

Transcript Prepared by Clerk of the Legislature Transcribers Office
Government, Military and Veterans Affairs Committee March 1, 2019

BREWER: Ladies and gentlemen and welcome to the Government, Military and Veterans Affairs Committee. My name is Tom Brewer. I represent the 43rd Legislative District which is 16 counties of western Nebraska, and we will start by introducing committee members and we'll start to my right. Senator Blood.

BLOOD: Good afternoon. My name is Senator Carol Blood and I represent western Bellevue and southeastern Papillion, Nebraska.

LOWE: John Lowe, District 37: Kearney, Gibbon, and Shelton, and all the surrounding farm area.

HILGERS: Mike Hilgers, District 21, northwest Lincoln and Lancaster County.

KOLOWSKI: Rick Kolowski, District 31 in southwest Omaha.

HUNT: I'm Megan Hunt and I represent District 8 which are the neighborhoods of Dundee and Benson in midtown Omaha.

M HANSEN: Matt Hansen, District 26, northeast Lincoln.

BREWER: Nice timing. [LAUGHTER] Legal counsel, Dick Clark, and Julie Condon is our committee clerk. We have Preston and Kaci back there, and that is our introductions. We are going to have public hearings today on LB637, LB583, LB414 and LB633. That said, we'll run through some administrative things here. Please mute your cell phones or other electronic devices. As you can see, we don't have the big binders up here anymore. Most everybody is using their laptops or their cell phones to do a lot of the research. They're also getting messages to go to committees, and there are already several of the Senators that have notified me that they have committee hearings today. So they're not abandoning us. They're just going to do their additional duties. If you wish to record your attendance here in the hearing, there are white attendance sheets at the table, should look something like this. You can put down whether you support or oppose a bill. If you want to testify, the green sheets are up there. Please fill those out and have them ready to give to the committee clerk when you come forward. If you wish to pass out materials, we would ask that you provide 12 copies. If you don't have 12 copies, let the pages know; they can make copies for you. Letters that are being submitted for the record need to be here by 5:00 p.m. the day before. The letters should include name, address, bill number, your position on the bill, and your

Transcript Prepared by Clerk of the Legislature Transcribers Office
Government, Military and Veterans Affairs Committee March 1, 2019

request to have it put into the official record. Let's see. We are not including mass mailings in those letters, and we will notify at the end of the hearing on the particular bill the number in support, opposition, or in the neutral position. We would ask that if you're going to testify that you come forward into the front two rows so that we have some idea of how many we're going to have presenting. When you come forward just to present, we ask that you state-- spell your name for the record, speak into the microphone clearly. The bill opening by the senator will be followed by the proponents, opponents, and those in the neutral position. And the senator will then return for the closing. On the introduction, we'll be using a five-minute light system unless a lot more people show up. And it will turn to amber at one minute to go and red when your time is done. If you go past your time, there is an audible alarm to let you know that you weren't paying attention. With that said, Senator, come on up and introduce LB637 to us.

STINNER: I just want to know where did you get the gavel? I need one of those.

BREWER: Actually I had-- part of the additional duties of being legal counselor is to actually make these in a shop and bring it to me. He did it.

STINNER: Good afternoon, Senator Brewer and members of the Government, Military and Veterans Affairs Committee. For the record, my name is John, J-o-h-n, Stinner, S-t-i-n-n-e-r, and I represent District 48, all of Scotts Bluff County. LB637 would authorize the Nebraska Tourism Commission to make promotional products available for sale directly to the public. Under the bill, these products must be directly related to state marketing campaigns developed and approved by the commission. As you'll see, LB637 author-- also authorizes the commission to contract with vendors to produce, sell, and distribute those promotional products. All revenues must be deposited into the Nebraska Tourism Commission Promotional Cash Fund. There have been a number of major events in Nebraska recent history which has brought in significant development to our exposure as a tourist destiny necessitating the need for a proactive marketing effort in the state. As part of this need, the commission must have the ability to develop and sell promotional products as part of a marketing strategy. A couple of years ago, Nebraska was in the path of the solar eclipse, the first time in 38 years that anywhere in the continental United States experienced a total solar-- solar eclipse. The August 21 solar

Transcript Prepared by Clerk of the Legislature Transcribers Office
Government, Military and Veterans Affairs Committee March 1, 2019

eclipse brought an estimated 708,000 visitors with \$127 million economic-- economic impact to Nebraska's tourism industry in lodging and travel. In addition to the direct impact to the state, media coverage was estimated to be at a value of more than \$133 million. This event garnered much needed attention to our state, attracted visitors who had never been to Nebraska and may not have otherwise traveled here. We also had a greatly successful marketing campaign last year, kicking off "Not for Everyone" slogan. Within a couple of months, the campaign already received \$7 million in publicity value and reached more than 800 million people. The state can expect to receive continual-- continued momentum from recent developments, and such successes, comes a need to further develop our marketing efforts to match that need. That is why LB637 is an essential tool for the commission to bring growth to our tourism industry. I've got an amendment here for your consideration, AM238, which will add an emergency clause to LB637. An emergency clause would be needed to capitalize on the momentum that Nebraska has gained with some of the aforementioned developments. The executive director of the commission, John Ricks, is here to testify in more detail about the need for LB637, especially following these and other successful developments. I will tell you that Brenda Leisy, who is-- represents Scotts Bluff Tourism Committee or Commission, she went down to the Denver Stock Show this year, and they absolutely ran out and were run over with people that wanted information about the state of Nebraska, some of that due to the eclipse but some of it due to this slogan. So there is a need out there to continue to promote and possibly make a little bit of money. So on that, I'll open up for questions.

BREWER: All right. Thank you for your opening. Questions? Senator Blood.

BLOOD: Thank you, Chairman Brewer. I just have a couple of really easy, quick questions. What is the history of why they've not done this before?

STINNER: You know, that-- we actually researched this. It was almost emergency legislation because they were approached to come up with T-shirts and other types of things like pens and the like-- like of that, promotional material. But there was nothing in the statute that would allow them to sell or contract with a vendor to sell product. So that's-- that's what this bill is all about.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Government, Military and Veterans Affairs Committee March 1, 2019

BLOOD: So are you worried at all about taking away business from people who do this otherwise outside of the state? I understand that they can be vendors for the state, but obviously if they did it on their own they'd be able to get the product cheaper.

STINNER: Well, I think that, Senator-- Commissioner Ricks would probably answer that a little bit better than I do. But I think that what they want to do is be able to develop through a vendor some products and actually distribute that through the vendor. Then the dollars come back and are deposited in the-- in the commission's cash fund.

BLOOD: And I do understand that, but what I think--

STINNER: But as far as competition, I, you know, I don't know who's-- who they'd be competing against.

BLOOD: Well, see, I'm-- I own a store.

STINNER: OK.

BLOOD: And maybe I make T-shirts or maybe I have like one of those shops that does everything because it's a small town, so I can buy like a Husker shirt or a "Nebraska, it's not for everyone" shirt if you'd ever like a really big T-shirt for that long sentence or things that I-- I put in my shop and then I want to sell those or I don't want to sell those. If I don't want to sell those because my neighbor is selling them next to me, am I going to lose business? That's my first concern. And if I do want to sell that, does it cut my profit margin because obviously Nebraska needs to make a profit on it as well. I'm just-- so the question really is, is anybody coming to you with those concerns because I'm surprised--

STINNER: So far, not-- not anybody--

BLOOD: Not a peep? [INAUDIBLE]

STINNER: But I just look at Nebraska football is the same way. I mean, they-- they-- they basically control that whole-- that whole media situation, and obviously they participate in all the profitability, so--

BLOOD: So is our--

Transcript Prepared by Clerk of the Legislature Transcribers Office
Government, Military and Veterans Affairs Committee March 1, 2019

STINNER: It's a little bit difficult for me to understand.

BLOOD: But it's registered. So are we-- is our campaign that's registered--

STINNER: I guess we'll have to find out from Sena-- or from the--

BLOOD: so it is registered so no--

STINNER: --Commissioner Ricks.

BLOOD: --so that means that someone has to either pay a fee to do it on their own or get it through them, so. OK. Thank you.

STINNER: That's something you'll have to investigate.

BLOOD: They were shaking their heads behind you, so.

STINNER: OK.

BLOOD: Thank you.

BREWER: Senator Hunt.

HUNT: Thank you, Chairman Brewer. Thank you, Senator Stinner, for bringing this bill. I thought your Nebraska football analogy made a lot of sense. Like it's just another brand in Nebraska, basically, that people can make money off of and hopefully remit some of that revenue back to the state. Under this bill, would a shop or a retailer be able to wholesale official Nebraska merchandise basically to-- to resell?

