**MOSER:** The afternoon hearing of Transportation and Telecommunications will now come to order. My name is Mike Moser. I'm the chair of the committee. I represent District 22, which is Platte County and parts of Stanton County. We'll introduce senators, starting on my left.

**BOSN:** Good afternoon. I'm Carolyn Bosn. I represent District 25, which is southeast Lincoln, Lancaster County, including Bennet.

**DeBOER:** Good afternoon, everyone. My name is Wendy DeBoer. I represent District 10, which is in northwest Omaha and also includes parts of Bennington.

**BRANDT:** Tom Brandt, Legislative District 32, Fillmore, Thayer, Jefferson, Saline, and southwestern Lancaster Counties.

**STORER:** Good afternoon. Tanya Storer. I represent District 43, which includes 11 counties: Dodge, Sheridan, Cherry, Brown, Rock, Keya Paha, Boyd, Garfield, Loup, Blaine and Custer.

**MOSER:** You almost have to write those down.

**STORER:** I, I do. I'm always afraid I'm going to, like, inadvertently leave someone out.

**MOSER:** Welcome. All right. Our committee clerk is Connie Thomas, our legal counsel is Gus Shoemaker. There are green testifier sheets on the table near the entrance of the room. Please complete one and hand it to the page if you intend to testify. For those not testifying, but would like to record your presence, sign the yellow sheet in the book on the table near the entrance. The Legislature's policy says that the records [SIC] must be received by 8 a.m. the day of the hearing to be included in the record. Handouts submitted by testifiers are included as the-- part of the record as an exhibit. Please provide 12 copies of any handouts and give them to the page. The pages today are Alberto and Ruby. Additional copies can be made for you, if you need more. Senators may come and go during our hearing. It's common and required, as they may be presenting bills in other committees during this time. I understand a couple other of our committee members are in another committee hearing that's going to take another hour or so, so we'll be picking them up later when they get caught up. Testimony begins with the introducer's opening statement, then we hear from supporters, then those in opposition, and then those speaking in a neutral capacity. The introducer of the bill will be given the opportunity to make a closing statement, if they wish to do so. Begin your testimony by giving us your first and last name, and please also spell them for the

record. We will be using a three-minute light system today. There are no demonstrations or-- of opposition or support allowed on any testimony today. Remember to turn off your cell phones or put them on vibrate so we aren't disturbed with your ringtones. And with that, that brings us to our gubernatorial appointments, and the first one is Brandon Jones. Is Brandon here? If you're here today to be considered for a gubernatorial appointment, move up to the front of the room so that you're close by and ready to go. Welcome.

**BRANDON JONES:** Thank you. My name is Brandon Jones, B-r-a-n-d-o-n J-o-n-e-s. Been appointed for the excavation-- Underground Excavation Safety Committee. My background is I'm a contractor from western Nebraska. We have offices in Scottsbluff and North Platte. I also sit on the Nebraska 8-1-1 board of directors. Been involved in excavation activities for a little over 25 years, so. I feel that this committee is important to try to promote safety, make sure everyone goes home with their fingers, toes, and their life.

**MOSER:** And nothing blows up.

**BRANDON JONES:** That's right.

**MOSER:** All right. Questions from committee members? Senator Brandt.

**BRANDT:** Thank you, Chairman Moser. So, you drove in from North Platte today?

**BRANDON JONES:** I actually came in last night for some other meetings this morning, so.

**BRANDT:** Well, thank you for making the effort. So, what kind of construction is in your background? What have you done to qualify you to work on this committee?

**BRANDON JONES:** So, I-- I'm the vice president, director of construction operations. We do water, storm, sewer, sanitary sewer, directional drilling. We've been in the water [INAUDIBLE] business as a company since 1915. Been utilizing the 8-1-1 system, Nebraska digger laws for-- you know, since they were established.

**BRANDT:** Do you think Nebraska has any problems with the current locator system?

**BRANDON JONES:** I think that there's-- it's ever-evolving, and I think it's moving in the right direction. I believe it's going really well. There's lots of people working hard to make it better. And, you know,

you'll see tweaks as the program goes along. But I think this is a huge step in the right direction.

**BRANDT:** Is there anything you'd like to see changed?

**BRANDON JONES:** I, I think there's going to probably be some more regulations that are-- need to happen. The biggest would be, maybe, on some marking standards is the biggest I see. But other than that I-- like I said, I think we're moving in the sta-- in the right direction. Maybe just more some standardized practices that'll need to be tweaked as the-- everything goes along it involves.

**BRANDT:** All right. Thank you.

**MOSER:** Senator DeBoer.

**DeBOER:** Thank you. So, you serve on the 8-1-1 board, you said?

**BRANDON JONES:** I do.

**DeBOER:** And how long have you been serving there?

**BRANDON JONES:** Roughly three years.

**DeBOER:** OK. Do you think that there is overlap between the 8-1-1 board and this board that you're applying for now?

**BRANDON JONES:** I don't think they overlap. I think more complementary to each other. You know, the 8-1-1 board is more about outreach, making sure everyone knows the laws, utilizing, making sure we have the vendor that's appropriate to take the 1-1-- the 8-1-1 calls and facilitate getting it to the locators, and be that liaison between the contractors. This is more if there's violations that need to be addressed. I don't feel there's a conflict between the two.

**DeBOER:** OK. Do you think that your experience on the 8-1-1 board will help you to evaluate the claims as they come before you?

**BRANDON JONES:** I believe my experience on the 8-1-1 board allows me to probably know the laws as well as anyone, or, you know hopefully not anyone, but--

**DeBOER:** Yeah.

**BRANDON JONES:** --as the general public, at least.

**DeBOER:** OK. Thank you for your interest and service.

**BRANDON JONES:** Thank you.

**MOSER:** OK.

**BRANDON JONES:** Thank you.

**MOSER:** Thank you very much. Is anyone here to speak in support of Brandon Jones? Is anyone here to speak in opposition to his appointment? Is anyone here to speak in the neutral? All right. Thank you. Senator, would you like to introduce yourself?

**GUERECA:** Good afternoon, everyone. My name is Dunixi Guereca. I represent Legislative District number 7. That's downtown and south Omaha.

**MOSER:** Thank you. OK, that brings us to Jeffrey Grady. He could come up. Welcome.

**JEFFREY GRADY:** Hi. My name is Jeffrey Grady, J-e-f-f-r-e-y G-r-a-d-y. As appointment on the (Underground) Excavation Safety Committee, it's, it's a, it's a great, great way to educate other contractors, utility operators. Background on me would be I've been in both facets of construction from the engineering side, and I did materials testing and special inspections. Now, I'm on the contractor side; we do demolition, earthwork, paving, pipe, electrical, all the above. Everything but build a building in the Omaha area, mostly in Douglas and Sarpy County.

**MOSER:** OK. Questions from the committee? So--

**BRANDT:** Go ahead. No, you got questions. Go ahead.

**MOSER:** I'll come back to you, Senator.

**BRANDT:** That, that, that's fine.

**MOSER:** So, I was watching the pipeline construction that's going on along Highway 81, there. I don't-- that isn't your company doing that, is it?

**JEFFREY GRADY:** Did it-- where at?

**MOSER:** Highway 81, about--

**JEFFREY GRADY:** No, sir.

**MOSER:** --17 miles north south of Columbus. Anyway, they're digging in some big pipe. I'm not even sure what it conveys, but can you do a directional bore under the highway and a big enough pipe to get through there without digging up the highway and everything?

**JEFFREY GRADY:** You can. Typically, by NDOT standard, you have to have that cased. So, you have an oversize pipe, and then you put the smaller carrier pipe inside of it.

**MOSER:** Oh, so you could get it back out if--

**JEFFREY GRADY:** Yep.

**MOSER:** --something settles on it, and--

**JEFFREY GRADY:** Or if something goes bad.

**MOSER:** Cool. I was kind of waiting for them with flags and, and barricades and stuff, and they just kept right on going. Dug a big hole on both sides, and somehow they got it connected. Senator Brandt.

**BRANDT:** Thank you, Chairman Moser. Kind of the same question I asked the previous candidate. What do you-- what challenges do you see with this? What would you like to see changed in Nebraska?

**JEFFREY GRADY:** I'd like-- you know, me personally being on the contractor side but trying to stay neutral in everything, is more education of both contractors and the utility operators so they do all understand the laws and, and know what the marking guidelines are, and what each party's responsibilities are.

**BRANDT:** So you feel today that education component isn't very robust?

**JEFFREY GRADY:** It could be bolstered a little bit, I would say. I think there are a lot of contractors who take a lot of pride and spend a lot of time educating, along with the utility operators. But it needs to be more broad throughout Nebraska for, for all parties that deal with the 8-1-1 system.

**BRANDT:** All right. Thank you.

**MOSER:** Other questions from the committee. Seeing none, thank you.

**JEFFREY GRADY:** Thank you.

**MOSER:** Appreciate your willingness to serve. All right, that brings us to Trevor Roth.

**BRANDT:** You got to ask for--

**MOSER:** Oh, I'm sorry. I'm sorry. Thank you. Hang on just a second, Trevor. [INAUDIBLE]. Supporters for previous, Mr. Grady? Anybody to speak in support? Anybody to speak in the opposition? Anybody in the neutral? All right. Now we can move to our next nomination. Thank you. That'll close the hearing on Mr. Grady, and we'll go to Mr. Roth. Come on up. Thanks, Senator. I forgot that. Welcome.

**TREVOR ROTH:** Welcome. Hello. My name is Trevor Roth, T-r-e-v-o-r R-o-t-h, and I'm here for the Underground Excavation Safety Committee. I've worked in the electric industry for 29 years. I started as a lineman in Holdrege, Nebraska, and now I'm in York, Nebraska, where I've had experience on both the operator's side and then also the excavation side, because we set poles and use the 8-1-1 system to call in our locates.

