

Transcript Prepared by Clerk of the Legislature Transcribers Office
Appropriations Committee February 1, 2022

STINNER: Well, if you could please take-- if you could take your seats, we could begin. Welcome to the Appropriations Committee hearing. My name is John Stinner. I'm from Gering, and I represent the 48th District. I serve as Chair of this committee. I'd like to start off by having members do self-introductions, starting with Senator Clements.

CLEMENTS: Rob Clements, District 2, Cass County and eastern Lancaster.

McDONNELL: Mike McDonnell, LD5, south Omaha.

STINNER: John Stinner, District 48, all of Scotts Bluff, Banner, and Kimball Counties.

WISHART: Anna Wishart, District 27.

HILKEMANN: Robert Hilkemann, District 4, west Omaha.

KOLTERMAN: Mark Kolterman, District 24, Seward, York, Polk, and a little bit Butler Counties.

VARGAS: Senator Tony Vargas, District 7, downtown and south Omaha.

DORN: Myron Dorn, District 30, Gage County and part of Lancaster.

STINNER: Assisting the committee today is Tamara Hunt. To my left is our fiscal analyst, Scott Danigole. Our page today is Jason Wendling. On the cabinet to your right, you will find green testifier sheets. If you are planning on testifying today, please fill out a sign-in sheet and hand it to the page when you come up to testify. If you will not be testifying at the microphone but would want to go on record as having a position on a bill being heard today, there are white sign-in sheets on the cabinet, where you may leave your name and other pertinent information. These sign-in sheets will become exhibits in the permanent record at the end of today's hearing. To better facilitate today's proceedings, I ask that you abide by the following procedures. Please silence or turn off your cell phones. Order of testimony will be introducer, proponents, opponents, neutral, closing. When we hear testimony regarding-- when we hear testimony regarding agencies, we will first hear from the representative of the agency, and then we will hear testimony for anybody who wishes to speak on the agency's budget request. When you come up to testify, we ask that you spell your first and last names for the record. Be concise. It is my request that you limit your testimony to five minutes. Written materials may be distributed to the committee members as exhibits only

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while testimony is being offered. Hand them to the page for distribution to the committee and staff when you come up to testify. We will need 12 copies. If you have written testimony but do not have 12 copies, please raise your hand so the page can make copies for you. With that, we will begin today's hearing with Agency 69, Nebraska Arts Council. Good afternoon.

[AGENCY HEARINGS]

STINNER: We'll now open with a hearing on LB937.

MARY JACOBSEN: She's in Transportation with her bill. It's up at the same time.

STINNER: OK. Well, welcome.

MARY JACOBSEN: You get me.

STINNER: We'll try not to be too rough on you. How's that?

MARY JACOBSEN: Please don't. I appreciate that. Thank you, Chairman Stinner. And good afternoon, members of the Appropriations Committee. For the record, my name is Mary Jacobsen, M-a-r-y J-a-c-o-b-s-e-n, and I am the legislative aide for Senator Geist. As I said, she's in Transportation right now for another hearing, and I'm just going to read her testimony for you. As the Chair of the Performance Audit Committee, I'm introducing LB937 to provide the Legislature with higher quality economic modeling software. The software would allow the Legislative Audit to improve performance audits. The Legislative Audit Office and the Legislative Fiscal Office currently contracts with a software company called REMI to use their PI economic development-- economic modeling software. When the Legislature first decided to pursue regular tax incentive evaluations, the decision was made to use a more basic version to explore its usefulness. We have found that for tax incentive audits, the version we have is useful but not sufficient for the kinds of analysis the Legislature expects. LB937 will allow the two offices to use REMI's Tax-PI, which includes the crucial ability to estimate revenue generation caused by new investment and employment. This will allow the Audit Office to provide a cost-versus-benefit analysis of incentive programs, which is required of them in statute, as well as improve other metrics like the but-for analysis. Thank you for your time and attention and Stephanie Meese, from the Performance Audits, Audit Office, is here and she can speak to any of the more detailed questions that you have.

STINNER: Thank you. Any questions? Seeing none, thank you.

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STEPHANIE MEESE: Hi. Like Mary said, my name is Stephanie Meese, and that's S-t-e-p-h-a-n-i-e; and my last name is Meese, M-e-e-s-e. And I'm the legal counsel for the Legislative Performance Audit Office. And I will preface this by saying that Martha Carter, Legislative Auditor, is out of the office with COVID. And Anthony Circo, who is our tax incentive auditor, his daughter has COVID, so I'm kind of the third string here. So I can't say I am a REMI expert, but I can answer any basic questions you might have, and we just basically just want to be available if you have any questions.

STINNER: OK, any questions? Senator Kolterman.

KOLTERMAN: Do we use-- thank you for coming.

STEPHANIE MEESE: Yeah.

KOLTERMAN: Do we use dynamic forecasting at the present time?

STEPHANIE MEESE: We use a more basic version, like Mary mentioned in her introduction. We use a basic version that just doesn't allow for the kind of outputs that sort of take into account a lot of the different factors.

KOLTERMAN: So if we were to allocate this, these funds, could they be used with other departments as well, throughout the state?

STEPHANIE MEESE: The Legislative Fiscal Office will also be able to utilize it. But under, I think, the contract, it'll just be limited to-- our two offices will be able to use it.

KOLTERMAN: Is, is there a provision in the contract that would allow us to utilize that with other state agencies?

STEPHANIE MEESE: I'll have to look into that. I, I don't, I don't know, but that's that's a good question. We'll get back to you on that, so.

KOLTERMAN: Thank you.

STEPHANIE MEESE: Yeah.

STINNER: Any additional questions? Seeing none, thank you.

STEPHANIE MEESE: Yeah, thank you.

STINNER: Any additional proponents? Any opponents? Seeing none, anyone in the neutral capacity? Would you like to close? Mary waives closing.

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That concludes our hearing on LB937. We'll now open on LB813. This is a biker bill.

HILKEMANN: It's a biker bill, that's right.

STINNER: Afternoon.

HILKEMANN: Good afternoon, Chairman Stinner and fellow members of the Appropriations Committee. I'm Robert Hilkemann, R-o-b-e-r-t H-i-l-k-e-m-a-n-n, and I represent Legislative District 4. I've introduced LB813 for the purpose of providing a vehicle for funding development improvement along the designated national Rail-Trail route through the state of Nebraska. It is my hope to work with the committee on the best way to appropriate the funds from sources such as federally appropriated ARPA funds, general funds, or other sources. You will hear testimony today about the cost of developing and improving the gaps of the trail that exist across our state. You have a copy of the Great American Rail-Trail that's just been provided to you. This is the nation's first cross-country multi-use trail, stretching more than 3,700 miles from Washington, D.C., to the state of Washington. This trail is an iconic piece of American infrastructure that will connect thousands of miles of rail trails and other multi-use trails, serving tens of millions of people living along the route, as well as those who visit the trail from around the country and the world. The Great American Rail-Trail runs through Nebraska, and I have provided you with that map., as you see. This is a 300-- there's a part of the 325-mile trail that's called the Cowboy Trail, which is owned by the state of Nebraska, and it's managed by the Nebraska Game and Parks. It has been developed with limestone between Norfolk and Valentine, but the rest of it remains largely undeveloped between Valentine and Chadron. When completed, it will be the longest rail-trail corridor in the nation. As some of you know, I'm an avid cyclist. In 2015 and again in 2018, I began a bike ride across the country that began in Washington State and ended in Washington, D.C. During that time, we rode on some of these historic rail trails, and I want to just tell you that, if you ever get an opportunity to do the rail trail at Coeur d'Alene, Idaho, as we did, that is probably the most beautiful bike trail that I've ever been on. It's 75 miles. You can ride all day, go 1 percent up and 1 percent down. You can stay in Kellogg, Idaho, and it is a, it is spectacular what they have done with these rails to trails. Part of our railroad ride went across the Great Allegheny trail, which is in the very eastern part of the state. As I was going through, I called my wife one time and I said: You know, we could come out here and spend about two weeks in some of these bed and breakfasts that have developed