STINNER: I don't think there's anything in this bill that would prevent them from doing that, let's put it that way.

HUNT: So if I owned a store, I could potentially wholesale from the state to sell official merchandise and then remit the revenue, not the profit it looks like, but the revenue back to the state.

STINNER: That's what I would understand--

HUNT: OK.

STINNER: --that you could do but, if I understand your question correctly, but.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Government, Military and Veterans Affairs Committee March 1, 2019

HUNT: OK. Thank you.

BREWER: Senator Lowe.

LOWE: Thank you, Chairman Brewer, and thank you, Senator-- Senator Stinner, for bringing this bill. One question. Is this advertising not for everyone? [LAUGHTER]

STINNER: It would be part of it. This is all part of a campaign to brand the state of Nebraska and brand this slogan and bring people more-- more toward bringing people's awareness as opposed to maybe competition. So that was the part I wasn't prepared for.

LOWE: Thanks.

BREWER: Additional questions. I just wanted to give you an update here. Your news of the solar eclipse and how it helped the economy and I know that being Chair of Revenue, that's a critical issue for you. I got bad news.

KOLOWSKI: Appropriations.

STINNER: I wish I was Chair of Revenue some days but I'm not--

BREWER: Oh, sorry, Chair of Appropriations. We have a ways to go. Looks like 2044 will be the next one, so you probably don't want to count on that anymore.

STINNER: We'll probably put those T-shirts together and get ready.

BREWER: You've got time. Yes, you do. All right. Thank you. Will you be sticking around for closing?

STINNER: Yes.

BREWER: OK, thank you. All right. We will start with proponents of LB637. Welcome to the Government, Military and Veterans Affairs Committee.

JOHN RICKS: Thank you, Senator. Good afternoon, everybody. My name is John Ricks, J-o-h-n R-i-c-k-s, and I'm the executive director of the Nebraska Tourism Commission. I'm here today to support LB637 which would authorize the sale of promotion-- promotional items, promotional products by Nebraska Tourism. Back on October 17, 2018, something very significant started to happen. We introduced our new advertising

Transcript Prepared by Clerk of the Legislature Transcribers Office
Government, Military and Veterans Affairs Committee March 1, 2019

strategy and campaign at our annual conference in Nebraska City. Immediately, the announcement was picked up by national media and also went viral on the Internet with generally positive comments about the approach and the uniqueness of the campaign, including its new tagline: Honestly, it's not for everyone. We were surprised and extremely pleased with the explosion of national coverage. CNN, USA Today, The Washington Post, ABC, Time Magazine and hundreds of local radio and TV outlets across the country ran stories about it. Stephen Colbert, the Colbert show that Friday night, just a day and a half after, even featured the tag line in his opening monologue. Kelly Ripa and Ryan Seacrest from Live with Kelly and Ryan embraced the campaign and talked about it in front of their national audiences repeatedly for a number of weeks. And Forbes called the effort marketing genius. We probably did a hundred interviews on radio and TV stations across the country and appeared on on-line programs like Big Cheddar News which targets millennials. And we were the lead interview on NPR's top daily news wrap-up, All Things Considered, proof to us the campaign was resonating with audiences spanning all age and core-- cohort groups. And interesting that the story was even picked up in international media resulting in live radio interviews in Adelaide and Perth, Australia, an article in German media. It's also been the hot topic at other state tourism conferences, travel marketing conferences, and at two recent hospitality conferences internationally, one in Malaysia and the other in Geneva, Switzerland. All told in just over a month's time, the media value of this coverage topped \$7.2 million. That's coverage you simply cannot buy. And in fact, it's more than our annual Tourism Commission budget. Nearly 45,000 people more have visited-- visit nebraska.com since that October 17 date over the same period a year ago. That's about a 50 percent increase during what's called a shoulder season. This is not really a busy season in most domestic markets in this country. Travel guide orders and travel guides are really still an important thing because they convert the best, in other words, somebody who requests a travel guide, about two-thirds of them actually visit the state. They're totaling right now about 10,000, and that's up about 65 percent over that same period year over year. And interestingly, we're pacing still about 3 percent above last fiscal year's all-time record in lodging tax collections. In a nutshell, things are looking really good heading into our busy summer season that starts April 1. What also happened immediately after October 17 is that we started to receive requests for T-shirts with the new logo. People wanted to buy the shirts and wear them, not just in state, but truly across the

Transcript Prepared by Clerk of the Legislature Transcribers Office
Government, Military and Veterans Affairs Committee March 1, 2019

country. Then we sent personalized coffee mugs to Live with Kelly and Ryan in New York City and then people wanted the mugs. We already ordered and received an inventory of T-shirts and coffee mugs and a few other select promotional items to give away, but the Tourism Commission cannot sell these items. So in order to keep the momentum going, we started to have contests on our Facebook channels to give items away. The response to these contests has frankly been unbelievable, and we continue them to keep up the momentum in the campaign visible in front of a large national audience. For example, last week we had a contest and the winner received a coffee mug with our new logo on it. In just 3 days, 1,405 people entered to win. That's a record for any of our contests giveaways ever, even the ones where we'd offer tickets to Husker football games. The point of all this is simple. There's high demand for promotional items that are related to our new campaign. Many people have e-mailed us and said the contests are fun, but they really want to know how to buy the items because they want to have them; they don't want to put it at risk in a contest. I've attached a couple of these e-mails here to you. LB637 will enable the commission to offer these promotional items for sale to meet the high demand. In marketing, anybody who will wear your product is an ambassador for you. And if we can get people to pay for those and run it, it's a wonderful thing. It's basically the highest compliment in marketing to have somebody wear your brand. We've been doing some homework and identified a potential partner to help us with this. GROW Nebraska has a Web site, buynebraska.com, that they can help us with. It just makes good sense for us to partner with somebody like that, so we don't have to build all that inside. I'd like to state-- thank Senator Stinner for sponsoring LB637, and can assure you that our commission board staff and the entire industry are in full support of the effort. Thanks for your time. I'd be happy to answer any questions you might have.

BREWER: All right. For the record, we let you go long because you're making us money.

JOHN RICKS: I know. I know. I saw that.

BREWER: I'm sure someone is gonna ask the question, so I'll go ahead and throw it in there. So who was the genius that come up with the idea?

JOHN RICKS: There's a bunch of us geniuses.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Government, Military and Veterans Affairs Committee March 1, 2019

BREWER: Oh. A whole group of you.

JOHN RICKS: You know, these-- these things-- these-- you know, it was a year and a half, almost a two-year process and a team-- a fairly big team of people came up with it. Yeah.

BREWER: Hmm. That's too bad. We were going to give bonuses but it would be a waste now because, I mean-- [LAUGHTER] OK. Questions? Yes, Senator Hunt.

HUNT: Thank you. Thank you, Chairman Brewer. Thank you for being here. How would the budget for the production and design and manufacturing of these products be developed and approved?

JOHN RICKS: OK. We have, as part of our budget, a promotional items line,--

HUNT: OK.

JOHN RICKS: --have had it. We've just never been able to sell any of it. So we would actually buy the product, for example, right now we have a small inventory of shirts and cups and some other things. We-- we buy those and right now we give them away.

HUNT: Who-- who do you buy them from? How do you source the manufacturers of these products? Are they local makers, is this--

JOHN RICKS: Generally we try to keep them local--

HUNT: OK.

JOHN RICKS: --you know, to-- to again, boost the economy. That would be something I think we'd endeavor to do, is to push that business--

HUNT: Does the company that helped come up with the new slogan, are they the people that made these-- this merchandise?

JOHN RICKS: No.

HUNT: OK.

JOHN RICKS: We actually from our office, you know, because we have-- we have the rights to the logo. We've marked everything. We have that. And then our staff worked with a number of different vendors; we get

Transcript Prepared by Clerk of the Legislature Transcribers Office
Government, Military and Veterans Affairs Committee March 1, 2019

three bids on each so that we can get the best price possible. We did that ourselves.

HUNT: OK. So that's all done in-house?

JOHN RICKS: Right now, yes.

HUNT: OK. The sourcing of all the products--

JOHN RICKS: Yes.

HUNT: --and everything? The company that did the-- the-- the brand is not from Nebraska, correct--

JOHN RICKS: That's true.

HUNT: -- they're from Colorado?

JOHN RICKS: That's true.

HUNT: OK. So and they're not the ones who are designing this merchandise though.

JOHN RICKS: No.

HUNT: So I guess I would, this is probably like more my personal interest--

JOHN RICKS: Uh-huh.

HUNT: --because I am a retailer and I come from a retailer--

JOHN RICKS: Uh-huh. Uh-huh.