**MOSER:** OK. Any other comments?

**TREVOR ROTH:** I do attend the 8-1-1 board meeting-- or, the 8-1-1 board meetings, but I'm not on the board. I was a locator for many years when I was in the field, and now I'm in management, so I have both that experience of what it's like being in the field, but then also being in the management, to manage the folks out there doing the locating, and understanding the risk that's involved with that.

**MOSER:** OK. Questions from the committee? Senator Brandt.

**BRANDT:** Thank you, Chairman Moser. A little different question. So, you used to dig post holes for NPPD, is that right?

**TREVOR ROTH:** Well, yeah. Poles, yes.

**BRANDT:** Yes.

**TREVOR ROTH:** Not posts, but yes.

**BRANDT:** Did you guys ever hit anything?

**TREVOR ROTH:** Yes, I have hit things before.

**BRANDT:** Like?

**TREVOR ROTH:** I've hit gas lines, water lines, electric lines, communication lines. Probably the, the one that really sticks in my mind the most is we hit a telecommunication cable of 1,200 pair and a

1,400 pair that wasn't located, and it looked like colored spaghetti coming out of the ground, when we were actually-- we were actually trenching some undergrounding at that time.

**BRANDT:** And that was the fault of the locator?

**TREVOR ROTH:** Yes. They missed the locate. They said it was-- they had located on the opposite side of the street or the alley, and there was stuff over there, but they had missed the, the 1,200 and the 1,400 pair on the north side of the alley.

**BRANDT:** So, I believe as part of this board, you have the ability to fine a locator, is that correct?

**TREVOR ROTH:** We do, yes, that is correct. But I think there's more importance of understanding the intent of what was happening during the situation. Was it a malicious-- just, oh, we don't want to do it? Or sometimes it's really hard to locate some older utilities that are in the ground. For example, some jacketed underground that, like, the electric companies have. Sometimes, it gets corroded a little bit and it's hard to locate that, and so all you're doing is putting a signal on there that reads, like, an electromagnetic field, and sometimes it dissipates too quickly in the ground. And so, to get a good locate sometimes is hard. And so, there's definitely an intent of-- were they doing the right thing, or was it just a pure accident?

**BRANDT:** All right. Thank you.

**TREVOR ROTH:** Yep.

**MOSER:** Other questions? So, they had to splice 1,200 pairs?

**TREVOR ROTH:** 1,200 and a 1,400. They worked on it for basically a day-and-a-half, straight through. They had two crews come in, and they worked--

**MOSER:** They were copper lines?

**TREVOR ROTH:** Yes. It was a mess. And--

**MOSER:** That'd be a lot of little Scotch Luck--

**TREVOR ROTH:** Yeah.

**MOSER:** --connections.

**TREVOR ROTH:** Yeah, they, they-- we helped them dig the hole quick, because they didn't have the equipment. So, we dug, dug it all out for them, they brought in the wires. So basically, when you do that, you have two splices, because you can't splice it together. So that's--

**MOSER:** You can't stretch it long-- far enough to make it meet in the middle.

**TREVOR ROTH:** Yeah, the, the wire stretcher, you get it-- or since it just didn't work there.

**MOSER:** Well, you wouldn't want to put stress on the wire. It might break somewhere else.

**TREVOR ROTH:** Yup. So yeah, it was, it was definitely a [INAUDIBLE].

**MOSER:** OK. Any other questions from the committee? All right. Thank you very much. Is there anyone here to speak in support of Mr. Roth? Anybody here to speak in the opposition? Is there anyone here to speak to the neutral? Seeing none. That'll close that part of our hearing for Trevor Roth, and that should bring us to James Saville, or "Saveel." What is the proper pronunciation?

**JAMES SAVILLE:** Saville.

**MOSER:** Saville. OK. Just pretend the "e" is not on the end. Well, welcome.

**JAMES SAVILLE:** Thank you.

**MOSER:** Please introduce yourself.

**JAMES SAVILLE:** Yeah, James Saville. First name is J-a-m-e-s, last name S-a-v-i-l-l-e. And I also, like Brandon, am on the Nebraska 8-1-1 board since August of 2024. My background, I was at Cox Communications for 25 years, started out as a lineman. The last eight-and-a-half years, was the senior manager for construction and planning for Idaho, Nebraska, and Iowa for Cox Communications. And then, now, I've been poached by Google Fiber, so for the last month-and-a-half, I've been with Google Fiber kind of doing the same job. So.

**MOSER:** All right.

**JAMES SAVILLE:** But yeah, put miles and miles and miles of gra-- fiber in the ground up in Idaho, where-- in the mountains. And then, of course, Washington County with Blair, Kennard, Fort Calhoun. I also

participate in a lot of the grants that have been around, from BEAD grants to-- some of the names are escaping me, but both federal and state grants for building out underserved areas. So, been-- done a lot of that work as well.

**MOSER:** OK. Questions from the committee? Senator Guereca?

**GUERECA:** Thank you for, for coming in, for your willingness to serve on, on this board. So, when can we expect Google Fiber in east Omaha? Because we're all-- everyone's just chomping at the bit for it. And it's rumor after rumor.

**JAMES SAVILLE:** Yeah, good question. We do have a, a strategic plan where we build a hut, and then we kind of branch out from there. We are currently-- that's part of one of my duties, is selecting a place for a hut, and then we have to make an agreement with the landowner. So, coming soon. We are looking to have the build done within the next 3 to 5 years, but it's going along a lot faster than what we anticipated. So, that's a good sign. And you know, partnering up with Cox and Metronet and Allo and everybody, just to make sure we get our-- you know, nobody hits each other. But it's coming soon. I can tell you we are selecting a site for the south Omaha hut here pretty quickly.

**GUERECA:** Love to hear it. Thanks for coming in.

**MOSER:** Other questions from committee members? Senator DeBoer.

**DeBOER:** Thank you. So, have-- you oversee a, a variety of folks at any one time. So, from time to time, there are hits that--

**JAMES SAVILLE:** Mmhmm.

**DeBOER:** --I assume you have some oversight over, or in some way.

**JAMES SAVILLE:** Yes, Senator.

**DeBOER:** Do you think that this method of having this board now handle these smaller claims is going to ultimately lead to a safer sort of methodology in general, for--

**JAMES SAVILLE:** Yeah, I do. It gets faces like Brandon and I and some of my peers here-- it gives them a face to go to. You know, right now, a lot of the fines are-- in my opinion-- are not being levied or carried out, and this will give us to-- an opportunity to-- I don't want to say "judge our peers," but that's kind of what we're doing--

at whose fault. So, while there is a monetary fine, the goal is to just keep people safe, right? We don't want to hit a gas line, blow something up, cause a 9-1-1 outage, or something like that. So, that's the whole, the whole point of us even being here. But it is definitely needed. I think once you start hitting people in the pocketbook, that's when results start to happen, in my, my experience. So, hopefully we will see an increased safety in the community.

**DeBOER:** Let us know how it's going on this committee, because this committee, my freshman year, seven years ago, was talking about this issue, and we finally, finally got it in place, and you guys are the fruits of our labor. And we're very excited about seeing if this is going to actually make things safer. So, let us know if it doesn't, and we'll try and work with you.

**JAMES SAVILLE:** Absolutely. Appreciate that.

**DeBOER:** Thank you.

**MOSER:** Any other questions from committee members? Senator Storer.

**STORER:** Thank you, Chairman Moser. Welcome. And yes, I, too, thank you for your willingness to serve. I guess just-- and, and you're the one that I'm going to-- not pick on, but ask to explain just a little bit the-- obviously, very new committee. You've only met, what, 4 or 5 times, probably?

**JAMES SAVILLE:** About twice. I think two to three times is what we-- Senator.

**STORER:** OK. Can you just kind of briefly explain how it's going so far, given that this is-- and not to put you on the spot, but are you hopeful? Is there kinks to work out? Is there things, you know, that you see might, might need to be remedied in terms of the, the intent of this committee? I guess, just anything you can offer to provide a little bit of insight where-- brand new committee. How's it going?

**JAMES SAVILLE:** Yeah, it's going great. We've elected a, a chairman, so that's kind of step one. We're starting to-- we've been told by the Fire Marshal that we'll soon get some, some cases to be-- to go through. I am an alternate on the, on the committee, so I'll be able to, you know-- won't be voting unless someone is absent, but it'll be, it'll be exciting to see some of the different cases, because the Fire Marshal would have already investigated them by the time they come to us, and then we make our judgment from there, so.

**STORER:** So, you haven't had any yet, but--

**JAMES SAVILLE:** No, Senator.

**STORER:** OK.

**JAMES SAVILLE:** But-- we haven't had any yet, but we've been told there's, there's a few in the hopper that will be heading our way shortly.

**STORER:** And it-- I was just kind of reading on the state statute the, the baseline for-- is the intent that the committee will meet monthly? Or is that just--

**JAMES SAVILLE:** Yes, Senator.

**STORER:** OK.

**JAMES SAVILLE:** We do meet monthly.

**STORER:** OK. Thank you.

**JAMES SAVILLE:** You're welcome.

**MOSER:** Any other questions? So, you were working on digging fiber into the ground in Idaho? Is that-- what do you do when you hit a rock?

**JAMES SAVILLE:** You move it.

**MOSER:** You have to dig it up and move it aside? And then--

**JAMES SAVILLE:** Yes, Senator.

**MOSER:** You don't have like a pneumatic rock-buster on the end of it--

**JAMES SAVILLE:** No. Up there, it's a different environment than here in Nebraska. A lot of transplants from other states. So, we have a lot of environmental things to do up there. I'm not super sad that I don't have to work in Idaho anymore.