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along there and go on a different route or a different trail because it's so well developed, and these trails are used not only for biking, but for hiking, there's horses on it. These are multi-use trails. And so the economic benefit of this trail, when it's all done, it's just going to be absolutely incredible. And so it, you know, it's a long ways from being done, but we need to-- this is an opportunity for us to, to, to do it. Several of you may have heard of people doing the Katy Trail in Missouri-- very popular trail. This is what we're talking about, very closer to home. We have the Wabash Trail-- Trace that is-- that goes from Council Bluffs all the way down to to the Nebraska-Missouri border; that's been developed. When I first came to Omaha, Wabash Trace went to Mineola, Iowa, just a few miles, and now it's developed all the way. I've seen the development of this, and not only has it been done by the rails and trails committee, there's the Iowa Department of Development has put in money, personal money-- in fact, if you if you ride along the Wabash Trace, you will actually see a bridge that has my name on it, along with a couple other of my biker friends, we built the bridge across. So this is the sort of thing that these are a development in progress, and it helps when the state is helping out as long as, as well as private funds, but these are the sort of things that we-- this is a huge development that we could do. And those of you that have been up in South Dakota-- Senator Stinner, you-- I don't know if you're, if you're-- I'm sure you're familiar with the Mickelson Trail, which many bikers will-- Mickelson Trail, just riding that is a destination place for them, as is the Katy Trail and so forth. That's what this will end up being when it's completely developed. It'll be fantastic. And there's one other thing that's coming in the biking industry. This, it, it-- I shouldn't say it's coming, it's already here. And as that develops more and more, and that is the e-bikes that are coming on. People that-- e-biking is going to totally, it's going to get double the number of people into this biking or more. My wife reluctantly, years ago, went to an e-bike, and now she would never give up her e-bike because it is, she's able to-- and this is the new trend. These trails are perfect places for e-bikes. I can see companies developing along the line that will rent e-bikes for people so that they can enjoy these trails more. So that's, that's part of this whole project that we have here. When the COVID hit, wow, you couldn't buy a bike in Omaha. Every bike was sold. People wanted to get out and enjoy the trails that we had in Omaha. And so this is, this is part of, of a great economic development that could happen, this. And so I'm presenting it to you at this time and for discussion. I would answer any questions you may have.

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STINNER: Questions? Senator Kolterman.

KOLTERMAN: Thank you, Senator Stinner. Thanks for bringing this. Can you tell me, on this map here that you gave us, I assume that the dark green, that's already paved?

HILKEMANN: That's, that's-- it may not be paved, but that's what's completed, yes.

KOLTERMAN: And it's--

HILKEMANN: Hard compact.

KOLTERMAN: It's hard--

HILKEMANN: Right.

KOLTERMAN: --it's hard surface.

HILKEMANN: Right.

KOLTERMAN: OK, thank you.

STINNER: Any additional questions?

DORN: Yeah.

STINNER: Senator Dorn.

DORN: Thank you, Chairman Stinner. Thank you, Senator Hilkemann. 'Cause mine falls on his, then. The planned segments are things that are in the works, somebody is trying to complete them. And then the unplanned, what does that mean, that there's no current plan in place?

HILKEMANN: We need to, we need to develop a plan. That's what it boils down to. That's what those gaps are. I'd point you to 55 there, where's that's, where there's the huge gap on the MoPac there that hasn't been announced about. I'll have people behind me that can tell you more about. We get that trail done between Lincoln and Omaha, I can see thousands of people a weekend on that trail during wonderful-- for many weekends of the year. That will be well used. I can see-- you know, bikers love ice cream, they love, they love pie, they love all sorts of restaurants along the way. They love-- you know, I can see a little bed and breakfast, that people would do that. I can see coming down one morning, going back the next. The potential for that segment is absolutely huge when we get that completed, and that, that, that's part of this project we want to get, you know, we want to get the

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whole thing done. That portion right there will be one of the biggest economic things that we can do for the state as far as for encouraging tourism. People would-- I can see thousands of people coming in over a year for that, just to do that route between Lincoln and Omaha, because it could be a beautiful route.

STINNER: Additional questions? Senator Erdman.

ERDMAN: Thank you, Senator Stinner. Thank you, Senator Hilkemann, for bringing this. So how much money do you need?

HILKEMANN: You know, we're looking at maybe about \$18 million.

ERDMAN: Why doesn't your fiscal note on your bill call for \$18 million then?

HILKEMANN: Well, because that number is a flexible, it's a number that's not been determined because there have been some-- at one point we were talking about maybe it could be as \$30 (million), maybe as much as \$30 million. They think maybe it can be done for about \$18 million. Who knows what it takes for the gap-type of things? So we'll have to-- we're going to come up with more of a number that could be a more solid number.

ERDMAN: It's a very peculiar bill, the way it's written: It is the intent of the Legislature that funds be transferred and appropriated to the Game and Parks Commission for the trail development and improvement along the designated national rail-trail throughout the state of Nebraska, whatever that is. So what do we do? How do we appropriate something when we don't know how much it is?

HILKEMANN: Well, we can-- we can-- we can move on that, Senator.

ERDMAN: I mean, I don't know--

HILKEMANN: We can do that, we can do the-- what we want to do is to have some flexibility. Are we going to get-- are there going to be some ARPA funds that would be available for this? Are there some other state-- that's, that's really where we kind of left this a little bit more wide open.

ERDMAN: A little bit more wide open?

HILKEMANN: Yes, we did.

ERDMAN: I don't think you get any more wide open than this.

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HILKEMANN: Well, that's what those gaps are.

ERDMAN: So you--

HILKEMANN: Those are wide open gaps that we got to fill in.

ERDMAN: We're going to have an Executive Session on this bill. How many of you are in favor of just whatever it takes? That's not going to pass.

HILKEMANN: We'll have a number for you, Senator.

ERDMAN: That, that would make a lot more sense.

STINNER: Senator McDonnell.

McDONNELL: Senator Hilkemann just answered my question. I'm certain you'd have a number by the time we got--

HILKEMANN: Right.

McDONNELL: --into Executive. Thank you.

STINNER: Any additional questions? And we can put in intent language without any dollar figure, too.

HILKEMANN: Right.

STINNER: So in any event, thank you.

HILKEMANN: OK.

JULIE HARRIS: Good afternoon,--

STINNER: Good afternoon.

JULIE HARRIS: --Chairman Stinner and members. I'm Julie Harris, J-u-l-i-e H-a-r-r-i-s. I am the executive director of Bike Walk Nebraska. We are the state bicycle and pedestrian advocacy organization. I want to start by thanking Senator Hilkemann for bringing this bill, and his amazing legislative aide Kate here, who has been very helpful during this whole process. LB813 would fund construction of 100 miles of rail-trail, 92 percent of which the state already owns the right of way for. This bill is fiscally responsible, simple, and a relatively fast way to get Nebraskans outdoor recreation they want and a proven way to get small towns in Nebraska a boost to tourism and hospitality, sorely needed as they recover from the

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pandemic. This is low-hanging fruit. Nebraskans want trails. The Game and Parks Commission surveyed people from all over the state in 2018 about what types of recreation amenities they see as most important. 42.8 percent surveyed said that trails were the most important amenity to them, which was double the amount that was reported in 2014, of 21.6 percent. And mind you, this was before the pandemic. As Senator Hilke mentioned, when the pandemic hit, people turned to walking and biking in droves, and we've seen a huge boom in participation since that time. In fact, we've seen some of the trails in our urban areas with a user increase of over 100 percent since the pandemic hit. Rail-trails, like the Cowboy Trail that follow Highway 20 across the northern part of Nebraska, and the MoPac Trail that runs between Lincoln and Omaha, are economic drivers. Last weekend, Bike Walk Nebraska asked our social media followers who have biked or ridden the Cowboy Trail to tell us where they spent their money during their trips. The response was amazing. We heard about places within the districts of Senators Brewer and Gragert, like the L Bow Room Saloon in Johnstown-- Ruth there is very popular, apparently-- D-Dubs Pub and Grill [SIC] in Ewing, the Bolo brewery in Valentine, the Holt County Grill in O'Neill, and my personal contribution, the Brush Creek Brewery [SIC] in Atkinson. We heard about museums and hotels, we heard about the laundromat in Long Pine. If we can build out this remaining portion of the Cowboy Trail, more towns in western Nebraska will be able to enjoy these types of benefits from the visitors. We're eight miles shy of having the MoPac Trail between Lincoln and Omaha complete. That's this map that I provided you here. Our social media followers, followers talked about where they've spent their money along this trail in Senator Clements' district. The town of Eagle sells a shocking amount of nachos and beer every Tuesday night to people from Lincoln who bike out there for the Nacho Ride. And the city, the tiny little town of Elmwood lured people from Omaha in with pie last summer, making thousands of dollars in the process. We were joking that if the Historical Society has a gift shop in Elmwood, they would be smart to offer pie and they will be self-sustaining, so we'll work on that. Regionally-- if you see the map that I provided, finishing that eight-mile gap in this trail would unlock over 200 miles, regionally, of completed trails all the way from Marysville, Missouri [SIC], up to Lincoln, across to Omaha, through Omaha, back down the Wabash Trace. This little gap here is what's keeping us from enjoying the economic benefits of bicycle tourism in some of these areas. I would also like to mention that we have secured a unanimous endorsement from the Cass County Commissioners to seek funding and develop a route through the gap in Cass County that would stay entirely within the public right of way. This is the first significant

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step forward in progress in over 20 years on this project, and we could not be more thrilled. Lastly, I will leave you with a way to think about this investment; \$18 million would build us one hundred miles of trail. That's the same amount that NDOT estimates to be the cost for about 1.5 miles of divided highway. So 100 miles of trail is that same amount. With LB813, we can build a recreational facility in the short term that will benefit both rural and urban parts of our state, something that Nebraskans already say they want and can benefit from, something that will spur tourism and help our businesses in towns along the routes. This is a no-brainer, this is no hanging fruit, and I hope you'll support our efforts by voting to move LB813 forward. I'm happy to answer any of your questions.