HUNT: --and design background. And so this has been my career for the past 13, 15 years. And I know what it's like when you're designing a product, and you end up with a backstock of inventory in a basement somewhere that you can't move because you overestimated how much you can sell. And I would hate for that to happen to the commission, definitely. So I guess I have a lot of questions about who would be in charge of the production budget; how you would get to that number; where these things are manufactured. There are definitely a lot of small businesses in Nebraska that are already making Nebraska merchandise and that I'm sure would be happy to contract with you to design something based on your slogan or based on some of your past

Transcript Prepared by Clerk of the Legislature Transcribers Office
Government, Military and Veterans Affairs Committee March 1, 2019

slogans which some think are even better. And I hope that you would be considerate about working with local vendors and not necessarily, you know, going on some of these Web sites where you can get things manufactured really cheap. And--

JOHN RICKS: Yeah. I-- I think--

HUNT: -- I wouldn't want that to happen because--

JOHN RICKS: In answer to that--

HUNT: --I think that would be a big waste of money.

JOHN RICKS: Yeah. In answer to that, I think I agree with you, and that's what we've already done. You know, we had to get some-- we knew that it was going to be popular to some-- to some-- to some degree so we have a small inventory.

HUNT: OK. It's kind of getting into a different business--

JOHN RICKS: Because we can't sell it-- excuse me--

HUNT: Excuse me. It's kind of getting into a different business--

JOHN RICKS: It is.

HUNT: -- of retail--

JOHN RICKS: It is.

HUNT: --honestly and so I would just hope that you have somebody-- do you have anybody on the commission with retail experience or somebody who understands projections and buying and things like that--

JOHN RICKS: Well--

HUNT: --of inventory?

JOHN RICKS: --part of it is if we partnered with an operation like GROW Nebraska, Janell with the buynebraska.com, they have experience in that. They can also get us to a local retailer. What we're really trying to stay away from, because I've talked to other state travel directors like Michigan, Florida, California-- they have monstrous-- they make a lot of money off these.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Government, Military and Veterans Affairs Committee March 1, 2019

HUNT: Yeah. Oh, I think this is a great money- making opportunity.

JOHN RICKS: And we can job it-- Yeah. Yeah. And we can-- and we can job it out to an operation like that. But you know very well then that anything you would-- I mean, not anything, a lot of what you make then disappears because they're handling the entire program for you.

HUNT: Right.

JOHN RICKS: I think that because it's never been done here before, we have to do baby steps. We have to be real careful about quantities until we get an idea of which products, how many, and things like that. But we just know that we have stacks of e-mails from people, and if you look at our posts on our-- people want--

HUNT: Sure, there's clearly a demand, I mean, I'm-- I'm a person who would certainly be a customer. I would love to buy official Nebraska merchandise. And I think there are a lot of opportunities for partnership with local makers and local designers who are already making these things, especially millennials, people that we want to stay in Nebraska, people who are already developing small businesses to make these products. How did you get connected with GROW Nebraska? Tell me about your relationship with this organization.

JOHN RICKS: We just met with them in the last month, I think, a month-- a month and a half ago we met through Senator Stinner's office. I think that-- that for us, because we have a new Web site coming out for-- and they basically have it all set up. They can handle-- they can-- they can store for us, they can run transaction processing, they can watch all those things for us. If we tried to build that internally, we would really, like you said before, be entering an entirely new business for ourselves.

HUNT: Uh-huh.

JOHN RICKS: And I don't know if we really want to go there. But they have, I think Janell said they'll do-- they do about \$7 million a year. And it's just a really speedy way for get us-- to get us into the marketplace. She said with-- with-- we could just take our little inventory and ship it out. And she said we could have-- we could be up operational in a couple of weeks, which means that we would put a link on our new site and just take it to that little store. That would be white label; it would-- it would look like our site.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Government, Military and Veterans Affairs Committee March 1, 2019

HUNT: Yeah.

JOHN RICKS: The material would be sold there, very limited items initially, probably T-shirts, coffee cups, that kind of thing.

HUNT: Seven? They do \$7 million a year in [INAUDIBLE] retail?

JOHN RICKS: I think she said that.

HUNT: That is a surprising number. That's great if that's true.

JOHN RICKS: I think that's what she said.

HUNT: And would they take a cut from any of your sales for this kind of service?

JOHN RICKS: Yeah. I think-- I think because they're handling-- it would be a rev. share because they would-- we'd be actually paying for all the transaction processing and things and-- and-- and--

HUNT: Um-hum.

JOHN RICKS: -- and the fulfillment and those kinds of things.

HUNT: --that they would [INAUDIBLE]

JOHN RICKS: Because, you know, you're in the retail--

HUNT: Yeah.

JOHN RICKS: Yeah. It would-- it would--

HUNT: Well, I wonder why you don't partner with my business, for example--

JOHN RICKS: We can.

HUNT: --instead of this business. So what-- have you-- have you spoken to any other people who could be potential partners?

JOHN RICKS: Not yet.

HUNT: Because my opinion is that with-- with a little research on the weekend, Nebraska could put this together themselves. And then you wouldn't have to get into this contract owing some other private business a bunch of money, but that's maybe something to talk about

Transcript Prepared by Clerk of the Legislature Transcribers Office
Government, Military and Veterans Affairs Committee March 1, 2019

off the mike. But that's-- that's a big reservation that I have about this project. But obviously I think that we should be selling merchandise, and there's a path forward for that that-- that makes sense budget-wise for sure. So, thank you.

JOHN RICKS: Um-hum.

BREWER: All right. Thank you, Senator Hunt. Senator Hilgers.

HILGERS: Thank you, Mr. Chairman. Thank you for coming down today.

JOHN RICKS: Yes, sir.

HILGERS: I think you-- I think it's a good idea. I do share Senator Hunt's concerns. And maybe there's a day when there are fewer geniuses at the-- at the commission and they buy, you know, 10 trucks load-- 10 trucks load of-- of-- of product that can't sell. So there's-- I do share some of the concerns Senator Hunt-- Hunt articulated. I do add-- I just have a couple questions: One is that I heard you say that you have purchased some material already. Correct? Are you thinking of-- you have some that you bought--

JOHN RICKS: We have--we've purchased a small bit of inventory to give away because--

HILGERS: OK.

JOHN RICKS: --we knew that-- because-- because-- because we knew that this was part of a whole marketing strategy.

HILGERS: Sure. I'm just curious if you bought any, that's all. I'm just--

JOHN RICKS: Yeah. We have some.

HILGERS: --And then-- and then I also thought I heard you say, did you say you did register the trademark?

JOHN RICKS: The trademark's registered in the state and it's in the process of being registered nationally.

HILGERS: And who-- which entities-- who will own the trademark? Would that be--

Transcript Prepared by Clerk of the Legislature Transcribers Office
Government, Military and Veterans Affairs Committee March 1, 2019

JOHN RICKS: The state owns it, I believe, the tourism-- under the name of the Tourism Commission. I-- I don't know how it's set up, right? I have the paperwork back at-- it is-- it is registered in the state already through the AG's office.

HILGERS: And is that something that you-- that-- that you-- well, obviously, it was done. Is there any statutory authorization for that? In other words, should this be amended to allow for trademark registration or did-- that was the belief was that that was already in the [INAUDIBLE].

JOHN RICKS: Yeah. I don't know the answer to that question. I know that we registered and it was--

HILGERS: I guess part of my question is, is whether or not the statute needs it at all because you've purchased some products, you've registered a mark. What-- is there anything prohibiting you from actually selling it today?

JOHN RICKS: Yes. We consulted with the AG's office, and they said that it wasn't explicitly or implicitly said anywhere that we can-- we could sell products.

HILGERS: Got you. OK. OK. And if that was in your earlier testimony, I apologize.

JOHN RICKS: That's-- that's-- that's-- talking since-- since, you know, the birth of the bill.

HILGERS: OK. OK. Thank you very much.

JOHN RICKS: You're welcome.

BREWER: Senator Blood.

BLOOD: Thank you, Chairman Brewer. It's nice to see you again; I haven't seen you since the day you got appointed--

JOHN RICKS: Yeah. How are you? [INAUDIBLE]

BLOOD: -- or hired. I'm well, how are you?

JOHN RICKS: I'm well.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Government, Military and Veterans Affairs Committee March 1, 2019

BLOOD: I have a question for you then. Would you be comfortable if somebody were to bring forward an amendment that said that all products had to be purchased from Nebraska vendors?