**MOSER:** You mean the citizens?

**JAMES SAVILLE:** Yes. Yes, everything--

**MOSER:** Or the contractors?

**JAMES SAVILLE:** Contractors were fine. Working with the contractors was great. It's just everybody-- a lot of folks-- because it was Sun Valley, Idaho, so there's a lot of folks of high stature go up there to vacation and ski and all that, so everybody kind of has their hand in politics up there, so. They have the basic-- your basic permit has to go in front of the city council, so it was just highly regulated.

**MOSER:** Is it more difficult to locate in rocky ground, or in the rocks?

**JAMES SAVILLE:** We didn't really have a whole lot of problems. We didn't have a lot of hits. Cox didn't have many hits up there, we didn't hit many folks.

**MOSER:** There's probably not as much stuff in the ground--

**JAMES SAVILLE:** There's not.

**MOSER:** --because there's not that much population.

**JAMES SAVILLE:** There's not. And it's very-- a lot of acreages, a lot of homes on mountains. So, you know, sometimes you have to go a mile to get to somebody's house.

**MOSER:** Thank you. Any other questions? Thank you very much. Appreciate your willingness to serve.

**JAMES SAVILLE:** Thank you.

**MOSER:** Is anyone here to speak in the opposition of Mr. Saville? I'm sorry.

**DeBOER:** First support. First support.

**MOSER:** What's that?

**DeBOER:** Ask for supporters.

**MOSER:** Oh, yes. Thank you. Supporters, first, before we get to the opposition. Anybody here to speak in support of Mr. Saville? I was thinking about rocks. Anybody to speak in the opposition of Mr. Saville? Anybody want to throw rocks at him? Anybody in the neutral? OK. Thank you. That takes us to our next nominee, which I believe is Aaron Krebs. Please come forward. Welcome.

**AARON KREBS:** Thank you. Chairman, Senators, my name is Aaron Krebs, A-a-r-o-n. I would make a joke about my first name, but that's already

probably out there. K-r-e-b-s. I live in Plattsmouth, Nebraska. In the telecommunications business for the last 31 years. In that time, 23 of those were in engineering, construction, and maintenance. We did everything from plain old telephone service all the way through fiber optic lines, the large lines you were talking about earlier, the 1,200 and the 1,500, and the 2,300 pair. And then, I was also part of a video deployment in Phoenix and here in Omaha, Nebraska and in Minneapolis, Minnesota, so. I'm really looking forward to getting on this committee. As my peers were mentioning it, we-- we've, we've been out and we've seen a lot of stuff out in the field, and all the contractors. There's a myriad of people that, that dig in the ground, and we just want to make sure it's safe. When you don't see it safe, you want to make sure it's corrected so everybody goes home at night. But if they continue to do that, that's what we're here for, more and more the enforcement side, so. Thank you.

**MOSER:** OK. Questions? Senator DeBoer.

**DeBOER:** Thank you. So, when you are looking at these cases that are going to be before you-- cases, we'll call them-- do you, do you feel that it's more likely that it's going to be the excavators fault? More likely it's going to be the locator's fault? Do you think that you're going to see a pattern?

**AARON KREBS:** I'd have to say yes.

**DeBOER:** OK.

**AARON KREBS:** The reason be-- we haven't seen these cases come through yet, but I would, I would imagine the first few-- and I-- we didn't really-- they didn't tell us which way it was going to be. It was going to be excavator or the locator. But there are times that locating-- you have a loc-- the locator's key, right? That's the, that's the main one. But I think we might see a fair mix of it. If I was to guess, it would say the, the excavators not calling in for locates is probably going to be one of our first few that come through. And I think after the fire-- State Fire Marshal would look at that, and tell us if it's a-- it's been a hibat-- a habitual thing, then that's when will be there for the enforcement.

**DeBOER:** And do you feel that you're going to be able to-- because you'll probably get a wide variety of cases, do you think you're going to be able to look at them all and sort of take each one on a case-by-case basis? Even though you might see more of, you know, it

being the excavator's fault, or more of being the-- whatever. Are you going to be able to take them case-by-case, do you think?

**AARON KREBS:** Oh, absolutely. And, and remember, the, the whole idea-- there is an enforcement piece of the committee, but really, it's about really training; that's a-- there's a training component to it. Hopefully, the training will be able to be supplied so we don't have other issues.

**DeBOER:** OK. Thank you.

**MOSER:** Thank you. Other questions? Senator Brandt.

**BRANDT:** Thank you. Chairman Moser. Video deployment. You mean cable TV?

**AARON KREBS:** Yes. I-- internet protocol TV, IPTV. Yes.

**BRANDT:** OK. So, I see you're from Plattsmouth. A lot of the work you do is up in the urban area up there?

**AARON KREBS:** Yeah, I loved making that drive every day, going to Omaha. But we, we build-- the commun-- the company I worked with as an excavator, Telcom communication-- or, Telcom Construction, we're based out of Omaha, but our home office is out of Clearwater, Minnesota. We do work all over the Midwest.

**BRANDT:** So, just speaking as a rural senator, how crowded is the ground getting up there in those urban areas?

**AARON KREBS:** I know that you could go into the rear easements of the-- of any of the lots in-- that have been there for a while. And I know my peers could also vouch for this, that it is congested with old facilities that have been hit a number of times but not repaired, a lot of-- if they put-- tried to put conduit in the ground, but then that conduit gets hit by another excavator. And it's kind of a vicious cycle. So, I would say that it's very full, the-- those [INAUDIBLE] are.

**BRANDT:** So, I mean, is the solution going to be go deep, or go high?

**AARON KREBS:** The solution is to make sure they follow the locates.

**BRANDT:** OK.

**AARON KREBS:** That's the solution. And I think when it's so congested, you have-- and the locating is, is a kind of a science, but it's also more of an art, because when you have so many lines in the ground in such a short proximity, sometimes your locate, your locate can go off, that tone can go off of that, if it's right on top of another one. It, it just-- it's, it's, it's very congested, but it's doable. Just got to make sure we have-- we're good training, and the locators have, have, have good experience.

**BRANDT:** All right. Thank you.

**AARON KREBS:** You're welcome.

**MOSER:** Senator Storer.

**STORER:** Thank you, Chairman Moser. I think you answered my question, but I was just looking at your recent employment, and your previous employer was from-- located out of Minnesota, but you were still-- you were living in Nebraska?

**AARON KREBS:** Yes.

**STORER:** So you've been-- OK.

**AARON KREBS:** Clearfield, are you talking about, Senator?

**STORER:** Yeah.

**AARON KREBS:** OK.

**STORER:** Yep.

**AARON KREBS:** Clearfield is not a-- it was-- it's a, it's a equipment manufacturer,--

**STORER:** OK.

**AARON KREBS:** --and I was an application engineer that would-- when a customer would have a problem with one of our cabinets-- you see a lot of them down here, you'll see the Clearfield symbol on it-- how we go out there and do some shoot testing, and that kind of thing, so.

**STORER:** OK. Yeah. That answer-- I was just curious how long you'd been actually here in Nebraska, and if that would create any challenges for you, just making a transition to--

**AARON KREBS:** I've been in Nebraska almost all my life, except for the four years that I was up in Minnesota, which I was happy to leave.

**STORER:** Thank you.

**AARON KREBS:** Thank you.

**MOSER:** Other questions? How do you tell when you hit something if the line is in use? Whether it's an abandoned line, or--

**AARON KREBS:** Usually, they'll-- I'm sorry to interrupt you, Senator. Usually, the, the, the resident will come out and start screaming at you because you cut their phone line, or cut their cable TV line. That's the first indication. Second indication would be more of like-- if it's just-- if it's a-- it depends on what it is. Obviously, if it's water, water'll come out; gas hopefully, you know, gas will come-- you know.

**MOSER:** I was thinking more along the lines of copper phone lines and stuff that you may or may not use anymore. I mean, do they have to locate everything that's here, whether it's used or not?

**AARON KREBS:** Well, so they, they-- when the locates go off, everybody-- all the, all the utilities in that area get notified that there's-- there is-- there's digging and excavating going to happen, and they, they will need to go out there and locate their lines, yes. But the, the active lines-- like I said, which you referred to earlier, about all how congested it is back there, that's really on the-- that's on the provider to make sure that their lines are ID'd and identified. I mean, the re-- the biggest thing that to make-- answer more-- your question more specifically is that if-- it's amazing how fast someone will come out if the fiber gets cut, because you have your whole house set up on, on, on, on fiber optic TV maybe, or fiber optic high-speed internet. But you might go days without knowing that your, your plain old telephone service has actually been hit, if it was on a copper line.

**MOSER:** OK. So, if the locator-- you're supposed to be within 18 inches, right?--

**AARON KREBS:** Correct.

**MOSER:** --of the line with your locate. So, the locator comes out, marks it, and then the contractor hits it, the line, whatever it is. And it wasn't-- let's just say it wasn't marked correctly. It was

maybe three feet over or something, instead of the 18 inches. Is it 18 inches on either side of the line?

**AARON KREBS:** Yes, sir.

**MOSER:** So it really is three feet. OK. Well, anyway, let's say it was-- wasn't marked correctly, and they hired a third-party locator. Who is found responsible, then? Do you-- will this committee go after the locator, or do you go after the guys that hired him, the company?