STINNER: Questions? Senator Clements.

CLEMENTS: Thank you, Mr. Chairman. Thank you for being here. I'm real familiar with the MoPac Trail. I'm-- it's half a block from my house. I look out my bedroom window and see it.

JULIE HARRIS: Excellent.

CLEMENTS: But the-- and the Cass County, the Cass County Commissioners have given you permission to build along the county road right of way as--

JULIE HARRIS: They have given us their en-- they've given us an endorsement that we can take to funders and others that would help us to build it. But yes, we've discussed with them. We don't have a final route, but we've discussed routes along the right of way of county highways and also some minimum-maintenance roads. We're very excited about a potential idea that would allow adjacent homeowners to have access to the trail facility if they need to move their ag equipment, but otherwise keep it closed for other, from cars just for normal traffic. So we think there's a lot of potential here, and, and I'm encouraged that they, they voted unanimously to give us that letter of recommendation.

CLEMENTS: Is that about eight miles?

JULIE HARRIS: Yes.

CLEMENTS: Is that it?

JULIE HARRIS: Um-hum.

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CLEMENTS: And I'm familiar with that because that-- it will join the Missouri Pacific abandoned rail line with the Rock Island. That's why there's a gap.

JULIE HARRIS: Yeah.

CLEMENTS: Do you have an estimate of the cost for that eight miles, for development?

JULIE HARRIS: I think Jason, coming up after me, can get into the details on that.

CLEMENTS: OK. Thank you.

STINNER: Senator Erdman.

ERDMAN: Thank you, Senator Stinner. Thank you for coming.

JULIE HARRIS: Um-hum.

ERDMAN: This, this current, this trail is all there, except for the part in the square?

JULIE HARRIS: Yes.

ERDMAN: You made a comment that it goes from Maryville, Missouri. Is that Kansas?

JULIE HARRIS: Um-hum. I'm sorry. Yes, thank you. Marysville, Kansas.

ERDMAN: I thought that if it was south of Beatrice, I thought that'd be Kansas.

JULIE HARRIS: Thank you.

ERDMAN: So that-- is at the eight miles you're talking about?

JULIE HARRIS: The eight miles that's in that square, which is--

ERDMAN: All right.

JULIE HARRIS: --in Cass County, yes.

ERDMAN: All right. Thank you.

STINNER: Any additional questions? Seeing none, thank you.

JULIE HARRIS: Thank you.

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JUDI GAIASHKIBOS: Hello.

STINNER: Afternoon.

JUDI GAIASHKIBOS: Hi.

STINNER: Hi.

JUDI GAIASHKIBOS: When I-- I'm Judi gaiashkibos, J-u-d-i g-a-i-a-s-h-k-i-b-o-s. I am the executive director of the Nebraska Commission on Indian Affairs, and I am a member of the Ponca Tribe. And when I presented to you last week on our agency hearing, I mentioned something about the trails in your area. So today I'm wearing two hats. I'm testifying in support of this bill, LB813, and \$18 million or whatever it takes to finish this. And I'm wearing, proudly wearing my Great American Rail-Trail. I'm on the national advisory for this trail to be completed all across the United States of America. And, as a Native person, I'm really excited that it would go through western Nebraska, the Cowboy Trail, and then onward to Crawford and through and impacting the northern Cheyenne. And as you've heard in previous testimony, this would be a great boon for economic tourism for all of our little small towns and communities. And trails really are an amazing way for us to be healthier Nebraskans. And for Native people, we have some really sad health statistics, so I really want to encourage you to give support to Senator Hilkemann's bill. And, as the director of the Indian Commission, on behalf of our Tribal Nations, I believe that this is something that we could celebrate in our state, and on behalf of the Great American Rail-Trails. And I really love the swag that they've given me, so I thought, you know what? I'm going to wear this today. And I have my jacket to head over to another hearing that I have to testify on behalf of Senator Brewer. So with that, I would be happy to answer any questions.

STINNER: Questions? Senator Kolterman.

KOLTERMAN: Judi, thanks for being here today. You said you're on the national trail--

JUDI GAIASHKIBOS: --the advisory, yes.

KOLTERMAN: The advisory?

JUDI GAIASHKIBOS: Um-hum.

KOLTERMAN: So what are-- are other states doing this completely?

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JUDI GAIASHKIBOS: And I've got a map here, too, that they sent me, and--

KOLTERMAN: I saw that. Are, are other states making progress in this arena as well?

JUDI GAIASHKIBOS: Oh, yes, definitely. I think that it's a national effort, that our whole country is making progress on trails. Wow, it's just really like they said. People stay in hotels, they come and they experience and learn about communities they never knew about, for example, the Coeur d'Alene out in the western United States. So connecting all of these little dots will be a good thing. So I'm really excited to get out on the trails and hope to see some of you on the trails and your family.

STINNER: Additional questions? Seeing none, thank you.

JUDI GAIASHKIBOS: OK, thank you.

JASON BUSS: Judi, you want to turn in your green sheet? Oops, she didn't hear me.

KOLTERMAN: We know who she is.

JASON BUSS: Sorry.

STINNER: Afternoon.

JASON BUSS: Good afternoon. Thank you, Chairperson Stinner and members of the Appropriation Committee. My name is Jason Buss, J-a-s-o-n B-u-s-s. I've been a trails volunteer for the last 15 years, building trails in Nebraska. I built several miles of trail with Senator Moser in Columbus. I built eight and a half miles of trail near Central City in Merrick and Hamilton Counties, and I've been on the Nebraska Trails Foundation for the last four years, and I'm currently their president. We want to thank Senator Hilkemann for introducing LB813 to develop 100 miles of the Great American Rail-Trail. As, as has already been stated, Nebraskans want trails. You know, out of the 28 options in that score, the state, statewide Comprehensive Outdoor Recreation Plan, trails were the number one thing that people valued. They were the number one thing that people wanted to see more of. So I think this is a really great bill to serve the people of Nebraska. The Great American Rail-Trail is 53 percent complete across the United States, from Washington, D.C., to Seattle, and 51 percent complete here in Nebraska. If we can complete these 100 miles that are already on public property, we can be 68 percent complete with this one-time

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investment. The eight-mile gap and 262 miles between Blanchard, Iowa, and Marysville, Kansas, is really important for us to finish. Senator Clements and I handed out pyrite stickers last summer as we opened up the Lied Bridge, the dead end, more or less, at the north end of the gap. And Cass County and the NRD, everybody is on board to get that eight-mile stretch completed. This bill will be critical to do that. I believe it's a, it's a higher cost to complete that segment because we're talking about taking what is minimum-maintenance road or gravel road and splitting that space. But across the entire 100-mile stretch, the average is about \$185,000 per mile. So it's a very, relatively simple investment for the state of Nebraska. The 93 miles of Cowboy Trail are very simple. They're, they're, you know, windrow. They crush limestone on top and roll it out smooth, and, and it's done. So it's, it's a very, very simple project to complete with great ROI. We've studied the economic impact. A couple of different studies have been done recently. The one that I'll share will have, will show that, in just five years, will have economic impact equal to the cost of this project for these, for these 100 miles. And that study has been reviewed by Lee Will back in December. So there's-- it's, it's a sound economic impact study. I'll share it with you guys in an email after this. This will link Nebraska with economic impact both on the east and west side of the state, will connect a great deal of Nebraskans together with accessibility for all, you know, whether you're riding a bike or walking or running. And we own these public lands. They're, they're, they're sitting there and, and can have economic impact if we finish them. So I'd, I'd ask the, the committee to, to consider ways as, as we've left it a little open-ended trying to-- there's a lot of different ways. A lot of other states are investing in trails, either through ARPA funds or through general, general funds. And so we ask for your help to, to complete these hundred miles of trail.