JOHN RICKS: I don't know the ins and outs of that. My understanding from working with our RFPs and things and I'd have to check-- we'd have to check with procurement because I think you have to open it up to everybody. Personally I wouldn't but--

BLOOD: Yeah. I've got to tell you like--

JOHN RICKS: --but if there's someone other than me personally.

BLOOD: --nothing irks me more than when someone hands me a flag in a parade and it says, Made in China. So I-- I would feel the same way if I bought someone a T-shirt as a gift and it said, you know, Made in Malaysia, or, so just kind of food for thought. If we're promoting Nebraska, let's really promote Nebraska.

JOHN RICKS: I'm-- I'm-- I agree with you.

BLOOD: Thank you.

BREWER: OK. I guess I would follow on a comment. I understand they're not buying it from weird foreign countries, but I would imagine we're going to have some explaining to do if we don't-- if we-- if we pay more and the-- the bid doesn't go to the lowest bidder. You can say, "I'll-- I'll buy American," but you do box yourself into somewhat of a limited box if you're Nebraska only and no other option. Would you agree or not? I mean, if you don't. Yes.

HUNT: Well, I think in a lot of cases with-- Sorry, I have a cough drop. So in a lot of cases with this stuff you may be buying blanks of like coffee cups or T-shirts or bumper stickers and that's, of course, not manufactured in Nebraska. But for my business, you know, we-- we get a lot of stuff that's made in L.A. There's a lot of manufacturing in L.A. and Chicago. If-- if-- I mean I don't know if I would support an amendment that's like it has to be made in the USA or something, but I think restricting it to local designers is very reasonable and that would also be really supportive of small businesses. To Senator Blood's first comment that she made about, would this perhaps infringe on the business of people who are already doing this, whatever. That's a great question. And it would also be an opportunity for people who are already doing this to partner with the state of Nebraska. So you

Transcript Prepared by Clerk of the Legislature Transcribers Office
Government, Military and Veterans Affairs Committee March 1, 2019

can-- you can print on the inside label of the garment or whatever it is: Designed and Manufactured in Nebraska. And I think that there's laws, as a retailer, as a designer myself, I think there's laws where like if it's finished it can say that it's finished in Nebraska, designed in Nebraska even if the T-shirt is manufactured in China or L.A. or whatever. But this is-- this is a very deep and interesting conversation. I support the underlying bill and like the intention of the bill for sure. But as a-- as a consumer, as a millennial consumer as well, I agree with Senator Blood that I would be very turned off to get a product and see it was designed and manufactured in China when I have so many friends locally who are already making Nebraska products. And it would be a missed opportunity for our state if we didn't give them a chance to participate in this market.

BREWER: All right. Any additional questions? Yes, Senator Kolowski.

KOLOWSKI: Thank you, Mr. Chairman. John, thank you for your presentation today. It's pretty exciting to think about where-- where you might go and what might get done with this. I-- in my other part of my life, I was a high school principal my last 41 years. The last 15 years of that were as the principal at Millard West High School. High school people sell everything, everything you can imagine. And I don't care where it comes from, but we usually want to get it on kids so they can wear it and school spirit and all those kind of things that go with the territory. If we got real creative about our thinking and looked at my-- my school, for example, had, when I-- when I retired 8 years ago, 2,300 kids. It's got 2,500 today. That's a lot of bodies. We have an excellent industrial technology department. They can do a lot of things. We've got a lot of tools that do a lot of things also. Community colleges across the state might be interested in this as well because a business partnership or something that would connect with Metro Community College in Omaha or any one of the others in a manufacturing sense. Why am I shifting something, a request to China when it could be made right in our own backyard and beautifully done and a lot, probably, cheaper and-- and better, along the way, and it's made in Nebraska. So I hope we can look at all those possibilities that exist from the secondary school level. You've got a lot of Class A schools that are bigger than most community colleges across the state. And those people or the community colleges or private money plus public money being blended to do some things, it's as rich as the possibilities that exist around us. I hope we can do something of that nature. And thank you for what you're doing with this, this whole movement right now. It's a great time. And adjusting

Transcript Prepared by Clerk of the Legislature Transcribers Office
Government, Military and Veterans Affairs Committee March 1, 2019

to this in a positive way would-- would be great for all of Nebraska right now. Thank you.

BREWER: Senator Lowe.

LOWE: Thank you, Chairman, and thank you, Executive Director Ricks, for coming and testifying today. If we did not have today's slogan, would this have been an issue in the past? Have we needed this for Through my Eyes Only, or the previous slogans that really didn't do a whole lot?

JOHN RICKS: That's an interesting question. All the other four states I've worked in have some-- have had some kind of merchandise in some way, cups or things. Some-- I wouldn't say I've been involved in a state with an extensive merchandise lines. Like if you go, like I said before, a Michigan, a Florida, California, Hawaii, those kinds of things, not to that level. But truly and you'll see when you look at the e-mails, you know, 8, 16 hours after we announced the campaign, I think 1 of the e-mails you have is 8:00 in the morning. The next morning, a woman read it in the Washington Post and said, "I'd pay big bucks for a shirt like that." So this is actually market driven. This has been consumer driven. I-- I-- I've only been here two years, I don't know if the other campaigns when they were introduced had that drive. But this has all-- this has all been consumer driven heavily. You know, we truly get posts on our Facebook page that said: we think your contest is really neat, but I want to buy one. I don't want to see if I can win a contest or not. So that's the unique thing I think about this one.

LOWE: This is a extremely successful slogan so far.

JOHN RICKS: So far.

LOWE: And would we need this bill if you put the link on your new site that links it to GROW Nebraska or to Senator Hunt's business or a random-- a random 10 or 15 businesses that you would just kind of cycle through and just go there? Because you wouldn't really be selling it, it would be linked to a store.

JOHN RICKS: That's one way you could go about doing it. I think though, we've also had businesses contact us saying that we just want, can we sell your stuff? And my answer so far is that: (a) first, we can't sell anything yet.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Government, Military and Veterans Affairs Committee March 1, 2019

LOWE: You can't sell the--

JOHN RICKS: To study the district-- to, to look at the distribution channels, is it one thing. The licensing of-- handling the licensing of our mark to hand-- to be on their items if they want to produce them, that's all down the road. What, honestly, we're trying to do right now is when this kicks-- as soon as it kicks-- as closely as we can get it is that-- is to be able to start fulfilling some of these things. And again little steps because this is a complex business. And there are businesses in the state and around that can help us do that. I would hate to build that capability inside. It just doesn't really make any sense. But we'll have to look at all those things down the road. The-- the fastest way is to partner with somebody like that, you know, to first, hopefully sell the little inventory we have. And then-- so we can start getting a measure for the popularity of what product, what price points and those kinds of things, and go from there.

LOWE: All right. Thank you very much.

JOHN RICKS: You bet.

BREWER: Senator Hunt.

HUNT: Thank you, Chairman Brewer. You just said, "I would hate to build that capability inside because it makes no sense." What capability were you talking about?

JOHN RICKS: An entire retail capability in a tourism office--

HUNT: OK.

JOHN RICKS: --in state government.

HUNT: I think that's what I would support most.

JOHN RICKS: Really?

HUNT: Absolutely. I think that allowing private organizations and businesses to get the lion's share of state of Nebraska merchandise, through contracts or through licensing, would be a mistake. And I think that-- I don't know the technological level of comfort that you guys have in your office, but to create an in-house retail site is very cheap and very easy. And if anybody is telling you they need to

Transcript Prepared by Clerk of the Legislature Transcribers Office
Government, Military and Veterans Affairs Committee March 1, 2019

do that for you, they're-- they're messing with you. And so this is a conversation to have off the mike, for sure. But--

JOHN RICKS: We can visit.

HUNT: --with the level of familiarity you have with e-retail and e-commerce, you've got to talk to someone who knows what they're talking about because you're going to get-- you're going to get tricked if you're not careful.

BREWER: OK.

JOHN RICKS: [INAUDIBLE]

BREWER: Additional questions? All right. Seeing none, thank you for your testimony.

JOHN RICKS: Thank you very much.

BREWER: Next proponent. Welcome to the Government, Military and Veterans Affairs Committee.