**AARON KREBS:** That's going to be all filtered through the Fire Marshal's office. And we haven't had one come across to us yet, so I, I wouldn't be able to accurately answer that. But I would, I would-- could only surmise a guess that, that every-- that when, when they go through-- the way I understand it from the Fire Marshal, is they're going to do their due diligence first, and their investigation. So, the-- if the locate was wrong, then we would have to have the excavator's information from their, from their investigation, and also the picture-- it's a-- picture's worth a thousand words, you know? It really is. A lot of the locating-- a lot of the excavators will have hit kits that were actually-- they could show the-- where the facility was marked, and where the hit was, and then they have a tape measure laying on the ground. So the more information the excavator can provide, that'll help them. And on-- same side, on the, on the utility-- the locator side, the more pictures and the more accurate picture they have, that will help us, too.

**MOSER:** OK. Other questions from committee members? Thank you very much for your--

**AARON KREBS:** My pleasure.

**MOSER:** --willingness to serve and for appearing here today.

**AARON KREBS:** Thank you.

**MOSER:** OK. Is there anyone here to speak in support of Mr. Krebs? Is anyone here to speak in opposition? Anyone here to speak in the neutral? OK, that'll close that part of our hearing for Mr. Krebs. We have a couple senators who have joined us. Do you want to introduce yourself?

**FREDRICKSON:** Sure. John Fredrickson, District 20, which is in central west Omaha.

**BALLARD:** Beau Ballard, District 21 in northwest Lincoln, northern Lancaster County.

**MOSER:** All right. So, that takes us to LB561.

**BRANDT:** No--

**MOSER:** The gubernatorial nominees, if you want, you can stick around and enjoy our hearing, or if you have other lives to lead, you're sure welcome to leave.

**BALLARD:** I think Tanya was first.

**MOSER:** What's that?

**BALLARD:** I think Tanya was first, LB667.

**GUS SHOEMAKER:** You have LB667--

**MOSER:** Oh, I'm sorry. OK, Yes. Senator Storer. Welcome.

**STORER:** Hello. Good afternoon. A good afternoon to be indoors. Good afternoon, Chairman Moser, and members of the Transportation and Telecommunications Committee. My name is Senator Tanya Storer, T-a-n-y-a S-t-o-r-e-r. I represent Nebraska Legislative District 43. I am here today to introduce LB667, which I am working with the-- working with the Nebraska New Car and Truck Dealers Association on. This bill addresses changes in the automotive industry specifically related to warranty compensation for franchise dealers. So, just a little bit of background for you on franchise laws. Every state has franchise laws to regulate dealer/manufacturer relationships due to the imbalance of bargaining power. Dealers cannot collectively bargain due to antitrust laws, and have minimal ability to negotiate franchise agreements. In addition, franchise laws protect dealerships, ensuring access to local vehicle sales and service, especially in rural states like Nebraska. Regarding our warranty and repair compensation, manufacturers establish vehicle warranties, and dealers perform repairs under those warranties. Originally, Nebraska law required manufacturers to pay dealers the same rates charged to fleet or retail customers, but over time, disputes arose regarding how dealers prove their labor rates and parts markups. A past legislative solution allowed dealers to submit 100 consecutive repair orders in order to establish what those local rates were. Since then, manufacturers have attempted to manipulate reimbursement by shifting costs to dealers and consumers. So, that brings us to the, the-- a little background and the need, really, for what we're trying to do here in LB667. So,

appealing-- what LB667 in part does is appeal the time allowance for warranty repairs. Some repairs, as you know, might take longer than the manufacturer alone-- allows. So, this section creates a process for dealerships to appeal those time allowances. Based on California law, this provision has been effective in addressing similar issues. Page 3, line 3 of the bill eliminates "reasonable" from rate standards. Manufacturers have misinterpreted "reasonable" to mean "average," reducing dealer compensation. The bill removes the word reasonable to ensure that rates are based on actual repair orders and not manipulated averages. Thirdly, we're trying to clarify major part repairs and parts used in rate calculations. So, this excludes non-warranty services and ordinary maintenance parts from dealer rate calculations. It will ensure that the intent of the law is preserved and focused on skilled technician repairs and significant warranty work, and it, it also removes tires from calculations, as they have little markup due to market competition. So, the-- having included that in the past will bring that average down. Lastly, preventing manufacturer cost savings tactics on defective parts, page 4, lines 16 through 28 in the bill. Some manufacturers reduce the price of defective parts or ship them "free" to avoid paying full reimbursement. Instead of following standard warranty repair pricing, they will impose set installation fees, which violates current law. The bill restores proper reimbursement practices [INAUDIBLE], and trying to ensure fair compensation for our local dealers. There will be some folks come up behind me that'll-- can certainly answer more technical questions, but at the end of the day, we're just trying to help our dealers here in the state of Nebraska get fairly compensated for the warranty work. I think you'll probably hear some testimony that further explains what has eroded over time. And, you know, the-- oftentimes, those dealers are doing the work and not, not getting fully compensated; that means that that has to be made up through some of their other service fees, which, which puts them at, often, a unfair advantage to just, just small repair shops that are not necessarily doing the warranty work. So, I'm happy to answer any questions for you that I can, but like I said, there will be some folks coming up after me that can answer questions as well.

**MOSER:** Questions from committee members? Senator Brandt.

**BRANDT:** Thank you, Chairman Moser. Thank you, Senator Storer, for bringing this bill. Just a little point of clarification. In your opening, you said it violates current law. Wouldn't current law, if we enforce that, take care of the problem?

**STORER:** Yeah, I think you'll hear the-- that a lot of the argument is how that-- how "reasonable" is defined.

**BRANDT:** OK.

**STORER:** And, and that really is the focus of-- a large focus of this bill. And so, it has been agreed upon that removing that is, is what's acceptable. I do want to let you know that we do have some amendments that are coming to you. We did not get them back from Bill Drafters, so there, there have been some negotiations made on the bill that you have in front of you, and I will get that to the committee as soon as we have that back down from Bill Drafters. But, but we have-- parties have come together and found some middle ground on this. So, I'm very encouraged by that.

**BRANDT:** All right. Thank you.

**MOSER:** Other questions from committee members? Seeing none, thank you. Are there supporters for LB667? Welcome.

**LOY TODD:** Thank you. Senator Moser, members of the committee. My name is Loy Todd, that's L-o-y T-o-d-d. I'm the legal counsel and president of the Nebraska New Car and Truck Dealers Association. I represent the 155 new car and truck dealers of our association. We have a 100% membership penetration. We have about 7,000 employees in this state, and, and we do all of the warranty work that we're talking about here. This bill had an interesting start. All around the country, people are addressing these kinds of issues because of some, some concerns about inadequate compensation to the dealers regarding warranty work. And so, I started off this whole process by contacting the Alliance of Motor Vehicle Manufacturers saying, what can you live with? We've got this problem. What works? What's working someplace else where it's not too controversial? We don't want to get into litigation, we don't want to get into big problems; we simply wanted to, to try and fix the problem that's going on. They basically came back with the-- one of the basic parts of this law, which is the part about where the, the dealer can appeal to the manufacturer, asking for an adjustment on time rates. They tell me it's working in California. We're willing to give it a try. The, the second part that the Senator mentioned is tires being part of the computation. You know, when you throw a zero into any kind of calculation, it's-- it really distorts the whole picture. And, and virtually all parts of this bill that we're seeing here are just addressing those kinds of things, and it has been a very cooperative effort between us and the manufacturers. There's one big rub that shows up in here, and that is on the term reasonable. It's

kind of a throwaway. I've been doing this for 35 years for these people, and it really never came to anybody's attention. But in recent years, a few of the manufacturers have decided that reasonable means average. And so, what they're doing is when a-- when my dealer submits his hundred repair orders and says, here's what-- here's my labor rate, here's what we charge all of our customers in, in our community, and here's our parts markup-- which is again, a computation with the 100-- the manufacturer comes back and says, well, that's unreasonable, and the reason it's unreasonable is because we've surveyed the, the state of Nebraska, we surveyed the community where you are, and the average in your community is this much. Well, I could tell you that any time that, that, that you're seeking an average as a solution, you're never going to get an increase. Half the, half the people are going to be below average, the other half are going to be above average. But if, if, if-- it is always average. Well, as it turns out, we thought we had an agreement with the alliance of manufacturers, and until yesterday we did. Unfortunately, Ford broke ranks from that, even though they were part of the original agreement that, that I made. And now they're going to contest that, as you'll see later. But at this point-- the whole, the whole point of Nebraska law for, for, for many, many years is simply this: that you charge the factory the same as you charge a, a non-factory customer. So if, if you go in and you don't have a warranty, and you pay $500 for some-- let's say, replace the water pump or whatever, that's what the-- that's what the manufacturer ought to be charged also. We're just trying to go back to that. That's what this bill does.

**MOSER:** OK. Questions from committee members? Yes, Senator Ballard.

**BALLARD:** Thank you, Chair. Thank you for being here. How do you-- how do dealers and manufacturers remedy to the situa-- this situation? Do they put the part on and hope get-- they get reimbursed at a higher level, or?