STINNER: Thank you. Questions? Senator Clements.

CLEMENTS: Yes, thank you. Did you have an estimate for the cost in the Cass County MoPac Trail gap?

JASON BUSS: Yep, we have it detailed. It's, it's, it's a little over \$8 million for those eight miles. So it's, it's-- we estimated very highly with the-- cut some collaboration with, with different groups, including Game and Parks, on the cost of recent projects and, and some other planners and developers that were on our, our boards.

CLEMENTS: And that is proposed to be all-- completely on Cass-- on county right of way, not taking any eminent domain from people?

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JASON BUSS: Right, right. Absolutely.

CLEMENTS: Good.

JASON BUSS: We, we know that won't go. So we've, we've worked with them to talk about this. There's a few different roads you could use, and, and they, they're very supportive. We've talked through that with them.

CLEMENTS: And people with driveways that are on that county road would not be affected? It would still-- everybody would have access--

JASON BUSS: Everybody would still have access.

CLEMENTS: --even if the trail went by?

JASON BUSS: Yeah, everybody would still have access, absolutely. We'd hope to improve the minimum maintenance roads as well, as part of the project, so.

CLEMENTS: Thank you.

STINNER: Additional questions? Senator Erdman.

ERDMAN: Thank you, Senator Stinner, and thank you for coming. How's it possible that it costs a million dollars a mile?

JASON BUSS: Well, we estimated pretty highly on the cost of trying to do the drainage and the different aggregate to bring in for those eight miles. And so that's-- we, we, we wanted to be-- we wanted to make sure there was enough planned for all of that, as well as the engineering, drainage. And not having that rail bed, like the other 93 miles, makes it a lot more costly. I've got it broken out, and, and we can have it looked at further, but we had a lot of planners and developers and, and, and involvement from Game and Parks in those estimates.

ERDMAN: So you have to buy the land?

JASON BUSS: No, we don't have to buy any of the land. The land is on public land. It's just creating the-- bringing in the aggregate to do the drainage and everything else. There's nothing to buy. It's already on county property.

ERDMAN: Those rocks have gold on them or whatever.

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JASON BUSS: I just-- I, I, I think, I think you'll see it in the line items, how it's spent. I can send that to you. It's the same thing we shared with, with Lee Will as we reviewed the itemized plans.

ERDMAN: I'm in the wrong business. I need to get building trails. We built, we built roads. When I was county commissioner, we built roads for a million dollars a mile-- roads.

JASON BUSS: Well, I'd, I'd love to be able to do it for, for any cheaper. And we've, we've built trails for very cheap in a lot of places. This one, just because of the road situation, that's part-- you're, you're basically building the road over as part of this project.

ERDMAN: So your past experience in building trails cost a million dollars a mile?

JASON BUSS: No. No, much, much less, much, much less. So when you're dealing with existing rail bed, it's much, much cheaper to do-- the Dark Island Trail, we did for, for hundreds of thousands-- or a couple hundred thousand dollars, eight and a half miles. So it's, it's possible to do it very, very cheaply. Just depends on what you're dealing with. In this case, you're doing grading and drainage and, and splitting a road and a trail. So it's-- it's different.

ERDMAN: If you could, I'd like to see the projected cost of that. That seems astronomical to me.

JASON BUSS: I would, I would love to have, have tools to sharpen the pencil on that.

STINNER: Senator Clements.

CLEMENTS: You said you were going to have to move the county road over in places. Is that, is that what you said?

JASON BUSS: It would still be within the public right of way that they have.

CLEMENTS: I drove that 322nd Street, and I see there's a creek that runs right alongside the county road, and you might need to build a bridge here and there and a crossover on the right of way on different sides. So I did see that there's extra expense. It's not just flat like you're out in Bayard [LAUGHTER]. OK, thank you.

JASON BUSS: Yeah.

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STINNER: Any additional questions? I have one. Are you an engineer?

JASON BUSS: No, I'm not. I'm just--

STINNER: I'm looking for an engineer. I need estimates on ditch--
canals [LAUGHTER]. Anyhow,--

CLEMENTS: I have one more.

STINNER: Senator Clements.

CLEMENTS: Does your group have any private funding that could help
match what the state puts in?

JASON BUSS: I, I think there's ways. I, I-- we don't-- we, we have a,
a small fund still in the Nebraska Trails Foundation for that MoPac
area, but it's, it's a couple of hundred thousand dollars-- or
130-some-thousand dollars.

CLEMENTS: Well, I'd encourage you to--

JASON BUSS: Fund raise some more? Yeah.

CLEMENTS: --get some, get some of the bike users to contribute, too.

JASON BUSS: Absolutely.

CLEMENTS: Thank you.

STINNER: Thank you.

MICHELLE STRYKER: Good afternoon, Chairman Stinner, members of the
Appropriations Committee. My name is Michelle Stryker, M-i-c-h-e-l-l-e
S-t-r-y-k-e-r, and I'm the planning and programming division
administrator for Nebraska Game and Parks Commission. We'd like to--
we developed and manage and operate the Cowboy Trail on behalf of the
state of Nebraska. We would like to thank Senator Hilkemann for
introducing this bill and for our supporters in part of partners. In
1993, the Rails-to-Trails Conservancy obtained the 321-mile-long rail
line with the aid of the Legislature, gifted the corridor to the state
of Nebraska, tasking Game and Parks Commission with the ability to
develop, manage, and maintain this trail for the future, which called
the Cowboy Trail. From 1996 to 2001, there was a general appropriation
for-- that was given for management of the trail, and in 2002, that
general appropriation fund was no longer provided. The Cowboy Trail
passes through 29 towns, 8 counties, and 3 Unicameral districts. We

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have developed 202 miles of the trail at a cost of \$5.6 million, and we have 28 miles slated for construction in the next 8, 20-- the 18 months, as you can see on your map. That leaves approximately 91 miles to be developed. The 21-- 28 miles that we're going to be developing in the next 18 months is \$1.5 million in total. We have been creative and efficient in funding our trails development. All funds used to develop the trail have come from federal agencies or partnerships and private donations. The estimated development costs for completing the remaining trail is \$6.1 million. The-- and there's-- in that cost, there's also \$8.3 million in repairs that need to be done. These repairs are needed to address flooding issues from 2011 and 2019 that FEMA has not been able to cover. When fully developed, the trail will provide close-to-home trail opportunities to over 50,000 Nebraskans. We can share that at three locations that we have tracked in-- along the trail, we had had approximately 22,000 trail users in 2021, from many states and countries. The local economy is positively affected by the trail, and the trail absolutely needs the local communities to be successful. They provide the services for our users. It brought the most rural bike share station in North America to Valentine. The Newport Pool Hall sees hundreds of hungry and thirsty bikers, trail users, and they, you know, to stop and eat, drink, and maybe even play a game of pool. Bassett Lodge and Range Cafe offers trail users an unforgettable Sandhills experience for lodging. North Fork Outfitting shuttles users across the trail to start their adventure. Bitter-- visitors along the trail, the trails spend their money at any local restaurant, bar, grocery store, brewery, hotel-- anything that's available to them. A fully developed trail would require a total of seven to ten overnight use, overnights per user, increasing visitor spending in every community across the trail. The calls we receive about the trail are absolutely always about the availability of amenities in those communities and what they have to provide them to sustain them along the way. The movement from the Rails-to-Trails Conservancy to create the Great American Rail-Trail identifies the Cowboy Trail as a key component to connect Seattle, Washington, to Washington, D.C. With limited budget, we cannot develop or maintain all 20-- 321 miles of the trail. Moving LB813 forward can provide ways to increase the economic vitality of all communities across the state in that location and provide a quality recreational resource to the public of Nebraska and its visitors. I'm happy to address all the questions that you may have regarding some of the costs.

STINNER: Very good. Questions? Senator Erdman.

ERDMAN: Thank you, Senator Stinner. Thank you for coming. So on the map that you've given us, the legend there-- and I can't see it real

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well with the people in it-- is that a person in a little box, does that mean walking only? What does that mean?

MICHELLE STRYKER: So those little boxes that you see on the trail are locate, trailhead locations. In the communities that have already been developed, we've created trailheads in different locations. Where you see some of those boxes are in places we have not had that chance to create trailheads because the trail is not developed there.