DAVID FUDGE: Thank you, sir. My name's David Fudge, D-a-v-i-d F-u-d-g-e. Back in the 1960s when Nebraska Game and Parks was in charge of tourism for our state, they created a little festival, out-- or-- actually it was here in Lincoln, called NEBRASKALand Days. Now I'm currently CEO and executive director of NEBRASKALand Days in North Platte, but I'm also here representing the Nebraska Travel Association. I'm the current president of the Travel Association which is an industry group of folks who are interested in seeing us advance our state's third largest industry. So I'm here today really in-- in-- in both capacities. I had an opportunity, because of my position with the Travel Association, to kind of get a sneak peek of the campaign before it hit that state tourism convention in October. And af-- after I saw it for the first time, the first question I asked John was, where do I buy the T-shirt? And his answer to me really kind of surprised me which is, well, we can't sell them. And to me we're missing kind of a golden opportunity here to-- to have turned people from all parts of the country into brand ambassadors, to extend our brand and get that impression out to people in front of a different audience that would not normally get to see it. As John mentioned, if you can get somebody to buy your brand and put it on themselves and walk around with it, you're getting a chance to-- to further your message to a group of people, really, at no charge to you. I came

Transcript Prepared by Clerk of the Legislature Transcribers Office
Government, Military and Veterans Affairs Committee March 1, 2019

wearing our NEBRASKAland Days' skull today for effect. We-- we produce this merchandise ourselves and sell it out of our storefront in North Platte. And so every year we-- we go through the same exercise although we redesign things every year and get our merch out for that exact reason. We want people to get curious about what NEBRASKAland Days is, go to the Web site, search us out, and hopefully come visit us out in North Platte. So we see this in much the same way and-- and hope that you would choose to support the bill. So with that, I'll stop. Any questions, I'd be happy to answer them.

BREWER: Thank you for your testimony. Questions? I'm a big fan of NEBRASKAland Days.

DAVID FUDGE: Out in God's country.

BREWER: I walked in it a few times. So thank you for all the work you do with that.

DAVID FUDGE: Thank you. It's been my honor.

BREWER: All right. Well, no questions. You're free to go.

DAVID FUDGE: Thanks.

BREWER: All right. The next proponent? All right. Opponents? Oh, I thought he was moving this way. Any in the neutral position? All right. Senator Stinner, come on back.

STINNER: Thank you. I really loved the discussion. I love entrepreneurial thinking about branding, about logos, about how you develop product, how you sell that product, should it be internal, should it be external; those are great discussions. And I share your enthusiasm for this, but I want to point out a couple things. Number one is this Tourism Commission is a cash-based agency. Now we do appropriate accordingly, but a lot of their funds come in through the taxes collected from lodging tax. And they have to stay within the confines of that, and that's how they market tourism within various ideas and things that John and the commission come up with. One of those is, and they've been approached on this and this is how it got to me, is the AG said you can't do this. We've got to have this law passed if you're going to get, you know, make T-shirts and sell T-shirts. If that's just the only thing they're going to do, they may have to sell a whole bunch of other things. We've got to change the law and that's what this is about. The scale that you all were talking

Transcript Prepared by Clerk of the Legislature Transcribers Office
Government, Military and Veterans Affairs Committee March 1, 2019

about and the competition and stuff like that, certainly that will morph into this. But right now I think what we were thinking about is how do we respond to this demand that we see right in front of us on a very, very, minor scale? Now does it morph into something bigger and better? It could. I mean, if there is a demand out there, there's always a way of satisfying that demand. Now the reluctance might be to develop that whole system, that whole business internally as opposed to outsourcing. That could be a debate for a long period of time, just how you go about-- the University of Nebraska does that debate all the time. They have branding. They have logos. They-- they do the bidding process. Now by law we have to go bid these procurements. Anytime you procure something, you have to go through a bidding process. And so I think John alluded to the fact that they went through three bids and the winning bidder will get a, probably a very small contract as it relates to producing this. They have talked to GROW Nebraska. That's how they're looking at possibly marketing this. Now is there other places to market, is there other mass media stuff-- mass retail? Yeah, absolutely. And is there opportunities there? Absolutely. But that's-- that-- we're just in the infant stage of this responding to demand, also just responding to the AG. And that we, in order to do any of this stuff, this is the first step in the process. But it was wonderful listening to it, and it kind of gets my blood up as a businessperson. Thank you for doing that.

BREWER: All right. Thanks.

STINNER: Anyhow on that I'll open for questions.

BREWER: So again what you're saying is, that the in the weeds, detail stuff isn't the the near target. What we're looking for is to get permission to do the-- the commercial part, and then how we do that--

STINNER: How we develop the rest is--

BREWER: --we work out later. And that's just to meet the requirements of the Attorney General.

STINNER: And if they go that way, I'll recommend these two to sit on that--

BREWER: Sure.

STINNER: --committee, how's that?

Transcript Prepared by Clerk of the Legislature Transcribers Office
Government, Military and Veterans Affairs Committee March 1, 2019

BREWER: All right. Questions? Oh yes, Senator Hunt.

HUNT: I just have one more comment. Thank you again for bringing this bill. I'm-- I'm with you; I had no idea that we weren't allowed to do this. I've--

STINNER: Neither were they actually.

HUNT: I've-- I bought Nebraska merchandise for years and years from independent sellers and stuff like that. On Etsy.com, which is a Web site where small makers and small designers and businesses can sell their things, I just did a quick search on "Nebraska...the good life," eight pages of results; "Nebraska, it's not for everyone," three pages of results. And so people are already making merchandise on these slogans, and Nebraska has got to be able to take a cut of that revenue and be able to play in this market for sure. I would really only support this if it was an in-house, e-commerce platform because I don't want us to get taken for a ride. But I look forward to working that out. I think it's great.

BREWER: OK. Any additional questions? All right. Thank you.

STINNER: Thank you.

BREWER: And we have no letters on LB637, so that will close our public hearing on LB637 and we will go to LB583. Senator Hilgers, welcome to your committee on Military, Government and Veterans Affairs.

HILGERS: Thank you, Chairman Brewer and members of the Government, Military and Veterans Affairs Committee. My name is Mike Hilgers, M-i-k-e H-i-l-g-e-r-s. I represent District 21 which is northwest Lincoln and Lancaster County. I'm pleased to open this afternoon on LB583 which is an extension of grant of authority that this Legislature, this body gave to the Department of Transportation a couple of years ago and extending that authority for what's called design, design-build projects to the county. So just very briefly, a couple years ago the Department of Transportation had only the authority to do what's called design-bid-build construction projects which is a sequential orderly process of: first, you design the project, then you bid it and then you build it. It can be for major projects. It can be a six- to seven- to ten-year time horizon. A design-build concept actually sort of eliminates the sequential nature of the bidding. You bid for design-builder, and so the design and the build actually can to some degree happen in parallel, shaving several

Transcript Prepared by Clerk of the Legislature Transcribers Office
Government, Military and Veterans Affairs Committee March 1, 2019

years off, at the time it's estimated two to four years, on a construction project. And with the way the construction interest-- or inflation goes, you can actually save millions of dollars on a large project. So two years, I'm sorry, three years ago this body-- I believe, Senator Kolowski, you were the-- you were there and it would pass 48-0. Senator Smith brought LB960. That bill, you may be asking why this bill's in Government, that bill went through Transportation. The reason is it was a grant of authority to the Department of Transportation. This is a grant of authority to the counties, and so that's why it's in-- in-- in Government. And so it's simply a tool in the toolbox, and it's really intended for larger projects. Smaller projects, it really doesn't make as much sense, but it's just-- it's an alternative approach that for the right project can save time and it can save money. And I do have an amendment which I would like to pass around. I got an e-mail, I believe this week maybe two days ago, and I don't get e-mails like this very often. But the city of Omaha e-mailed and said: hey, we like your bill; we like it so much, we'd like to be included. So I have drafted an amendment. They did not see that amendment yet so I don't want to-- I don't want to attest-- say that they have approved that-- the language of that specific amendment, but they've asked to be included. And I believe, I think they're here and that they will test-- if they're included they'll testify in support. And so I think there's a couple, at least one testifier behind me who can maybe talk through any technical details of the bill. But I'm certainly happy to answer any questions that the committee may have.

BREWER: All right. Thank you, Senator Hilgers, for your opening. Questions on LB583? Seeing none, assuming you'll stick around for closing.

HILGERS: Yes, sir.

BREWER: All right. We will start with proponents of LB583. Welcome to the Government, Military and Veterans Affairs Committee.

JIM WARREN: Thank you very much, Chairman Brewer and members of this committee. A special thanks to Senator Hilgers for the introduction of this bill and a special hello to our fellow Sarpy County resident. My name is Jim Warren, J-i-m W-a-r-r-e-n. I'm a member of the Sarpy County Board of Commissioners and currently vice chair. Today I'm here to support LB583. LB583 would grant Sarpy County the same opportunities as is currently to do design-build as is granted to the

Transcript Prepared by Clerk of the Legislature Transcribers Office
Government, Military and Veterans Affairs Committee March 1, 2019

state. The ability to use this concept, in my opinion, would be a very efficient method to pool multiple projects together. Design-build is a much-needed tool in our toolbox, I think is the simplest way to put it. Now I'm not going to belabor you with any more input. I've taken three pages of notes and knocked it down to a paragraph. It is Friday afternoon to remind everyone. And just to be here to say, I do support this bill, and I thank the committee for the opportunity to speak.