**LOY TODD:** No. I mean, this-- it starts with the manufacturer creating a schedule, labor rates and parts, and basically informing each dealership this is how much we pay for various tax-- tasks, and for the labor. OK? And, and it had worked for, for quite a while. But there's always the attempt to shift cost to somebody else. And so, through the years, we've adjusted that. That's where we came up with the 100 consecutive repair orders. It was a solid proof as "this is what we charge in our community. That's what we charge any customer that walks in the door. You should pay the same thing." Well, what the manufacturer does then, is they-- they've tried to-- and some-- to some success, saying no, you're above average; we're not our schedule

is not going to compensate you that much. What this fix does is it, it basically says we're going back to the 100 consecutive repair orders. We are not going to allow this averaging to take place. And, and so that's the fix, and it's, it's-- appears to me it's going to lurk-- work very well. If you look at the alliance of manufacturers, who, who basically are going to testify neutral on this-- this is my understanding-- you're talking about the bulk of every manufacturer you can think of as being a member of that whole process. And the alliance-- well, BMW, Ford, General Motors, Honda, Hyundai, Isuzu, Mazda, Mercedes Benz, Mitsubishi, Nissan, Porsche, Stellantis-- which is basically Chrysler and the derivatives there-- Subaru, Toyota, Volkswagen, and Volvo are all in agreement with this solution. Except, then-- and Ford was on the phone call where-- in the Zoom call where we negotiated this. This was their amendment. And I passed it out to the committee; the Bill Drafter didn't get it in time. But this is the-- this-- the basis of this law is what the alliance gave me, and then this amendment is what the alliance gave me. And, and we, we had come to a deal, and then-- I thought we were going to come in here and have a big group hug. But now, Ford doesn't want to be part of the hug, but-- so I think this is a real workable solution. I'm, I'm very pleased with the, the, the potential solution that this committee can help us solve.

**MOSER:** OK. Other questions from this committee? The 100 consecutive work orders--

**LOY TODD:** Yes.

**MOSER:** --go-- so, can the dealer pick what 100 consecutive orders they give?

**LOY TODD:** They have to be consecutive, and the reason for that is to protect the manufacturer from us cherry-picking among the, the work orders.

**MOSER:** They take the more profitable ones and put them in the mix, and the lesser profitable ones they leave out?

**LOY TODD:** That's correct, Senator. So, that, that-- they could do that. But that isn't what the, the-- this bill says. It's consec-- and that's what the law-- current law is. Consecutive. So that we can't be cherry-picked. And they--

**MOSER:** So, do they take the 100 examples and use each one of those for certain categories of repairs? Or do they add them all up and divide by 100? And-- how does that work?

**LOY TODD:** You're talking to the lawyer now, OK? So-- and I've got some, some real dealers behind me he'll-- who can clarify that. But we sort of divide the world into two, two sections: one is for, for the parts and what the standard markup for parts is, and the other part is the labor and what the, what the task actually requires. And interestingly enough, they have a task-- they go-- the factory sits down and has a technician sit down at a workbench doing that task, and says-- and then sees how long it takes, and they say, this is, this is how much time we'll allow you for doing this task. Now, part of the problem is--

**MOSER:** You don't negotiate an hourly rate for labor?

**LOY TODD:** No, it's-- the dealer posts-- well, we're assuming they post it, but the dealer has labor rate that that dealership charges, and--

**MOSER:** And the manufacturer has to pay that?

**LOY TODD:** Yes. The same as--

**MOSER:** So, the argument is how fast, whether you're able to build it faster than the Chilton manual says you should, or, or slower?

**LOY TODD:** That, that's one of-- that's part of the whole process. And what the basic part of this bill starts with is that if it consistently turns out that it's taking your technicians longer to do this than the manual provides, you can appeal that to the manufacturer and say-- and prove to them that this is, this is a bigger task than--

**MOSER:** Just on one repair, though?

**LOY TODD:** No, it 's-- it'll be based upon a, a consistent pattern--

**MOSER:** Then you wouldn't appeal each repair,--

**LOY TODD:** No.

**MOSER:** --you appeal the whole thing, and--

**LOY TODD:** Yes. The--

**MOSER:** It's too much work to do them individually.

**LOY TODD:** Exactly. Nobody, nobody would have the time or-- but if it's consistent, that's what it tries to address.

**MOSER:** OK. Questions from committee members? Senator Brandt.

**BRANDT:** Thank you, Chairman Moser. Real quick, is there a difference between manufacturers, or do they all act the same way?

**LOY TODD:** There's quite a difference. There's some of these manufacturers my dealers never have a problem with; some of them are consistently trying to aggressively pass on different costs and ship to the consumer. Which is part of the difficulty with the-- in the situation where it's a manufacturer who's doing that, the dealer has no choice but then to increase the price to the non-warranty customer to offset the shortage from the warranty. And so, we're trying to address that in this, in this compromise.

**BRANDT:** All right. Thank you.

**MOSER:** Other questions from the committee? Seeing none. Thank you.

**LOY TODD:** Thank you.

**MOSER:** Are there more supporters for LB667?

**ROB RAMSEY:** Good afternoon. My name is Rob Ramsey. First name, R-o-b; last name, R-a-m-s-e-y. Thank you for having me here this afternoon to speak about this. As was spoken before, we would like to get tires and-- should not be included in establishing the average percentage markup for parts. The reasons behind that is the new motor vehicle manufacturer actually does not warrant tires; the manufacturer of the tire does. So, for an example, Chevrolet does not warrant the tire on the vehicle. If it's a Michelin tire, Michelin Tyler-- Michelin Tire would reimburse the dealer for a warranty defect on the tire. They're-- but they still put that in the cal-- some of the manufacturers put that in their calculation and hold that against us. The second part is, obviously, tires are a very competitive item out there, not just in the dealership world, but also non-dealers. They hold us to a standard to retain customers, right? Customer retention is very large in our world at the dealerships. So, we have to lower our margins on those tires in order to be competitive and retain that customer to us as opposed to them going somewhere else. So, they can't hold the margin against us when we're trying to retain the customer, and also the fact that they don't warrant the tires, as well. On the second point of it, the word "reasonable" in there, we feel should be removed. It's been abused by the new motor vehicle manufacturer by

defining it as average of other manufacturers' warranty rates, not the other manufacturers retail rates that the consumers are paying. This level of service, you know, that we have in all of our dealerships-- we have to raise our prices to the consumer if we're not getting that same reimbursement rate from the manufacturer on the labor side or part side. So, in order for us to serve our communities and our customers, and be competitive and, and keep that retention, and be best-in-class, we ask them to not abuse that word reasonable and pay us the amount that we're getting from our consumers for our parts margins and our labor rates.

**MOSER:** OK. Questions from committee members? Seeing none. Thank you very much for your testimony.

**ROB RAMSEY:** Thank you.

**MOSER:** Are there more supporters for LB667? Welcome.

**THOMAS McCASLIN:** Thank you, Senator Moser, and committee members. Thomas McCaslin, T-h-o-m-a-s M-c-C-a-s-l-i-n. I'm from Broken Bow Gateway Motors on a dealer principal going on 20 years, believe it or not. And I-- I'm here to talk about the, the difference between a franchise dealer and an independent when we come to repair work. And the word "reasonable," which is in here-- my technicians are required-- and me as a dealer is required for training-- to provide special tools and to provide a facility which the manufacturer also pretty much mandates what we have and don't have. So, their definition of reasonable compared to an independent is completely different, because the independent is not expected to go through all of the processes that we do as a dealer to maintain our franchise agreement. Such as said before, warranty-- when we talk about tires, when the manufacturer doesn't even-- my dealership is Chevrolet, Chrysler, Dodge, Jeep, Ram. They do not manu-- they do not warranty the tire, so why would that be part of the equation? So, in this process, for me to find my labor rate, I hired a third party to come in and sort through the ROs, which we'd already discussed earlier, so that they did that; that way, it was not coming from me, so they were going to say, well, Thomas, you cherry-picked this and this and this to get-- pardon me-- your labor rate higher. So, removing the word reasonable and taking out some of the other items, such as what we call as are same-day repairs: your oil changes, your wipers, your filters, your, you know, and your tires, actually. You know, get that out of there so that when you figure up what a fair, reasonable labor rate for me is, then you can equate that that way.

**MOSER:** OK. Questions from the committee? Thank you very much for coming to testify. Supporters for LB667. Any more supporters? Are there any opponents to LB667? Welcome.

**THOMAS LAWSON:** Good afternoon. Good afternoon, Chair, and committee members. My name is Thomas Lawson, T-h-o-m-a-s L-a-w-s-o-n, and I am a regional director for Ford Motor Company in the state government affairs team, and we're here in opposition to the bill, LB667, and-- yeah, I think we're in opposition for two reasons, and, and I'll get into that. Mainly, it's the issue over this "reasonable" definition and the removal of it. You know, we believe that by removing this guardrail, striking this term, it creates some inconsistencies in just the state franchise law that we already have, because it is already in several areas. And so, that inconsistency can create unintended consequences for both parties, and we believe that not having the ability to evaluate warranty rates basically invites unreasonable behavior. And we just look at it as a guardrail. I think that there has been a lot of conversation about, you know, I guess, practices and, and, and whatnot, and I think that we, we do believe that there needs to be some, some type of, of negotiation and conversation about it. I think just removing it outright doesn't really solve the issue. And so, that's why we're opposed. Now, our, our main opposition is because of, of that piece in it being removed. But in front of you, you have kind of the-- a plan B, if you will; if you're going to remove the word "reasonable," which we are opposed to, then what you have in front of you is some guardrails that allows both the manufacture and the dealer to be able to have some, some ability to check the other. And the alliance sent forth a, a-- an amendment, and we believe that was more general in terms, but because we do this every day as a manufacturer, we felt like this language was a little bit more tightened. And the last two sentences are bolded, are actually Ford's addition to the agreed-upon language. The two words in blue is a change from the, the dealers. So, you take that whole thing, and we been-- we think that that is a, a great compromise between what we have now and what, what's on the table. So, I appreciate your time. You know, I-- I'll be around to answer any questions and to, to have some dialogue and to go back and forth with, maybe.

**MOSER:** OK. Questions from committee members? Senator DeBoer.

**DeBOER:** Thank you, Senator Moser. Thanks for being here. So, am I understanding-- so, you said first that if you take "reasonable" out of this particular spot, that it's in other places, and that will lead to inconsistency. Could we take it out of all the spots then, in order to-- would that alleviate your concern about inconsistency?