ERDMAN: OK, so on the left-hand side towards Gordon and Rushville,--

MICHELLE STRYKER: Yes, sir.

ERDMAN: --it's green. That means the trail has been developed?

MICHELLE STRYKER: Absolutely. We've had significant partnerships with the Cowboy Trail West group. Then they have done a significant amount of fundraising to develop that part of the trail, so we focus-- our board and our leadership has made that decision of if there's a community that comes forward with that real need and want to develop the trail in that location, we work with them first to try to get that as our next segment that we move forward with developing.

ERDMAN: That portion of the trail is green in Sheridan County. It's not paved in any way, is it?

MICHELLE STRYKER: The portion in green that's in, in-- that developed there?

ERDMAN: Gordon and Rushville? Clinton?

MICHELLE STRYKER: Yes, it is paved with limestone.

ERDMAN: It's paved. Yeah,--

MICHELLE STRYKER: Um-hum.

ERDMAN: --but that's not, that's not paved.

MICHELLE STRYKER: With a trail surface for Nebraska, for a limestone trail, it is considered as paved.

ERDMAN: That's considered paved?

MICHELLE STRYKER: Yes, and that's what this whole trail is, is that.

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ERDMAN: So as you look at that trail that runs through Valentine's-- through Cherry County, starts with Valentine,--

MICHELLE STRYKER: Um-hum.

ERDMAN: --goes west over to Gordon, that has yet to be completed. You're estimating that to be 91 miles. Is that correct?

MICHELLE STRYKER: Yes.

ERDMAN: OK. Those little towns along there-- Cody, Kilgore, Crookston and those-- there isn't a whole lot of anything for people to do there, is there?

MICHELLE STRYKER: At this time, no, but we do believe that there's always the opportunity for when you do have something like a Cowboy Trail or something regional that comes through, there is that opportunity for people that take the rein and try to develop something. The Cody grocery store would absolutely benefit from this.

ERDMAN: So this trail is probably used most of the time when it's conducive to be outside?

MICHELLE STRYKER: I'm sorry, what was the question?

ERDMAN: It'll be nice weather when they'll use this. So how do you, how do you establish a business in the months when the trail is not available?

MICHELLE STRYKER: I understand what you're saying. A trail can be used anytime. You're right that it is more significantly used when the weather is pleasant. But I do know of people that are really hard-core over there, that definitely get out there in the snow, rain, anything to get onto that trail.

ERDMAN: And those three people wouldn't keep a business open.

MICHELLE STRYKER: I would say that I would believe that there is more than three people that would do that.

ERDMAN: Maybe four. Thank you.

MICHELLE STRYKER: You're welcome.

STINNER: Additional questions?

DORN: You bet.

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STINNER: Senator Dorn.

DORN: Thank you, Chairman Stinner. In that, in that area there, that future development, what, what do they ride on now? Or where-- I mean, there's, there's no trail there? Or do they go on roads or what? What do they use?

MICHELLE STRYKER: So there is a mixture of what happens. We have taken the, the reins and we have removed all of the ballasts off of the trail. So it leaves a dirt surface that's really pretty flat so you can ride on that trail. But there are also a lot of people that would choose to use the road.

DORN: OK, thank you.

STINNER: I just have one question. The, the blue space between Chadron and, I guess, Rushville, I think Senator Brewer is bringing something for that, is he not? A request?

MICHELLE STRYKER: I am not aware of that at this time.

STINNER: OK.

MICHELLE STRYKER: I could be totally incorrect.

STINNER: I know they approached me and I sent them to Senator Brewer, and I thought he was bringing something to get that financed. Anyhow, any additional questions? Seeing none, thank you.

MICHELLE STRYKER: Thank you for your time.

STINNER: Any additional proponents? Any opponents? Anyone in the neutral capacity? Senator Hilkemann, would you like to close?

HILKEMANN: Thank you, I will. I got a little bit smarter sitting next to Kate here, Senator Erdman. She reminded me as to why there was not a, why a specific-- there was, there was also a request placed in to the Governor, as far as this particular project. We wrote this bill before we knew what the Governor's request was or whether that request would-- so that's why there was no-- we will bring in an amendment that will specifically outline this. One of your questions was about, is this used in the rain? Well, it is. I've been caught in the rain out there by Gordon, Nebraska. When I did the BRAN one time, I mean to tell you, we rode about 40 miles of some of the worst conditions. But you know, we all had raincoats, we had rain gear. We were expecting it. Most of the people who ride on these trails are ready for that. So

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while we don't like it, we can do it. So there are people that will do this. It's not just a rain or shine. That's, that's part. You know, I hate it whenever I get caught in it, but there's a lot of people that that's just, that's just part of the biking process. And so that's, that really is-- it's not just limited to that. And you talked about private donations. As, as people see this project being supported by the state and getting better, you'll have private donations that will come in. For example, I mentioned that, that a couple of my biking friends and I built a bridge for it with, provided the funding for the bridge on the Wabash Trace. That's as that trail has been developed. That's been in development for much longer than our Cowboy Trail. So those are all things that when, when people-- we could see what was happening with Wabash Trace. As people see that this is going to be continuing to get better, that we get the, the crushed, you will see more and more private donations come in to this and help this project along-- for sure. And so-- and you know, one of the-- I don't know-- you know, I don't think there are any-- some of the fun-- you talked about gift shops earlier. Some of the most fun gift shops were along the Great Allegheny, which were the, were the old depots that were, that were converted and fun, really. You know, you talk about antique things that were available. And so those were all the things that have-- I would say that, you know, it was, it was not-- there were days, I'm sure that, that-- I'm not talking about a few people on the trail. I'm talking about hundreds of people on the trail. At some points, as we got closer to D.C., we may have had-- passed a thousand people on the trail as we got closer to the D.C. area, I mean, in the higher areas where people are using these, these trails. So with that, I would answer any additional questions.

STINNER: Any questions? Senator Clements.

CLEMENTS: Thank you, Mr. Chairman. Thank you, Senator Hilkemann. You mentioned e-bikes, and I thought I'd seen on these trails that no motorized vehicles are allowed. Is there an exception for electronic?

HILKEMANN: E-bikes are exceptions.

CLEMENTS: They are, all right.

HILKEMANN: Um-hum. Yeah, we don't want motorcycles on those.

CLEMENTS: OK. And--

HILKEMANN: Yeah.

CLEMENTS: --how long or how far can an electronic bike--

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HILKEMANN: Boy, that, that really, that really varies by how, how much of the e-bike or how much of the energy they use for it. You can go-- a good e-bike, you can get 80 to 90 miles out of it.

CLEMENTS: Oh.

HILKEMANN: On my, on the ride that I did across America, we had a couple, probably in their 60s, they both rode e-bikes, and they did have-- because we were a SAG, we were-- we had SAGs behind us. They did have, they did have a backup battery that they could use. But our average ride was 75 to 100 miles a day, and they were able to do that. Sometimes they had to, to put in a different battery on it. But no, it's, it's very common for those bikes to go 60 to 70 miles. And if you add, if you add a little more of your own oomph to it, you, you-- but if you wanted to use the full power all the way, then maybe you're only going to go 40 miles.

STINNER: Just downhill.

CLEMENTS: OK, thank you.

HILKEMANN: It depends on how much you push that little button.

DORN: Yeah. They also have their own power source, just in case.

HILKEMANN: Yeah, and you can get-- yeah. You know, it's interesting on it, 'cause one of the-- you know, Julie said, well-- I'm just going to get very personal-- she said, well I'll lose the [INAUDIBLE]. Actually, they-- the studies are showing that you get as-- you actually get more benefit riding an e-bike than a regular bike, 'cause then you will ride it for a longer period of time, will exercise longer because you have the assist of that.

STINNER: Thank you.

HILKEMANN: Anything else?

STINNER: Any additional questions? Senator Erdman.

ERDMAN: Just, just a comment, Senator, I'm sorry you got caught in that one rainstorm we have every three years [LAUGHTER].

HILKEMANN: It'll be, it's been more than-- I've been caught more than once. I can tell you that, so.

STINNER: Thank you very much.

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HILKEMANN: All right, thank you very much.

STINNER: That concludes our hearing on LB813. We will now open with LB1074. Senator Bostelman.