BREWER: Well, speaking on behalf of some very tired senators, we appreciate that. Senator Blood.

BLOOD: Thank you, Chairman Brewer. Thank you for your testimony. I just have a really quick question for you.

JIM WARREN: Yes.

BLOOD: Can you tell me what the fastest growing county in Nebraska is?

JIM WARREN: OH, that would be Sarpy County.

BLOOD: Thank you. [INAUDIBLE]

JIM WARREN: And I hate to say this, but the fastest growing city is also in Sarpy County which would be to the other end of the county from where Senator Blood is from, Gretna, which is where I'm from. I've done 22 years of elected office: 2 years in city council; 12 years as Gretna's mayor; and now, starting my third term as a county commissioner. And a tool like this in government is an unbelievable thing to slash soft costs. We oftentimes will run soft costs on a project; one we just looked at is now approaching 20 percent and-- and it slows projects down. This is a quick and efficient way to be able to provide the streets and infrastructure that our residents of Sarpy County need.

BREWER: All right. Thank you, Senator Blood, for the nonbiased question. OK. Senator Lowe, you're up.

LOWE: Thank you, Chairman, and thank you, Commissioner Warren. In the past, the recent past, last five years, the passage of this bill, would that have saved Sarpy County tens of dollars, thousands of dollars, millions of dollars?

JIM WARREN: Hundreds of thousands of dollars. I mean, I looked before I testified. Our next, I think our next two years in our One and Six

Transcript Prepared by Clerk of the Legislature Transcribers Office
Government, Military and Veterans Affairs Committee March 1, 2019

plan is \$14-plus million on infrastructure, roads. Our biggest project, which is the Platteview Road Corridor, I've heard numbers anywhere from \$40 million up. And-- and when you start to say you can potentially save 5 percent, 10 percent in soft costs, that's significant money that not only can save money that can build other roads if they're necessary.

LOWE: Thank you, Commissioner.

BREWER: All right. Any additional questions? Thank you for your testimony.

JIM WARREN: Yeah. And one last thing if I could, sitting in this committee, I'm reminded why I love serving at the local county level. But I appreciate people that are willing to be legislators and go through the process. Thank you very much.

BREWER: Thank you. All right. Additional proponents? Come on up. Welcome to the Government, Military and Veterans Affairs Committee.

JACK CHELOHA: Good afternoon, Senator Brewer and members of the committee. My name is Jack Cheloha, that's J-a-c-k, last name is spelled C-h-e-l-o-h-a. I'm the lobbyist for the city of Omaha and I want to testify in support of LB583 with amendment, AM523 added, hopefully. As Senator Hilgers explained, it was exactly like that. As-- as we're studying the bills up for hearing, we saw this one and saw the-- the benefit of the program going in the counties above a certain population. And our public works department contacted me and said: boy, this would be a good idea for us as well; see if you can get the amendment. And I approached Senator Hilgers, and he was very accommodating. And-- and hopefully, the committee will be as equally accommodating. Just to give you a little bit of a quote here why our public works department liked it, here's how they explained it: they said the Innovation Act passed by this Legislature gave the Nebraska Department of Transportation the ability to use alternative delivery methods for projects. Omaha has the ability to use alternative delivery methods for federally funded projects. A biggest example of that in Omaha would be our current combined sewer overflow project or CSO as we call it. But it would be beneficial for us to have that authority on some other projects and so therefore, they ask to be amended into it. As you heard from the previous witness, this would give us the opportunity to (a) streamline some projects and save on

Transcript Prepared by Clerk of the Legislature Transcribers Office
Government, Military and Veterans Affairs Committee March 1, 2019

some costs. And for those reasons, we would support the bill if amended. Thank you.

BREWER: All right. Thank you for your testimony. Questions? Seeing none.

JACK CHELOHA: Thank you.

BREWER: Thanks for coming in. OK. Additional proponents? OK. Opponents? Anybody here in the neutral? Look at that; you knew what I was going to say, neutral capacity.

JEANNE McCLURE: I'm an opponent.

BREWER: Oh, you're an opponent. Oh, shocking. OK. Welcome to Government, Military and Veterans Affairs.

JEANNE McCLURE: Good afternoon. My name is Jeanne McClure J-e-a-n-n-e M-c-C-l-u-r-e, and I'm with a ACEC Nebraska. That stands for the American Council of Engineering Companies, and we represent engineering companies across the state. We oppose LB583 due to a specific piece in the legislation which includes a procurement procedures for the use of both Construction Manager at Risk and design-build methods and provides for the use of these procurement procedures within counties of a population greater than 150,000. While ACEC supports the use of both of these mechanisms as tools in the toolboxes, as has been said, for developing delivering-- and delivering projects, we support their use for public projects. These message-- methods, if used correctly and in the right situations, have the ability to streamline communication and possibly decrease time to deliver a project. But within the language of LB583 pertaining to the use of design-build procurement, there is a provision within the evaluation and provoked-- proposals that the cost of work be given a relative weight of at least 50 percent. This is the specific provision of the bill that we are opposed to. So I have supplied a handout for you that explains the Brooks Act. And that was adopted by Congress in 1972 requiring the use of what we in the industry refer to as QBS, and everybody hates an acronym so it's, qualified-- Qualifications-Based Selection. And it's used for the procurement of architecture and engineering services. In a nutshell, the use of QBS ensures that federal agencies and the taxpayers receive highly technical architect and engineering services from the most experienced and qualified firms at a fair and reasonable cost. QBS is used by all federal agencies, 46

Transcript Prepared by Clerk of the Legislature Transcribers Office
Government, Military and Veterans Affairs Committee March 1, 2019

state governments, and many localities throughout the country. It works because it protects the public welfare, protects the taxpayer, it benefits small firms, and QBS supports technical innovation. Now I can go further into any of those, but it is a Friday afternoon. Essentially we don't believe that it is necessary to legislate the specific-- specific, excuse me, criterion points in proposals as they are-- are evaluated. So putting this-- this language into statute we feel is not necessary, and maybe is more of a regulation that should be used. Our member firms are important contributors within the design-build teams. And if this provision-- this provision will apply pressures to design-build teams to select engineering firms with the lowest fee. And so one of the-- one of the components of QBS is to-- to protect the public welfare. We're talking about using the most qualified firm possible and using their creativity. Like you wouldn't hire a lawyer if you were on trial for murder or being sued, you're not going to-- you don't always hire based on lowest price. You're-- you're hiring based on best qualified, best creativity, best ability to solve the problem. And that's what we're talking about when we talk about engineering services. We're talking about best qualif-- qualified to solve the problem that you put before us. So it's for those reasons that we believe engineering work has been historically legislated to rely upon QBS, a process that's followed by fair negotiation of our fees based upon the scope of services. The best engineer will likely determine the best solution in the terms of overall safety, performance, initial costs, lifestyle, etcetera. Fee-based selection puts too much emphasis on the initial costs and will not ensure the best solution for the taxpayers. And I'll leave it at that.

BREWER: All right. Thank you for your testimony. I-- I'm kind of scrambling here. This bill is a little longer than most of them, but in order to make what you're saying correlate to what I'm reading in the bill, what page, what line are we talking about that you object to?

JEANNE MCCLURE: I don't have that exact line but we're talking about either removing the criterion that evaluates proposals based on a relative weight of at least 50 percent, so we can-- I can find that. I can do it now or we could find it later on in the discussion, or amending the Political Subdivision Construction Alternatives Act to remove those restrictions where it-- where it says what kind of infrastructure style the counties can-- can use in this.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Government, Military and Veterans Affairs Committee March 1, 2019

BREWER: All right. I'm going to make some notes to ask Senator Hilgers when he gets back up here. Additional questions? All right. Seeing none, thank you for your testimony. All right. We are still on opponents of LB583. None. Those in the neutral capacity? Seeing none, we will have Senator Hilgers come back up for a closing.