**THOMAS LAWSON:** I mean, it would alleviate that concern, but I think that would create other additional problems. I think the, the reason why it's in there-- and, and most of the franchise laws have this in there for specific reasons. So, I don't, I don't, I don't-- I wouldn't advocate for removing it all. I think if you want to redefine and, and make sure that it's clear, I think that's a conversation we can have.

**DeBOER:** So, my understanding is they want to take these sort of 100 instances and look at what the cost is there. Wouldn't that be a way to get at what a reasonable cost would be?

**THOMAS LAWSON:** I think so, and, and this-- what you have in front of you codifies that.

**DeBOER:** Obviously, I haven't had the chance--

**THOMAS LAWSON:** Of course.

**DeBOER:** --to fully read it during the two minutes that I've--

**THOMAS LAWSON:** Yes.

**DeBOER:** --been trying to listen to your testimony and gotten it. But what is it that you think is not "guardrailed" enough about doing the 100 instances? 100 is a-- that's kind of a big number.

**THOMAS LAWSON:** Yeah.

**DeBOER:** So, that seems to me like that would be a pretty good way of seeing what really is happening.

**THOMAS LAWSON:** Yeah, well, so, I, I think-- what's in front of you-- and, and I, I appreciate that you haven't had a chance to read it. And it-- you know, it's a draft mock-up, but the language that we have in there kind of tightens that audit piece of it and puts some more guardrails there. So, if you're going to remove the "reasonable" as guardrail, they put some more guardrails on the audit piece, which is that 100 RO. We're not saying don't do the 100 ROs; we're saying that's part of it, but there also needs to be a little bit more language in there, and that's why we added those two sentences.

**DeBOER:** OK. So, what's the little bit more? Can you take me through that?

**THOMAS LAWSON:** The last two sentences in bold, on, on that page there.

**DeBOER:** If a dealer fails to provide the additional repair orders, all time periods under this section for the manufacturer or distributors' response shall be suspended until the additional repair orders are provided. Nothing in Section 60-1438 prevent-- prohibits a dealer and manufacturer or distributor from reaching an agreement on a mutually acceptable re-- retail labor rate or average percentage markup rate. So, the second-- so, the second line of that, I understand. If they want to negotiate outside of the statutory, they can come up with that. That's-- I, I can see the rationale behind that. Explain the first one to me. I'm not sure I even under-- follow it.

**THOMAS LAWSON:** So, it's just basically you can't run out the clock. There-- if you-- in the previous section-- again, I know you haven't had a chance to read it-- there's times in there, so. That, you know, 90 days, and we have to respond in 30 days. So, by not being able to provide the information so that we can then do our thing, it, it doesn't allow them to run the clock out. Does that make sense?

**DeBOER:** So, you have a shot clock for what? For getting the repair done, or for--

**THOMAS LAWSON:** Our response to what they provide.

**DeBOER:** OK.

**THOMAS LAWSON:** And then we're-- if we don't do that, then we're in violation. Then, that opens up a whole new different avenue of, of situations and actions.

**DeBOER:** Have you had a lot of problems with dealers, and have you done a lot of negotiation over what a reasonable price is, and all of those things? Do you know that?

**THOMAS LAWSON:** I don't know that. I-- I'd have to get with our warranty folks to answer that question. And, and those would be Ford-specific questions, right? I think the other issue is that this is a statute that applies to all manufacturers, so I'd imagine each one has their own different experiences.

**DeBOER:** Sure. I get that. I just-- I'm wondering why we're-- why we're all here today. What's a-- and why you're objecting, and, you know, if there hasn't been a, a big problem for you, do you anticipate a big problem If we, if we do the legislative changes as written in the, in the bill as introduced? Do you think there will be suddenly a, an onslaught of problems with your warranty dealers?

**THOMAS LAWSON:** I think we could see an increase in costs. I think that's what we're concerned about.

**DeBOER:** OK.

**THOMAS LAWSON:** The "reasonable" is a guardrail, so when you remove that, I think it, it allows for those kinds of unintended consequences. That's what we're trying to avoid.

**DeBOER:** So, the one thing I would say, though, is if they are-- if they're-- if we're seeing a demonstration of 100 instances in which they charge that price, I mean, that's prima facie reasonable, in my opinion. Right? That's 100 instances you-- I don't know how you would get any more reasonable that; if that's what people are paying, the market is sort of determining that. And if we substitute some discretionary function with the word "reasonable" in, suddenly now we have some other group other than the market deciding what's reasonable, and that's, that's where I'm getting stuck.

**THOMAS LAWSON:** I-- yes, and I, I, I-- what I would say on, on-- in addition to that is by just removing it altogether is also an overcorrection, right? So, having something in the middle we think makes a lot of sense. And that's why we tried to at least come to the, to the middle ground there, with, with that.

**DeBOER:** OK. I'll look at it.

**THOMAS LAWSON:** Because the first part of that is what was already agreed to between the alliance and the dealers. So, we're adding that-- those last two sentences on top of that to kind of tie that up.

**DeBOER:** OK. I'll look at it. Thank you.

**THOMAS LAWSON:** You're welcome.

**MOSER:** Senator Guereca.

**GUERECA:** So just again we-- this is the first we're seeing of the amendment, or the, the, the compromise between the manufacturers and, and the dealers. So-- well, I guess from your end, you know, you said you-- this little tidying up is to prevent them from running out the clock. What does that-- what happens once-- when, let's say, the, the dealer runs out the clock?

**THOMAS LAWSON:** Well, if, if they run out the clock and we don't do our part, then we're in violation, and that opens up a whole bunch of

other, additional actions. So, we're saying if we're going to do this and we don't get the information provided, then the, the clock stops until we get that information. So, it, it, it just gives us that protection.

**GUERECA:** So, they could run out the clock, and then you guys get "digged" for it?

**THOMAS LAWSON:** Say that one more time?

**GUERECA:** If, if, if they run out the clock, you, you all get "digged?"

**THOMAS LAWSON:** Correct.

**GUERECA:** OK.

**THOMAS LAWSON:** Because there's requirements for us to respond.

**GUERECA:** Sure. Right.

**MOSER:** Other questions? Senator Brandt.

**BRANDT:** Thank you, Chairman Moser. Thank you, Mr. Lawson, for, for coming to snowy Nebraska today.

**THOMAS LAWSON:** You're welcome.

**BRANDT:** I-- you know, I'm not an attorney, and I guess I--

**THOMAS LAWSON:** Neither am I.

**BRANDT:** --sit back-- I sit back and look at this. So, what we're talking about here is warranty work, is that correct?

**THOMAS LAWSON:** Yes.

**BRANDT:** And so, warranty work is kind of a failure of the manufacturers part. We all have airbags or water pumps or any number of things that, that have failed that the manufacturer represents, whether, whether they built that part or not. So, I look at my hardworking dealers out there in my small towns, and basically, they do two kinds of work: warranty work, and the rest of us. OK? And so, let's say I've got a, a Ford Bronco. I just love this little thing. Bronco Sport.

**THOMAS LAWSON:** Great.

**BRANDT:** And it's out of warranty, and it needs a water pump. I go into my dealer, and he maybe does 100 of these things in a-- in, in a month or a year. But then, there's going to be other Broncos that they put water pumps in under warranty. Doesn't it seem reasonable that the vast majority of these repairs are done outside, and they have a history of what it takes to put water pumps in these vehicles? And now, along comes your company and says, no, that's not reasonable, it should be way down here, because if, if you can get blood out of this turnip, you're, you're paying a lower cost for your repair than the other people are. Am, am I seeing this wrong?

**THOMAS LAWSON:** So, I think-- it may be a little bit outside my scope, but let me just try to answer that this way. That the spirit of the word reasonable was to provide equity and, I think, protection for the dealers in this sense, where, if you have-- in a region, let's just say, say Omaha, and you have 100 dealers and they're all charging $200 for some work, but then you've got another dealer that's charging $400 for the work, and they submit that document, you know, for reimbursement. Well, the $400 is unreasonable, and you're supposed to go to what the other dealers in that region already do. When you remove that guardrail, then everyone is all over the place. So, it-- it's, it's supposed to create a level playing field, and it actually protects the manufacturer and the dealer by having that language in there. Now, I can't speak to what other manufacturers are doing, or what Mr. Todd talked about. You know, the different situations that arise because of, of, of this bill. But by removing it, it's kind of a shotgun approach to whatever the problem is. And so, that's why, that's why we have strong opposition to that.

**BRANDT:** But is it fair to take a dealer in Broken Bow, Nebraska--

**THOMAS LAWSON:** Mm-hmm.

**BRANDT:** --and compare him against all the dealers in Omaha?

**THOMAS LAWSON:** Well, it'd be-- the example was by region. So, wherever the region is, that's-- those are the dealers that, that would be involved in that.

**BRANDT:** I guess, how big is a region?

**THOMAS LAWSON:** That, I don't know.

**BRANDT:** All right.

**THOMAS LAWSON:** That, I don't know.

**BRANDT:** All right. Thank you.

**THOMAS LAWSON:** You're welcome.

**MOSER:** Senator Ballard.

**BALLARD:** Thank you, Chair. Thank you for being here.

**THOMAS LAWSON:** Sure.

**BALLARD:** Thank you for your-- the proponents of this bill said there were-- dealers were taking an average. Does Ford have a formula that they, they come up with for a retail labor-- or, labor rate or markup rate that they use-- back to Senator Brandt's question, I'm just kind of concerned about this patchwork across state-to-state, region-to-region.