BOSTELMAN: Good afternoon, Chairman Stinner and members of Appropriations Committee. I'm the bill you wanted to hear all day long, last one for the day. My name is Bruce Bostelman, and I spell that B-r-u-c-e B-o-s-t-e-l-m-a-n, And I'm representing Legislative District 23. I'm here today to introduce LB1074, and the bill creates the Surface Water Irrigation Infrastructure Fund, which is funded through a one-time-- a one-time \$50 million transfer from the Cash Reserves. Following the Fort-- the Gering and Fort Laramie Canal tunnel collapse, which I'm sure you're all aware of, the condition of the critical surface water infrastructure, which provides farmers with essential water, needed to be examined. As Chairman of the Natural Resources Committee, I introduced LR117, and I've passed that out to all of you to look at, which surveyed irrigation districts to examine the condition of surface water projects and infrastructure, the projected cost of rehabilitation projects, the-- the status of the projects, as well as the anticipated effects related to the completion or delay of these projects. The results of the survey showed that many irrigation districts in western and central Nebraska have critical infrastructure with significant aging and deterioration problems within their flumes, head gates, and checks. Some of these systems are close to 100 years old. We found that for irrigation districts to complete these critical infrastructure projects, there are significant costs that total approximately \$150 million. Many of these districts are very small and made up entirely of volunteers and do not have the available funding to carry out some of these very large million-dollar projects. Furthermore, the \$50 million will not be going to just a few entities. The bill establishes a grant process with a maximum award of \$5 million per applicant. The irrigation entities would also have to have some financial responsibility when applying and receiving this funding. Applicants for grants will need to provide matching funds equal to 10 percent of the grant amount awarded. After discussions with Chairman Stinner regarding this issue and the significant need for funding for these entities, he also recognized their needs. He suggested creating a fund with a one-time transfer of \$50 million, specifically designed to provide our irrigation entities with much-needed funding to begin to address their surface water projects with central and western Nebraska and ensure that our farmers have access to our state's greatest resource, that being water. I ask for your support of LB1074 and I'll take any questions you may have. Thank you for your attention.

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STINNER: Senator Erdman.

ERDMAN: Thank you, Senator. Stinner. Senator Bostelman, I appreciate this bill a lot, maybe more than I can say. There are numerous irrigation districts in my district that are in need of, as what you said, 100-year-old facilities. One comes to mind. It happens to be in Senator Brewer's district. The Whitney Irrigation District is having a difficult time with their flume. And so I'm in 100 percent support of what you're doing. Agriculture goes up and down, the economy moves up and down, as you well know, being a farmer, and this is welcome news to those people in that area that are trying to replace those head gates or those diversions and they just don't have the funds to do it. And so I welcome this. I support this bill. Thank you very much for bringing it.

STINNER: Senator Clements.

CLEMENTS: Thank you. Thank you, Senator Bostelman. On your LR, the testimony you received, did they tell you why they haven't got the funds to do their own maintenance?

BOSTELMAN: Most of-- yeah. Most of them are-- they're small, volunteers, a few board members. They just don't-- haven't had the ability. There are those behind me that could probably testify to that more.

CLEMENTS: OK.

BOSTELMAN: But really, you're talking about small irrigation, a few directors, if you will, that just don't have that experience and that time to wrap up into it. And it's unsurmountable when you look at some of the-- the needs in the millions. They just didn't have the funding to-- to address that.

CLEMENTS: So there's no way to collect enough fees from the users of the water to fund the projects?

BOSTELMAN: Oh, no. Right.

CLEMENTS: All right. I'll let the other ones give more details. Thank you.

BOSTELMAN: Sure.

STINNER: Additional questions? Senator Dorn.

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DORN: Thank-- thank you, Chairman Stinner. Thank you for bringing this, Senator Bostelman. This project or this bill is just for, I call it, maintenance. It's not for any type of a new maybe design or anything or--

BOSTELMAN: No, it'd be like, you know, if you got crumbling, displacing head gates, it'd be replacing those head gates. It's not to build a new system.

DORN: It's--

BOSTELMAN: It's an existing system that's in place--

DORN: System.

BOSTELMAN: --to repair and bring it back to standards.

DORN: So there aren't any designs to, I call it, extend something or anything like that. Would that be allowed under this?

BOSTELMAN: No, I don't believe so. And again, the people behind me can answer directly. But my-- from the survey received, it was specifically targeted. What are your needs to basically keep your system from falling apart?

DORN: OK.

BOSTELMAN: You know, it's-- and-- and-- and it is. They are falling apart, literally.

DORN: OK.

BOSTELMAN: And so it's to-- to make sure those get put back into place.

DORN: We're-- we're not 100 years old yet, but we're falling apart, too, so, yeah, so. Except for Senator Erdman, so, yeah.

STINNER: Any additional questions? Senator Erdman.

ERDMAN: Senator Stinner, thank you so much. So when you did your LR, Senator Bostelman, did those people testify to the fact that when this facility was built, it was built by the Bureau of Reclamation?

BOSTELMAN: Some did, yes.

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ERDMAN: And that would be the case, I believe, with the tunnel in Wyoming?

BOSTELMAN: Correct.

ERDMAN: And so were those people here, the tunnel people from Gering-Fort Laramie Irrigation District? When they came, did they come to your LR?

BOSTELMAN: I'm sorry-- say that?

ERDMAN: Did the Gering-Fort Laramie Irrigation District--

BOSTELMAN: No. Wyoming side is not-- this is just all Nebraska.

ERDMAN: Yeah, we-- that tunnel provides irrigation to about-- more of the land is irrigated through that tunnel in Nebraska than is in Wyoming. It's about 57,000 or 54,000 acres, something like that. But that facility was built by the bureau. They still own it, but they won't repair it. And so that's some of the things I think probably what you're trying to address with this bill.

BOSTELMAN: Yes.

ERDMAN: Yeah. Thank you.

STINNER: Additional questions? Thank you, Senator Bostelman.

BOSTELMAN: Thank you, Chairman.

JEFF BUETTNER: I hope you're asking for proponents.

STINNER: Proponents, yes. Yes. I'm sorry.

JEFF BUETTNER: OK.

STINNER: Looks like there's a whole group of proponents here. How's that?

JEFF BUETTNER: Well, we like to travel in packs.

STINNER: [LAUGH] There you go.

JEFF BUETTNER: Chairman Stinner and members of the Appropriations Committee, good afternoon. I am Jeff Buettner, that's spelled J-e-f-f B-u-e-t-t-n-e-r, and I'm the government and public relations manager for the Central Nebraska Public Power and Irrigation District, which

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is headquartered in Holdrege. Central, of course, is the owner and operator of Kingsley Dam in Lake McConaughy, and operates the state's largest hydropower and irrigation project. I am also currently serving as president of the Nebraska State Irrigation Association's board of directors. Little background there, the association was formed in 1893 and represents irrigation districts and their water user constituents in frequent contacts with the governmental leaders at state and national levels. The association represents about 75 percent of the acreage irrigated by surface water projects in the state, which translates to about 750,000 acres. I am here this afternoon testifying on behalf of both of those organizations in support of LB10-- LB1074, introduced by Senator Bostelman. LB1074 addresses a longstanding need for funding to repair, maintain, and improve irrigation infrastructure necessary to continue to provide water to producers' crops, particularly in semi-arid parts of Nebraska west of Kearney, where rainfall during the growing season is generally inadequate to optimize crop yields. Many of these irrigation projects are located in parts of the state where the use of irrigation wells is either not feasible due to the lack of groundwater or in areas where diversion of water into canals complements the use of irrigation wells by helping to recharge local groundwater supplies and offset demands on the underlying aquifer. There are about 60 surface water irrigation projects in the state of Nebraska. A number of these, as previously mentioned, were built in the first few decades of the 20th century, but some canals were built in the late 19th century. The number of acres served by these projects range from a couple thousand to more than 100,000. Despite their age, most of the projects have incorporated delivery of surface water to customers using center pivots, which is a very efficient means of applying water to crops. For example, in our case, two thirds of the acres to which Central delivers water are irrigated with center pivots. A small percentage use subsurface drip irrigation and the remainder employ gated pipe. The old-fashioned siphon tubes that are often associated with surface water projects have virtually disappeared. One other point I'd like to make is that Nebraska's irrigation projects rely on fees charged to irrigation customers for delivery of water to the farm. They're not selling the water. They're selling the service to deliver the water to the farm. Irrigation districts, public power and irrigation district, public power districts., canal companies, and reclamation districts do not have taxing authority. In addition to providing irrigation water, there are many, many other benefits associated with the operation of irrigation projects, such as previously mentioned groundwater recharge, fish and wildlife habitat, recreational opportunities along the canals, and at the many reservoirs used to store the irrigation water. This bill

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recognizes the need for state funding to ensure that irrigation projects can maintain and modernize their infrastructure along the canals and at the many reservoirs used to store the irrigation water. Thank you for the opportunity to testify, and thank you to Senator Bostelman for introducing this bill. And with that, I'll try to answer any questions you might have.

