in time their levy was 41.4 cents. Okay? We move ahead and we move to 2013 and we again we've got a county that's pretty progressive. They've lost all of their state aid and now their tax rate is 43.5 (cents). So can we guarantee it goes down? No. But we can prove that by loss of state aid it pushed it up. There's numerous examples of that. So while I said we can't guarantee the property tax reduction, we would like to think...we know we are good stewards of it. We know that as counties we've identified bridges as that big issue across the state. That's the big ticket issue, the big dollar issue, the big infrastructure

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

Appropriations Committee  
March 18, 2015

---

issue. And it's a vital component if we're going to grow the state of Nebraska. We've got to have the infrastructure in order to do this. This bill would move us in that direction. It would certainly help move in that direction. So with that, I would certainly answer any questions anybody would have. [LB633]

SENATOR HILKEMANN: Okay. Mr. Dix, thank you for your testimony. Senator Haar. [LB633]

SENATOR HAAR: Well, as I'm sure we're going to hear on the floor in the Chamber, hooray, starve the beast. Do you want to respond to that? [LB633]

LARRY DIX: You know, the issue that I think we hear from counties is we know there's a need. We believe there's a good policy reason to have state aid and assist in that. We've heard over the last few years, we've heard a lot about unfunded mandates and I don't think you can go anywhere without hearing we've put so much pressure on property tax. Property taxes are so high. They're so high. And LB633 starts to say, do we provide some funding, that that funding primarily comes from income and sales tax, in an effort to alleviate, to help with the property tax problem? And I think that does. I truly think that does. So that's, you know, there's a good precedent, it's good public policy to do that because there is that partnership that I talked about at the beginning, and we need to build on that partnership. [LB633]

SENATOR HAAR: Because county commissioners are elected by the people. [LB633]

LARRY DIX: County commissioners are elected by the same people that elect each one of you. [LB633]

SENATOR HAAR: Sometimes I get the impression that people sitting at our level are sort of looking down our nose and saying, well, this is simply a way to make your membership more efficient, more effective then. [LB633]

LARRY DIX: You know, I would tell you when I listen to county board members, which I listen to them daily, they have no desire to raise property taxes any more than any of you. And if anything, they struggle every year, every...in every year to do everything they possibly can to reduce property tax, to reduce that tax rate. And so they have some of the same pressures that all of you have. They hear it. They hear it every day. They hear it locally. When you talk to...when I talk to county board members and say, what do you hear most often about, there's two things: Property taxes are too high and I've got a problem with my roads. And you can get...I can get 415 of my county board members, all of them, in the room and that's pretty much what you're going to hear. So this bill starts to address that. [LB633]

SENATOR MELLO: Thank you, Senator Haar. Any other questions from the

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

Appropriations Committee  
March 18, 2015

---

committee? Seeing none, thank you, Mr. Dix. [LB633]

LARRY DIX: Thank you. [LB633]

SENATOR MELLO: Next proponent on LB633. [LB633]

DON WESELY: (Exhibit 9) Mr. Chairman, members of the Appropriations Committee, my name is Don Wesely, D-o-n W-e-s-e-l-y. I am here representing Kearney, Hastings, and Lexington, and they have formed a group called the Greater Nebraska Cities. I'm not going to read the testimony. You're going to have a letter from them. I'm not going to say anything more other than this is how important this issue is. You've got Grand Island and Kearney on the same letter, there you go, in support of this bill. It's very important to these cities across the state of Nebraska. And it's good to see everybody. (Laugh) That's it. You guys have been in hearings forever. I've been sitting through a lot of them and I admire you all. [LB633]

SENATOR MELLO: Thank you, Mr. Wesely. Are there any questions from the committee? [LB633]

DON WESELY: Thank you very much. [LB633]

SENATOR MELLO: Seeing none, thank you, Don. Are there any other proponents for LB633? Seeing none, the committee should have receive letters of support for LB633 from the Professional Engineers Coalition as well as from the American Council of Engineering Companies, Nebraska Chapter. (Exhibits 10 and 11) Are there any opponents to LB633? Seeing none, is there anyone in the neutral capacity on LB633? Seeing none, Senator Stinner, would you like to close? [LB633]

SENATOR STINNER: I think I'll waive. I know the attention span of my fellow...(laughter). [LB633]

SENATOR MELLO: Thank you. Senator Stinner waives closing. That will end today's public hearing on LB633 and will take us to our first of three agency hearings for the day. [LB633]