HILGERS: Thank you, Chairman Brewer. This is the first I'd heard of any opposition. I-- the-- Chairman Brewer, I-- my instinct was your instinct. The moment that there was an indication that there was-- that there was anything in the bill that actually did anything that was suggested, I-- I have the green copy here. I've looked through it three times. This-- I sort of flagged my-- my legislative aide to see if he knew the language that was being referenced. There's nothing in the bill that I can tell, is-- does anything that was reflected-- suggested by the opponent. That doesn't mean that it doesn't exist. The only thing I could infer maybe at this point, it would be that may be something in the existing statute. There might be something in existing statute to which they're referring. I don't know. To the extent that it was in part of LB960, I-- I would remind the committee that that was a bill that presumably would have-- that was a bill that passed just three years ago. Presumably that issue would have been hashed out. Again, it passed 48-0. Certainly I'm willing to talk to the opponents and determine sort of the extent of their concern. But again there's nothing in the bill itself, what-- the-- the language that we are modifying in LB583, that appears to do what they suggest that it does. So I will investigate that, certainly. If there's a legitimate concern where we can modify and accommodate that concern, I'm certainly willing to do that. But I guess at this point it's hard for me to say because I don't fully understand or internalize what the opposition is. But with that I'm happy to answer any questions.

BREWER: I'm just scrambling to do a word search here under infrastructure style and some of the other issues and I'm-- I'm not getting any, so I agree. We'll have to figure out what is, so that you know how to answer the question. But, any questions? Senator Lowe.

LOWE: Thanks, Chairman, and thank you, Senator Hilgers. This is good for the counties. This is good for Omaha. Why wouldn't it be good for the primary-class cities and first-class cities, maybe even second-class? There are-- you know, Lincoln's a primary class and there are 30 first-class cities.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Government, Military and Veterans Affairs Committee March 1, 2019

HILGERS: So I--

LOWE: And I don't want to mess up your bill by "confogging" it. We can work that out later, but.

HILGERS: I certainly don't have any conceptual objection to extending it to other-- to other either municipalities or county size. I think part of the reason why I was a little bit more limited was in part due to-- due to the fact that, really, larger projects are where you see the cost savings, so maybe there was a little bit less of a need and with-- when you had smaller projects maybe smaller, I mean, six- or low seven-figure-- low seven-figure bridges maybe. But certainly I don't-- I can't see any reason-- any objection to extending it beyond that. It wasn't and-- it wasn't intentional in the sense that we didn't think it would be good for those other, other jurisdictions.

LOWE: Yeah. I know-- I know Omaha was a last-minute deal, and so I was just thinking off the top my head.

HILGERS: I'd be happy to include Buffalo County--

LOWE: Thank you.

HILGERS: -- if it's not other-- in it yet.

LOWE: Thank you.

HILGERS: Thank you, Senator Lowe.

BREWER: Additional questions? Just real quick-- I was scrambling through. If you look in existing law, this is line 26 on page 7, says "the costs of the work shall be given to relative-- relative weight of at least 50 percent." But that's in existing law as I read it. Am I wrong in that?

HILGERS: You said page-- Chairman, you said page 7?

BREWER: Seven. Go to line 26.

HILGERS: That's correct. That would be-- OK. That does reference the 50 percent; that may have been what they were referring to. Yeah, that-- that would be in existing law already. Correct.

BREWER: OK. All right. Well, I guess if you can get with the American Council on Engineering and see if you can get any further-- any

Transcript Prepared by Clerk of the Legislature Transcribers Office
Government, Military and Veterans Affairs Committee March 1, 2019

further clarification on that, and let us know. Because, I mean that, there are no letters in opposition. We have two letters in support. And if there's no other questions, that will complete our hearing on LB583. Thank you.

HILGERS: Thank you, Chairman Brewer.

BREWER: All right. And next up is LB414. Senator Brandt. Welcome to the Government, Military and Veterans Affairs Committee.

BRANDT: Thank you for that warm welcome, Senator Brewer. Good afternoon, Chairman Brewer and members of the Government, Military and Veterans Affairs Committees. For the record, my name is Tom Brandt, T-o-m B-r-a-n-d-t, and I represent District 32, Fillmore, Thayer, Jefferson, Saline and southwestern Lancaster Counties. LB414 would eliminate a major report that highway superintendents are required to submit to county boards. The information in these reports is already provided in the One and Six Year Plans in the SSAR, Standardized System of Annual Report, required by the state. By March 1 each year, county highway superintendents develop and present One and Six Year plans to the county board and Nebraska Board of Public Roads Classifications and Standards. The One and Six plans include a list of planned projects for new construction, maintenance and miscellaneous work, maps showing the location of the projects, and other information. A public hearing is held before the county board adopts the plan. The SSAR, Standardized System of Annual Reporting, requires comprehensive reporting of expenditures, revenues, and inventory by October 31. The reports are intended to promote the orderly development of an integrated system of Nebraska's Public Roads. Together these reports present an overall picture of the road program in the county. In addition to these reports, county highway superintendents are required to prepare a separate mid fiscal year report for the county board by February 1. This report duplicates much of the information provided in the state report and is unnecessary. LB414 would eliminate the duplicate reporting requirements, and instead refer to the One and Six in SSAR for that information. And I would answer any questions.

BREWER: All right. Thank you for your opening. Questions? So let me get this straight; you've got a bill that simplifies how government does things, and it has no fiscal note.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Government, Military and Veterans Affairs Committee March 1, 2019

BRANDT: No fiscal note.

BREWER: And you have no letters in opposition.

BRANDT: Not that I'm aware of.

BREWER: You're a dream come true on a Friday afternoon. All right. Thank you. You'll stick around for closing?

BRANDT: Yes, we will.

BREWER: All right. Do we have any proponents here? Welcome to the Government, Military and Veterans Affairs Committee. A familiar face.

JON CANNON: Thank you, Chairman Brewer, distinguished members of the Government, Military and Veterans Affairs Committee. My name is Jon Cannon, J-o-n C-a-n-n-o-n. I am the deputy director of the Nebraska Association of County Officials here to testify as a proponent for LB414. Senator Brandt already ably described what this bill does far better than my, my ability to add or detract from what he said. I will say that this was brought to us by our highway superintendents. This was considered by the NACO board. We thought that this is a good government bill because this is the elimination of an unnecessarily duplicative report that already exists in statute. I'll note that the original statute that we're amending here was passed originally in 1959. There are a number of other statutes which were originally passed-- passed in 1969 and most recently amended in 2017 which really get us toward the same amount of information that's going to be out there, again, unnecessarily duplicative. I believe that Mr. Jacobsen, who will be following right behind me, will be able to answer any technical questions you may have as to what goes into these reports. I would urge your advancing this to the floor. And with that, I'd be happy to take any questions you might have.

BREWER: All right. Thank you for your testimony. Questions? All right. Thank you.

JON CANNON: Thank you.

BREWER: All right. Welcome to the Government Committee.

CHRIS JACOBSEN: Thank you, Mr. Chairman and members of the committee. My name is Chris Jacobsen; that's C-h-r-i-s J-a-c-o-b-s-e-n. I am here representing-- I'm the highway superintendent for Custer County,

Transcript Prepared by Clerk of the Legislature Transcribers Office
Government, Military and Veterans Affairs Committee March 1, 2019

Nebraska. I'm here representing not only Custer, but also our state affiliate association, the County Highway Superintendents, Surveyors and Engineers. Approximately three years ago, I brought to the attention of legal counsel for NACO, Miss Beth Ferrell, a question in regards to the reporting of the February 1 compliance requirements identified in statutes 39-1508 and 39-1512, that the reporting actually mirrored what we are currently doing in the One and Six Year reporting and the SSAR budget submittal reporting identified under statutes 39-2115 and 39-2120. At that time, I contacted various members of our affiliate association and I discovered that the bulk of those members were unaware of the compliance requirement of submittal under 1508 and 1512, of the February 1 requirement. And I think some of that was because you have newer highway superintendents, their age, haven't fully reviewed all the laws that they had to comply with. And a number of the older individuals were, it kind of went off to the side and they felt like they're complying with it through the SSAR submittal and the One and Six. The following December at our state convention, executive director of NACO, Larry Dix, at that time brought this issue to the meeting of our affiliate association, and he asked for a whole-- a show of hands; counties that were complying with the February 1 reporting. And at that, only four counties in the state of Nebraska were complying with the law, of which three of them were Box Butte, Adams County and Custer County. And I can't recall the fourth one. And at that point then, it was deemed that really the issue-- this is a statutory cleanup. What I truly believe is that in the late '70s, late '60s early '70s, when the state was focusing on improving the process of managing and reporting the development of the state, county, and municipal infrastructure throughout the enactment of the One and Six and the SSAR pro-- process, for some reason statutes 39-1508 and 1512 were overlooked. And that at that time the members of the association continued to comply with the, not only the February 4 reporting along with the new One and Six and the SSAR, and the process was carried forward without-- without question until now, including myself because I felt like I was the one bringing up the issue under-- trying to figure out-- it took me 20 years to figure out why am I still doing this when I'm already doing this? In summary, representation of our affiliate association is on the LB414, is a cleanup of just under 50 years of mirrored compliance. And with that, if you have any questions, I'd be willing to answer.