STINNER: Any questions? Senator Dorn.

DORN: Thank you, Chairman Stinner. Thank you. Thank you for being here. I guess, if you could explain a little bit, you do not have taxing authority.

JEFF BUETTNER: No,

DORN: You charge a fee. I come from eastern end of the state. We irrigate out here.

JEFF BUETTNER: I understand.

DORN: Explain that, I-- I call it that fee, a little bit. Someone irrigates a quarter section of ground. Is it by the quarter section or what--

JEFF BUETTNER: Right.

DORN: I mean, explain that. I mean--

JEFF BUETTNER: Usually what they do--

DORN: --I could ask Senator Erdman tomorrow, but--

JEFF BUETTNER: Usually what they do is they allocate a certain amount or an amount of water--

DORN: Water.

JEFF BUETTNER: --per acre--

DORN: [INAUDIBLE]

JEFF BUETTNER: --be it six inches, nine inches--

DORN: Yeah.

JEFF BUETTNER: --12 inches or whatever. And then they assoc-- or they assign a dollar per acre per amount of water--

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DORN: Water.

JEFF BUETTNER: --fee for that delivery service.

DORN: What-- what is maybe an average fee per--

JEFF BUETTNER: Oh, boy, they--

DORN: --entity? I don't know--

JEFF BUETTNER: --bounce all over.

DORN: --if there is such a thing.

JEFF BUETTNER: I would say \$38, \$40 per acre--

DORN: OK.

JEFF BUETTNER: --is ballpark.

DORN: Thank you. Thank you.

STINNER: Thank you. Additional questions? And that is called an operation and maintenance fee charged by the district based on what their costs are associated with that. So anytime they have to make unusual repairs, like a canal goes out, those are assessed on top of that as a special assessment. So you can imagine \$5 million in repairs divided by 50,000 acres is \$10 an acre special fees to those folks, and that's kind of how that works.

JEFF BUETTNER: That's absolutely correct. And if that maintenance charge or that necessity for the maintenance gets so large that you actually make the cost for that irrigation water prohibitive--

DORN: Prohibitive.

JEFF BUETTNER: --then, you know, they-- they simply can't afford to increase their fees--

DORN: Thank you for all that explanation.

JEFF BUETTNER: --so much.

DORN: Yeah. Thank you.

JEFF BUETTNER: Yeah.

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STINNER: Do you recall how many irrigation districts we have in the-- in the state?

JEFF BUETTNER: There's-- there's like 55 or 60 surface water projects, yeah.

STINNER: OK.

JEFF BUETTNER: Most of them, like I said, are west of-- of Kearney, and then out in the Panhandle, of course, you're familiar with how many there are out there and, of course, the importance of that water that they bring in from Wyoming for the Panhandle [INAUDIBLE].

STINNER: Full-- full disclosure to the committee, I've been working on this almost from day one of visiting with irrigation companies, along with producers, trying to figure out how we deal with the infrastructure and the decaying infrastructure that we have, trying to put a number on it. And I think the LR put, I'm going to say, \$150 million number on this, so this is kind of a start. Hopefully, it's a little bit of a matching program because you got districts that have 50,000 or 100,000 acres under it and districts with 10,000 acres under it. It's just varies [INAUDIBLE]

JEFF BUETTNER: And Senator Bostelman mentioned the fact that a lot of these projects were built with the help of the federal government and now that they're built, they're kind of left to their own devices, so, yeah, that's the situation we find ourselves in.

STINNER: Senator Edman.

ERDMAN: Yeah, thank you, Senator Stinner. I-- I would suggest that we probably have, in Senator Stinner's district and mine, 35 irrigation districts. We have a-- we have a lot.

JEFF BUETTNER: I don't know if it's that many--

ERDMAN: We have the Castle Rock and the Chimney Rock and then--

JEFF BUETTNER: --but that's close.

ERDMAN: --Nine Mile [INAUDIBLE]

JEFF BUETTNER: Yeah. there's-- there's a whole bunch of them right off the North Platte River up there, um-hum.

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ERDMAN: So my question is not real rel-- relevant to this discussion. But you mentioned siphon tubes.

JEFF BUETTNER: Right.

ERDMAN: Have you ever set one?

JEFF BUETTNER: I used to help my farmer buddies in the old days do that. I wasn't very good at it.

ERDMAN: Can you do it with one hand?

JEFF BUETTNER: I could never do it with one hand.

ERDMAN: OK.

JEFF BUETTNER: He could, not me.

ERDMAN: All right, thank you.

STINNER: Very good. Any other questions? Seeing none, thank you.

JEFF BUETTNER: Thank you.

STINNER: Additional proponents? Afternoon.

LEE ORTON: Good afternoon. Senator Stinner, members of the Appropriations Committee, I want to say, first of all, thank you for Senator Bostelman and you introducing this legislation and thank you, Senator Erdman, for adding your name to the list. I appreciate that and I know everybody else does as well. I am Lee Orton, L-e-e O-r-t-o-n. I'm the executive director for the Nebraska State Irrigation Association, which man-- represents many of the surface organizations across the state. We're here to support LB1074. While surface water is only a small portion of the total acres of Nebraska lands irrigated in 2022, it provides significant, real impact on total lands provided by supplemental water to make Nebraska agriculture a tremendous success. Surface water was the first supplemental supply of water to support Nebraska agriculture back in the 1870s and '80s, before the knowledge of our tremendous groundwater reserve and the present-day access capability, which was created by modern drilling technologies and pumping capabilities that could lift water. Even surface irrigation was initially only provided, though, by diversion of natural flows from the rivers and streams, generally only during spring runoff. Only after the first construction of storage reservoirs, which you've talked about here this afternoon, done, many

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of them, by the-- the Bureau of Reclamation in the early 20th century, which was seasonal irrigation, was on-- the only thing that was possible. Reservoir development was introduced by the United States Bureau of Reclamation in one of the first such works nationally in the early 20th century. Since that work is now in excess of 125 years old and the most recent such developments in Nebraska are only 40 years of age, Nebraska has benefited in many ways from such investments. I've provided a list that's attached to my testimony here this afternoon of many of the organizations which are responsible for the surface water irrigation, along with a map showing generally where those investments are located. The list shows about 55 irrigation organizations, currently owners and operators, and you should note that nearly half of those are west of Lake McConaughy. That's where the irrigation started, and that's where it has continued to develop. Now you also should note that there is no surface water projects exist east of Highway 14. Highway 14 is the one that crosses the Interstate at Aurora, so you can see much of eastern Nebraska has no organized surface organizations. But the investment of those works benefits all of Nebraska with significant groundwater recharge within the operating projects and beyond to even benefit the river flows and groundwater enhancements of communities like Kearney, Grand Island, Lincoln and Omaha, that rely upon sustainable groundwater sources for domestic and business demands. Return flows in the Panhandle have generated excellent cold stream return flows for fishery enhancements in that immediate area. Deliveries of surface water have also provided groundwater storage where prior groundwater was not really available under Panhandle lands. The construction of many water storage reservoirs in the Loup, Niobrara, Platte, and Republican Rivers has also added significant surface water to the recreation, fish, wildlife, and environmental benefits of all of Nebraska. Many thanks for Senator Bostelman and the Natural Resources Committee for the work on an important survey of the needs of surface water owners and operators. That work done under LR117, which Senator Bostelman talked about, produced clear evidence that the need to support LB1074 is indeed critical and needed. I have provided you with a summary of the identified needs from many of those surface water sponsors. That summary, developed with estimates of project infrastructure needs, demonstrates potential mid-term cost in excess of \$113 million. You've already heard that number, I think, used. It's clear from discussions among project owners and with current fund managers that the funds needed for these projects is not now available. Nearly every surface water owner has only limited sources of infrastructure funding through irrigation system users. Other beneficiaries of these waters are not required or expected to contribute to support those benefits. That

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limit, and other restrictions on available financial assistance, makes the provision of LB1074 critical to preserve and protect Nebraska's investment in this part of the total water resources package. Finally, if you review the surface water irrigation ownership structures, you will note that many different legal management enterprises exist. Therefore, I'm providing the committee with a recommended amendment to LB1074 to list the several such organizational structures which must be able to benefit from this important financial support. Please include this amendment when you advance this proposal for consideration and adoption. Thank you for the opportunity to tell the surface water story. Thank you for your support of this proposal and the amendment.