**THOMAS LAWSON:** Sure.

**BALLARD:** So, is there a formula that's kind of-- this is our mutually agreed-upon, acceptable-- because I know it's, it's common business practice that rates are going to vary,--

**THOMAS LAWSON:** Right.

**BALLARD:** --but is there-- like, what, what would Ford be considered a reasonable, mutually acceptable rate?

**THOMAS LAWSON:** Well, we-- we'd probably have to talk about that online, because we're not-- I can't put our rates out in public, because we-- you know, it's a competitive issue. But it, it does vary, right? And so, it's hard to say that this is the, the universal formula that would apply to all. But I can follow up with you on that.

**BALLARD:** Great. Thank you.

**MOSER:** Senator Guereca.

**GUERECA:** If this committee would add the additional wording here, does that take away your opposition--

**THOMAS LAWSON:** Yes.

**GUERECA:** --to this bill?

**MOSER:** So, I guess I have a question--

**THOMAS LAWSON:** Sure.

**MOSER:** --if you could help me with.

**THOMAS LAWSON:** I'll do my best.

**MOSER:** If the dealer provides 100 examples of what he charges, but-- that should be the average. If you average those, that should be his average markup and his average labor. Right? So-- but you're saying the manufacturer can go and ask other dealers of other products what they charge, and then use that to average against what the-- your dealer is trying to charge?

**THOMAS LAWSON:** No, I think that's what their complaint was, that the average was being taken, and that's why they want to remove the word "reasonable." We're, we're not doing the average. It's not because of us taking the average between the two dealers. Now, they're saying some manufacturers may be doing that, but that's the complaint, that, that "reasonable" is equal to "average," and that it shouldn't be. Now, because I-- I'm not involved in the ones that are doing that type of issue, I don't really know the, the methodology behind that. But we're, we're saying is, if you have that issue, by removing the whole word doesn't really solve all of the issues; it creates more, potentially, because it's, it's a very large approach to a very small issue. Not small, but a very unique issue, if that makes sense.

**MOSER:** The, the gist of the story is the manufacturers want to pay as little as they can for repairs, and the dealers are trying to charge as much as they can so they can cover their costs, and there's a disagreement on what the manufacturer wants to pay and what the dealer wants to get paid, so.

**THOMAS LAWSON:** Yes, the, the-- there could be the-- there could be that, and there are different things in this law that trigger how we negotiate that. So, we want to make sure that that's still in there. That's why those last two sentences matter and allow us to continue to do that, if you're going to remove this, this language.

**MOSER:** Thank you. Other questions? Senator Bosn.

**BOSN:** I'm going to take a stab at this, because I'm not sure I'm understanding it. So I'm going to go 30,000-foot-view step back, right?

**THOMAS LAWSON:** OK.

**BOSN:** I own a Taurus.

**THOMAS LAWSON:** Mm-hmm.

**BOSN:** I bought it from Dealership DeBoer.

**THOMAS LAWSON:** OK.

**BOSN:** I drive it for less than a year, and my fuel pump goes out, and so I think it's under warranty and I take it to this dealer. She's a franchise dealer. And they say that it's going to cost-- we're going to use round numbers; I have no idea what one of those costs, because I don't do cars. $500. And you're saying that she-- her dealership submits 100 previous receipts to show that $500 is a reasonable-- not average, but reasonable-- rate. Am I, am I on the same page?

**THOMAS LAWSON:** Yes. OK.

**BOSN:** OK. Are you also using her reasonable rate to compare it to Dealership Fredrickson over in Council Bluff-- or, not Council Bluffs-- in Omaha, and Brandt over in Plymouth, the different dealerships around the state to determine what's reasonable, or just her dealership?

**THOMAS LAWSON:** Just her dealership.

**BOSN:** OK. So I was a little confused when he, he was asking about the Broken Bow dealership being held to the same cost as the Omaha dealership. Do you understand why I was confused there?

**THOMAS LAWSON:** Yeah. So, the-- that's that particular dealership's issue. Right? And so, the, the ROs come from them. Right? And so, you know, we're not necessarily comparing, you know,--

**BOSN:** OK.

**THOMAS LAWSON:** --a regional-- I mean, a, a, a rural with a city dealership.

**BOSN:** OK. OK.

**THOMAS LAWSON:** But for us, we're not just getting the one dealership, so we're looking at, at the whole thing.

**BOSN:** Well, sure. Because you're going to sell more cars to DeBoer, and if she's continuously coming in and saying she has these high prices, you're going to start saying, well, we're not going to give

you these great, great premium cars; we're g-- the market will decide, to some extent.

**THOMAS LAWSON:** To some extent.

**BOSN:** OK. I think that answers my question.

**THOMAS LAWSON:** OK.

**BOSN:** Thank you.

**THOMAS LAWSON:** You're welcome.

**MOSER:** Senator DeBoer, you're a car dealer now.

**THOMAS LAWSON:** Welcome to the game.

**DeBOER:** Thank you. No, so OK, let me, let me see if I can get there. So the problem, as I understand it in current law, as everything exists prior to this bill being introduced, is that the interpretation of the word "reasonable" was sort of understood differently by different manufacturers?

**THOMAS LAWSON:** Yes. And we're not presenting the bill, so that would be a question for them.

**DeBOER:** No, I know. No, but I'm--

**THOMAS LAWSON:** But from what I understand, that's correct.

**DeBOER:** OK. And that discussion of different markets, you're saying isn't the way Ford does it,--

**THOMAS LAWSON:** Correct.

**DeBOER:** --but maybe some other folks are determining "reasonable" by looking at a comparison of rates for the same service--

**THOMAS LAWSON:** Correct.

**DeBOER:** --from a variety of places in a region, whatever that is.

**THOMAS LAWSON:** Correct.

**DeBOER:** OK. Ford has some other mechanism for determining what "reasonable" is.

**THOMAS LAWSON:** Mm-hmm.

**DeBOER:** What is Ford's mechanism for determining what reasonable is?

**THOMAS LAWSON:** That, I don't know. And I don't know if I could discuss that in the open setting, but I'm happy to follow up with you on that.

**DeBOER:** OK. So let's say there's a methodology--

**THOMAS LAWSON:** Sure.

**DeBOER:** --for reasonable.

**THOMAS LAWSON:** Mm-hmm.

**DeBOER:** It seems to me that a statutory understanding of "reasonable," like, you have to take your 100 previous times you did this, and, and give us that price, that that is asking the market rather than Ford or Chevy or "whoevers," individual manufacturers to determine what's reasonable. Now, I get in your second sentence at the end why you want to be able to remain free to negotiate with the manufacturer for your own rates. That's fine. You have the power to contract with whoever you want. But I guess what I don't understand is your objection to, or your need for additional guardrails on the market. Other than having the ability to, to make a contract with individual-- if you want to, that's fine.

**THOMAS LAWSON:** Mm-hmm. Mm-hmm.

**DeBOER:** If they want to, right? But that's still kind of letting the market decide. And I guess what I see with what I have here-- and, and again, it's all kind of very sudden, but-- which is not your fault; this is how it is in this committee just always. But it's that we're trying to create guardrails against the market deciding what the price should be. And that's where I'm really trying to get with you.

**THOMAS LAWSON:** Sure. So, let me just back up and say that the last two sentences are adding on to an amendment that you haven't seen yet. The whole thing is the amendment. That's what was agreed upon, that Mr. Todd was talking about. So, we, we agree with that first part. So, we're not saying don't do that.

**DeBOER:** OK. I-- I'm, I'm with you so far.

**THOMAS LAWSON:** So, we're-- all we're saying is if, if the goal is to remove reasonableness, then we would like these last two things to

make sure that we don't have unintended consequences or extra liability if the unintended consequences present themselves, which we think that they will.

**DeBOER:** So, what if I give you, OK, you can contract with whoever you want, so it's nothing to your last sentence, I'd say, sure.

**THOMAS LAWSON:** Sure. Mm-hmm.

**DeBOER:** But we say, eh, we're not going to do the, the time thing because we don't think that there's a big concern that they're going to try and run the clock out. Where does Ford end up?

**THOMAS LAWSON:** I think I'd have to take that back, and we'd have to talk about it.

**DeBOER:** OK.

**THOMAS LAWSON:** I think-- and for us, saying that we're OK, or that, that you're going to remove reasonable is a big, big give, because I think fundamentally, we're-- we don't believe that that's the right move. And so, these other two pieces are really important.

**DeBOER:** Can I ask you about negotiations with this?

**THOMAS LAWSON:** Sure.

**DeBOER:** Someone came in and said that the negotiation they thought was done, we were going to all hug it out, and this would be a short-- we'd be all back home in Columbus, or wherever we're going right now.

**THOMAS LAWSON:** I'm a big hugger. I'm still looking-- I'm looking forward to it.

**DeBOER:** So, so where did the negotiations break down? Was there an understanding, or was there never an understanding with respect to these last two sentences?

**THOMAS LAWSON:** The last two sentences were not part of the original conversation. That's something that--

**DeBOER:** And did, did Ford say yes?

**THOMAS LAWSON:** We, we didn't say yes. We were just observing on the call. We were on the call.

**DeBOER:** OK.

**THOMAS LAWSON:** And we understood that there was going to be conversations about language, and the objection came in after the actual language was produced, and we weren't satisfied with that language.

**DeBOER:** So, there was not a meeting of the minds on the call.

**THOMAS LAWSON:** Not that-- not-- on the general that we're going to try to negotiate on this, but not on the exact language, no. That's my understanding.

**DeBOER:** OK. All right. Thank you.

**THOMAS LAWSON:** You're welcome.

**MOSER:** But if the manufacturers and the dealers can work out a mutually-agreeable language, it's not our place necessarily to, to put our thumb on the scale. If you can work out the-- an agreement and leave us out of it, all the better. As you can tell by listening to all our questions, we're all putting our nose in your business, so-to-speak. And if you can work out an agreement, I think that'd make everybody's life better. Any other questions from our testifier?