BREWER: All right. Questions? Senator Lowe.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Government, Military and Veterans Affairs Committee March 1, 2019

LOWE: So is this what you call just pushing paper?

CHRIS JACOBSEN: Yes.

LOWE: OK.

CHRIS JACOBSEN: A lot of it.

LOWE: Thank you. That's all I--

CHRIS JACOBSEN: Because from January 1 to the end, January 31, that's a lot of push to get a lot of information to a board on February 1.

BREWER: All right. No additional questions? Thank you for--

CHRIS JACOBSEN: Thank you.

BREWER: --your testimony. Any additional proponents? Any opponents? Any in the neutral capacity? Senator Brandt, you want to-- oh, you're going to waive closing. Well, that was-- that was a easy bill. Thank you. That will close the hearing on LB414, and there are no letters to read in. With that said, we will transition to LB633.

WISHART: OK.

BREWER: Senator Wishart, welcome to the Government, Military and Veterans Affairs Committee.

WISHART: Well, good afternoon, Chairman Brewer and members of the Government and Military and Veteran Affairs Committee. My name is Anna Wishart, A-n-n-a W-i-s-h-a-r-t. I represent the 27th Legislative District in west Lincoln. I'm-- so I'm here today to introduce LB633, but I'd like to ask the committee to hold this bill. The reason I brought this is that two years ago I brought a bill on behalf of law enforcement that allowed them to remove their names, and this committee I-- I think remembers that bill. It was so popular, it went on consent calendar and flew through. And we all celebrated. The issue is that since then I, and I consider myself somewhat responsible since I started with that bill, since then different groups have come to the counties and to the legislature asking to be removed as well. I believe we've already passed one-- another bill this year or, at least it's on its way, the doctors have come asking as well, corrections officers, so the groups just continue. So I dropped this bill pretty last minute just to-- as it sort of, to start a conversation about

Transcript Prepared by Clerk of the Legislature Transcribers Office
Government, Military and Veterans Affairs Committee March 1, 2019

maybe we need to spend the summer to look at if there is a better way for us to deal with this. Because it's going to get to a point where we're either, as a Legislature, going to have to say no to some of the groups and say this is going to be reserved to some people, or we're going to have to find a better way where the county doesn't have 15 different forms that people are signing in-- in different ways to get their names removed. The reason that this is not the right path forward, the bill that I introduced today, is because there are a number of organizations that utilize this public site. One of-- I spoke with the Department of Health and Human Services. They use this site for many reasons. And so my concern is if you remove all names then you're causing some problem from some of the entities that utilize this public site. One of the ideas we thought of is, you know, the initial reason why we brought the bill for law enforcement was a concern with privacy but also a concern that without having a public records request you don't know-- there's an anonymity around who is looking up your information. So one of the things we've, I thought about is maybe just requiring a login for anybody who is utilizing the assessor's Web site. So in a way, it's similar to if you went to the county assessor and signed a name to get somebody's information, like a public records request. If you required a login then-- then that would kind of be that-- that point of at least understanding who's looking at your information. But anyway at this point, I'd like the committee to sit on this bill. I'm going to work with some of the entities over the summer to try to see if there's a way we can address this.

BREWER: All right. Thank you for your opening. Now help me out, we have the law enforcement-- I did the bill for the military that are directly working for law enforcement. Do we know is there any-- anyone else right-- right now that's in that umbrella that--

WISHART: Corrections.

BREWER: Corrections. OK.

WISHART: Yeah. And, you know, I did speak with Corrections and-- and they really-- corrections officers, I heard from many of them that they had wished they'd been included, but because it was on consent calendar, we couldn't do an amendment. And so that is another group that-- this year, that would like to be included. But again this is more-- I think what I introduced is, it's just too broad. And so there's-- there's got to be a way we can address other people and

Transcript Prepared by Clerk of the Legislature Transcribers Office
Government, Military and Veterans Affairs Committee March 1, 2019

other groups of people who want to protect their privacy on-line. But maybe there's a better way to do that than this.

BREWER: [INAUDIBLE] Senator Blood.

BLOOD: Thank you, Chairman Brewer, and thank you, Senator Wishart. That was my concern when I read this bill. And you were right; we've already heard one for physicians. And then when physicians were talking, then mental health counselors came up and said: hey, us, too. So I think we have opened up the floodgates, and I do have grave concerns over that. I was having a conversation actually with Senator Hunt this morning, talking about the legitimate ways for people to utilize the information from candidates or people that are in public office who want to welcome folks into their districts or wards depending on what level of government. To-- I know, we don't see this as much in urban areas but you still see it in rural areas, welcome wagons.

WISHART: Yeah.

BLOOD: So I do-- I do worry that when we open up the floodgates, how do you tell certain groups no and will that put us in an uncomfortable position legally? And what is our role in government when it comes to this area? And that's one of the other concerns that I have. So thank you for what you did today because now we can talk about it over the summer and perhaps find a resolution of some sort. I don't know how because who doesn't want their name removed, right?

WISHART: Well, and it is-- it's a good--

BLOOD: It would generate revenue.

WISHART: Yeah. I mean it's-- it's a very good discussion to talk about as we continue to move forward into the sort of on-line frontier that there is such a thing as digital privacy. And so that is something we have to weigh. And I will say I have used this Web site. My girlfriend and I went horseback riding from Arlington to Tekamah, and it's about 35 miles. And a dog, a lab, started following us, and she ended up going 35 miles with us. And the way we found her owner was using GIS. She spent-- she spent the 4th of July weekend with us, had two peanut butter and jelly sandwiches, had the greatest weekend of her life. But the way we found her owner was using the county assessor's Web site.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Government, Military and Veterans Affairs Committee March 1, 2019

So it does come in handy, and so there's got to be a way we can-- we can deal with this.

BLOOD: Thank you.

BREWER: Well, I don't say this very often, but I totally agree with Senator Blood.

BLOOD: Oh, whatever; it's Friday.

BREWER: And I am sure that dog was the winner in that deal. Senator.

LOWE: Thank you, Chairman, and thank you, Senator Wishart, for doing what you're doing and for reconsidering this. I got an e-mail from our county register of deeds, and what she says is: I know we have the police and sheriffs' home addresses a couple of years ago but really there is nothing to do except that-- there is nothing that takes them back up or puts them back on the roll once they have left the office. So this would be a good discussion to also do that this summer if you decide to do that.

WISHART: Yeah.

LOWE: So I appreciate this and I know our county appreciates it, too.

WISHART: Yeah. I feel responsible for opening the floodgates. I think it was a good thing we did with law enforcement. I think it's good what we're doing with military.

LOWE: I agree.

WISHART: But so I will help in addressing-- in addressing how we move forward.

BREWER: And keep in mind, too, that they talked to me and made sure that when I did that bill that I narrowed it to that very, very small, we're talking maybe, a couple of dozen individuals that work directly with law enforcement.

WISHART: Yeah.

BREWER: So the rest of the military is still wide open.

WISHART: Yeah.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Government, Military and Veterans Affairs Committee March 1, 2019

BREWER: OK. No other questions? Thank you for your opening which will probably be your closing?

WISHART: Yes.

BREWER: OK. Are there any proponents? Any opponents that want to speak after the opening or anybody in the neutral? All right. Welcome back to Government, Military and Veterans Affairs.

JON CANNON: Thank you, Senator Brewer, distinguished members of the Government, Military and Veterans Affairs Committee. My name is Jon Cannon, J-o-n C-a-n-n-o-n. I'm the deputy director of the Nebraska Association of County Officials here to testify in the neutral capacity on LB633. I want to thank Senator Wishart for having brought this. This is a very important discussion for all of us to have going forward. I've been working with public records for most of my professional career, and I can tell you that when you have a judge that says: why is my name available publicly, that's a very difficult question to answer. And so I think these are the sorts of questions that need be brought to the floor. The examples that Senator Wishart gave certainly tell you the-- the good that can be achieved by having this available-- this information freely available and on-line. You know, and the question that we need to wrestle with as a polity is, you know, how is this information being used, who should be allowed-- able to access it, and what are the attendant costs? With that, I appreciate Senator Wishart having asked for this to be held, and I'd be happy to answer any questions you might have.

BREWER: All right. Thank you for your testimony. Questions? Seeing none, thank you for coming in.

JON CANNON: Thank you. Have a great weekend, everyone.

BREWER: All right. Any additional in the neutral capacity? Seeing none, we will go to letters. We have one letter as a proponent and two in opposition, none in the neutral. With that said, that will conclude our public hearing on LB633 and will complete our Government Committee hearings for today.