STINNER: Additional questions? Senator Erdman.

ERDMAN: Thank you, Senator Stinner. Thank you for the map. I appreciate that. As you can see, what I made a comment about, most of those are in our districts. There's probably 30 of them right there on the [INAUDIBLE]

LEE ORTON: Yes, indeed. There are actually 28 west of McConaughy. And so you're absolutely right. That's where the project started. That's where they still are today.

ERDMAN: So do you know which one of the water rights on the North Platte River is the oldest?

LEE ORTON: Which one what?

ERDMAN: The oldest right?

LEE ORTON: The oldest right is actually downstream at Fort Kearny. That's the surface water right that was issued. The-- the Army actually dug a ditch along the Platte River to irrigate their farm-- their field crops for vegetables and so forth. That was about the 1819-- 1877. All of the other rights began in the late 19th century, and the bureau came in and constructed Pathfinder in 1905 and the canals that-- that you saw the tunnel collapse on in '08-- 1906 and 1908, so they date back a long ways.

ERDMAN: When--

LEE ORTON: Interestingly enough, Pathfinder, when it was built, cost \$2.3 million.

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ERDMAN: When did they build Farmers Irrigation, what we call Tri State? When did they build that one, do you know?

LEE ORTON: When did they build them?

ERDMAN: When did they build that? When was that put up?

LEE ORTON: Which?

ERDMAN: Farmers Irrigation.

LEE ORTON: Farmers Irrigation actually began construction as a private enterprise and failed because they didn't have money, and that would have been in the late 1890s. They came back again and actually ultimately became a part of the North Platte project, which the Bureau supplied water for. The original irrigation for Farmers would have been, as I mentioned in my comments here, just natural flow, which was springtime water. And there was no storage at all at that point in time. They built a diversion structure in the river and took the water when it came.

ERDMAN: That-- that canal, the Farmers Irrigation canal, goes about 150 yards south of my house.

LEE ORTON: Really? OK.

ERDMAN: Pathfinder Irrigation canal goes a mile north of my house.

LEE ORTON: Yep, yep, up on the next terrace.

ERDMAN: Yeah.

LEE ORTON: Yes, indeed.

ERDMAN: Very informative. Thank you.

LEE ORTON: Thank you.

ERDMAN: Thank you for the information.

STINNER: Any additional questions? I saw where the Nebraska Public Power was \$48 million of that total. They have res-- other types of resources far--

LEE ORTON: They do.

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STINNER: --far beyond what the ditch companies are. Is that contemplated to be in this whole thing?

LEE ORTON: And I think you've received a letter from them that supports this legislation, but I think also indicates clearly that they don't really have the same needs as the smaller projects do.

STINNER: That's-- that's good to know.

LEE ORTON: Yeah, that's important.

STINNER: Any additional questions? Seeing none, thank you.

LEE ORTON: Thank you.

BRAD EDGERTON: Good afternoon, Chairman Stinner. I am-- and members of the Appropriations Committee. I'm Brad Edgerton, B-r-a-d E-d-g-e-r-t-o-n. I'm the general manager for Frenchman-Cambridge Irrigation District, located in Cambridge. I also serve on the Board of Directors for the Nebraska State Irrigation Association. Frenchman-Cambridge is a Bureau of Reclamation-built project located in the Republican River Basin. The project was constructed in the late 1940s and was completed in the late 1950s. Frenchman-Cambridge has a contract with the federal government to use water from three reclamation reservoirs located in the Republican River Basin: Swanson Reservoir, Hugh Butler Reservoir, and Harry Strunk Reservoir. Frenchman-Cambridge Irrigation District serves 45,669 permitted acres and maintains 150 miles of canal and over 100 miles of buried pipe-- buried pipe laterals. Two of our canals divert from the Republican River, one diverts from Red Willow Creek, and the fourth diverts directly from Swanson Reservoir. Frenchman-Cambridge water users-- users are currently repaying the federal government for construction cost associated with the project. The construction cost per year is \$81,300 and will be paid off in 2040. In addition to maintaining the canal system, we also pay the federal government O&N, O&M on three dams. Those cost average about \$46,000 per year. In 2010, a safety of dam issues was discovered on Red Willow Dam, Hugh Butler Reservoir. Reclamation made the appropriate repairs to that dam and spent \$25 million on those repairs. Frenchman-Cambridge is responsible for 15 percent of those repairs. However, Reclamation has made the determination that Frenchman-Cambridge does not have the ability to pay, so those payments will not start until 2041 and will continue until 2064 and will only be about 8 percent, or \$1.95 million. Our contract with Reclamation has required us to set aside \$13,500 per year for emergency repairs. Last year, in 2021, that annual payment

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jumped to \$81,000 per-- per year and will continue until 2040. We currently have about \$350,000 in that fund. Frenchman-Cambridge water users pay \$5 per acre for the federal contract obligation and then paid \$4.25 per inch of water allocated. Our Cambridge canal, we allocate eight inches of water and charge \$34 per acre. This money is used to operate the district each year. In addition, Frenchman-Cambridge assessed our water users also pay between \$9 and \$10 per acre in occupation tax to the NRDs for groundwater management. Frenchman-Cambridge irrigation infrastructure is 70 years old and needs some attention. Every five years, Reclamation does a complete inspection of our project and makes reco-- repair recommendations. LB1074 would help Frenchman-Cambridge with infra--infrastructure modernization. Thank you for the opportunity to testify, and-- and special thanks to Senator Bostelman for introducing this bill. With that, I'll try to answer any questions that you may have.

STINNER: Thank you. Any questions? How much crop can you grow with eight inches of water? That's not very much, is it?

BRAD EDGERTON: It's-- it's not a lot of water, but we have managed to, you know, install center pivots so they concentrate all their water supply in a-- in a smaller area. So, yeah, they-- they-- they try to, and then they also might have some groundwater where they can supplement that, too, so.

STINNER: OK, thank you. Any additional questions? Senator Erdman.

ERDMAN: Thank you, Senator Stinner. What is your average rainfall there?

BRAD EDGERTON: About 20.5 inches in Cambridge, and it drops about an inch every 25 miles west, so.

ERDMAN: All right. Therein-- therein lies the secret to why they can get by with eight inches. We get about 14.

BRAD EDGERTON: Yeah.

ERDMAN: So for us, it takes 15 inches to make corn, and for you it probably takes 8. That's [INAUDIBLE]

BRAD EDGERTON: Cambridge is kind of right on the divide. It seems like you go east of Cambridge and they can do a pretty good job, and then go west to Cambridge, in the McCook area, and they-- they start to struggle with-- with-- we only allocate seven inches in that-- to that canal system, so.

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ERDMAN: Yeah. Appreciate you being here. Thank you.

BRAD EDGERTON: Thank you.

STINNER: Thank you. Additional questions? Seeing none, thank you.

BRAD EDGERTON: You bet. Thank you, sir.

STINNER: Any additional proponents? Any opponents? Anyone in the neutral capacity? Senator Bostelman, would you like to close?

BOSTELMAN: Thank you, Chairman Stinner. In addition to our testifiers, I believe you've probably got nine or ten letters, as well. A couple comments. To correct myself, as you-- as you look on this, Senator Erdman, Gering is included in there. I will point out the last handout on this. Do you see this, this little spot right down here? That's where I grew up. I walked these ditches. I walked these canals. I know exactly what they're saying. And when I-- and when I grew up, way back when, they were in bad shape then. They were leaking. They-- water was coming out of the main canals. When they go through ditches or go through creeks and stuff, or they go in underneath, those gates and those things needed repair then. There's a lot of work that needs to be done out here for these, and it's-- it's about not only the livelihoods of those who live out there that farm that land, that do those type of things, but it's modernizing their systems. A lot of them have gone to computerized systems, electronics where they can remotely open and close gates, if you will. Huge difference in water saving, significant change in how you do farming in some of those areas on irrigation. Those old gates that you would crank open literally need to be replaced. They're falling apart. With that. I just appreciate your time. I appreciate you listening. This is something that-- that is desperately needed in these areas, and I thank you for your consideration. I'll take any other questions.

STINNER: Thank you. Additional questions? Seeing none, thank you, Senator.

BOSTELMAN: Thank you, Chairman.

STINNER: For the record, we do have online letters for LB813, 23 proponents, zero opponents, zero neutral. LB937, we have two proponents, no opponents, and no zero-- or no nega-- zero neutral. And LB1074, ten proponents, no opponents and no neutral. And that concludes our hearing on LB1074, and it concludes our hearings for today.