**THOMAS LAWSON:** Yeah, I'm-- I mean, I'm here to-- I'm here to compromise; I'm here to have some discussions and negotiations. So, I'm still here and I'm happy to have further conversations.

**MOSER:** All right. Great. Thank you. All right. Anybody else speak in the negative? Anybody to speak in the neutral? Welcome.

**NICK STEINGART:** I feel like, gosh, what's [INAUDIBLE]. Good afternoon, Chair Moser, and members of the committee. My name is Nick Steingart, N-i-c-k S-t-e-i-n-g-a-r-t, and I'm with the Alliance for Automotive Innovation, who there's been some comments about earlier today. We are the association that represents nearly every manufacturer selling new vehicles in the U.S., as well as battery companies, semiconductor companies, and Tier 1 suppliers, so. As you've heard, you know, we've, we've traded language and met over the last week. And really our, our first meeting on this was back in September, October, I think, so. And come to an agreement on it. I know we're still dotting the I's and crossing the T's on some language, so I won't go into every provision of the bill, but as you've heard from the previous testifiers, this is a warranty-- largely a warranty compensation bill. Admittedly, you know, of all the areas in the franchise code, warranty compensation is the area where we probably have the most disagreement on and, and, and, and other states, so. We, we do appreciate the dealers'

association staying at the table with us over these negotiations, so. Just to maybe share a bit more background on the current system and, and hopefully bring a little bit more clarity. So obviously, OEMs pay dealers for the warranty work, and that's based on a pretty straightforward formula. You basically take the dealer's rate that they're charging the public, and you multiply that by the time given for that repair in the manufacturer's time guide. So, you have the labor rate-- let's say, for hypothetical's sake, that's $150 an hour; you take that rate and multiply it by the time in the dealer-- or, in the manufacturer's time guide, let's say, again, for hypothetical's sake, that's two hours. So, the dealer would be compensated $300 for labor on that, on that repair. And then, you have a separate parts markup as well, so they're, they're compensated for the part at the same rate that they are compensated for-- that they charge customers for those parts as well. So, that's just super high-level, you know, sort of how the warranty reimbursement is done. So, our discussion with the dealers has largely focused on the, the amount of time given for those warranty repairs. And then, you've heard much discussion about the, the use of the word reasonability in the, in the compromise agreement that our association has agreed to on that piece, so. You know, once that-- I know-- I think you all have-- will be seeing the amendment soon, but our association's stance is once that is incorporated into the bill, we are neutral on LB667, so. With that background, happy to take any questions from the committee, and thank you for the chance to testify.

**MOSER:** Questions from committee members? Seeing none. Thank you very much.

**NICK STEINGART:** I got off easy.

**MOSER:** Appreciate your testimony. Anyone else in the neutral to testify on LB667? Seeing none. Senator Storer, you're welcome to close.

**STORER:** Hello again. I think that was a--

**MOSER:** It's been so long.

**STORER:** --fruitful-- I'm back. Fruitful discussion. So, there's a couple of things I guess I just kind of want to bring us full-circle back to. There are two amendments that were passed out. The first one was passed out by the New Car and Truck Dealers Association. That is the amendment that was negotiated and agreed on by the Alliance for Automotive Innovation, as well as the New Car and Truck Dealers

Association. The amendment that the representative from Ford passed out to you was-- that's new, sort of, to everyone; that, that has not been seen by the Alliance for Automotive Innovation. I received that shortly before the hearing today. So, that, that one has not been vetted through by, by folks. So, just for clarification on, on the two different amendments, which one was sort of agreed upon and, and which one is new. And, and for some perspective, the, the Alliance for Automotive Innovation, the members who are, who are part of that alliance who would be in agreement to the first amendment that was passed out-- BMW, Ford, General Motors, Honda, Hyundai, Isuzu, Mazda, Mercedes Benz, Mitsubishi, Nissan, Porsche, Stellantis, Subaru, Toyota, Volkswagen and Volvo-- those manufacturers do agree, have agreed to, to that first amendment that you saw. So, they're-- and, and Ford was represented on that phone call, and it's my understanding did not necc-- did not provide any indication they were not in agreement until in the last, really, 24 hours or so. So, just 30,000-foot view of, of sort of how this has went down in the last few days. One other, one other thing I just do want to speak to that, that does still seem to have some confusion, and, and I-- and I'm understanding that different manufacturers indeed may handle the reimbursement a little bit differently, but when you talk about the word "reasonable," there was a there was a question as to whether or not-- I think, Senator DeBoer, you might have asked the question, or Senator Bosn-- about if, if you took those hundred and, and it was determined based on just your dealership, or whether that was determined on other dealers around you. Now, I can't speak specifically to how Ford does that. I do have-- and I'm happy to provide you a copy, any committee members that would like it-- but I do have a letter from GM that, that is in response to a dealer requesting a change in their reimbursement rate, and it very clearly says that GM was-- felt like it was unreasonable due to other rates from dealers within a 70-mile radius. However, they would not provide this dealer with what those other rates were because they felt that would, that would divulge, you know, practices of those other dealerships. So, I can't speak specifically to how Ford does that, but just so you know, other dealers-- other, other manufacturers, excuse me-- do use that range, sort of that region approach. And I think that-- that's where the lot of the problem comes down to, right? So, they're using a bit of a regional approach; they're also not providing those actual rates to illustrate "this is why we don't think it's unreasonable, just trust me on it." And this is sort of-- this is sort of the problem. When it comes to a lot of our, our-- when you look at that 70-mile radius even, I, I have to smile, because in western Nebraska-- we'll take Broken Bow, for example-- there's-- depending on

the dealership, there-- there's very likely not any other comparable dealership even within 70-mile radius. So, you start, you start really seeing regional differences based on distance alone. So, you do have a-- you do have an amendment in front of you. The first one that was passed out has been agreed to by the New Car and Truck Dealers Association as well as the Alliance for Automotive Innovation and all of their members, except the recent opposition by Ford. So, we can, we can have some further discussions with that, but I think, I think what we have in front of you is, is a reasonable amendment. I would encourage this committee to advance this out to the floor. Happy to answer any other questions again, though.

**MOSER:** Questions from committee members? Senator Guereca.

**GUERECA:** [INAUDIBLE] to hear from the, from the dealers off the mic. But if the Ford amendment is the dealbreaker-- it doesn't seem like that big of an addition. So, rather have everyone happy, if you can.

**STORER:** Yeah, I think-- and, and I spoke with them prior to today's hearing and, you know, said we're certain-- willing to look at some of that. What, what probably was not on the table for negotiation was the word reasonable.

**GUERECA:** Sure.

**STORER:** Yeah.

**GUERECA:** Right. Right. No. And I mean, specifically, you know, the, the extra two lines that they want added on. Are those two--

**STORER:** Yeah, I think that's something we can look at. Again, other, other parties have not had the opportunity to even see that yet, so.

**GUERECA:** Totally understand.

**STORER:** Yeah.

**GUERECA:** Thank you.

**MOSER:** OK. Any further questions? Thank you very much, Senator Storer.

**STORER:** Thank you.

**MOSER:** There were no comments received for LB667. So, that'll close that part of our hearing on LB667. And we'll move on to Senator Brandt and LB561. Welcome, Senator Brandt.

**BRANDT:** Good afternoon, Chairman Moser, and members of the Transportation and Telecommunications Committee. My name is Senator Tom Brandt, T-o-m B-r-a-n-d-t. I represent Legislative District 32: Fillmore, Thayer, Jefferson, Saline, and southwestern Lancaster Counties. I bring to you today LB561, which seeks to add milk truck haulers to the overweight exemption law. The dairy industry in Nebraska has changed dramatically in the last 20 years. The declining number of dairy farms has caused the cost of hauling milk to be substantially more expensive. It's difficult for milk haulers to know how much milk will be at each farm on their route, as each producer has different factors impacting their supply. The producer then has to make a decision whether to bring in another truck or let their milk product go to waste, which means dumping it down the drain. This legislation would include raw milk as a qualifying commodity in existing law that allows for the transportation of agricultural commodities to be exempt from overweight penalties. This existing law allows seasonally-harvested commodities to be exempt up to 15% over their max weight. And I might add, that's on farm-plated trucks. Currently, NDOT does offer a general overweight permit, but this is only for one single trip, and is only viable for 15 days. This does not help with concerns that our milk producers experience in their day-to-day operations. If you've taken a look at the fiscal note, you may be as surprised as I was at the potential cost of this legislation. While I question the fiscal note, we do have an amendment that was handed out-- and right now it's a proposed amendment because we're waiting on Bill Drafters-- that have handed out to the committee that should eliminate or at least significantly reduce the fiscal note. This amendment was worked out and agreed upon by NDOT, the dairy association and the truckers association. This amendment will provide the option for milk haulers to purchase an annual overweight exemption permit strictly for hauling raw milk from the farm to the processing facility. This will mirror what other states such as Iowa and South Dakota provide. There will be experts testifying that can speak more on this amendment. And with that, I would be happy to answer any questions.

**MOSER:** Questions from the committee? Senator Fredrickson.

**FREDRICKSON:** Thank you, Chair Moser. Thank you, Senator Brandt, for bringing this bill. So, this is specifically to transport raw milk basically to, like, a processing factory, is that right?

**BRANDT:** Yeah. Pick it up on the farm and, and take it to a processor.

**FREDRICKSON:** OK. And, and you mentioned the changing dynamics of the dairy industry. So, what I'm understanding-- and I-- this might sound very reductive, but essentially, they're transporting larger amounts of milk now than they used to because of how we understand that and like [INAUDIBLE].

**BRANDT:** OK. So, a tanker-- I'm just going to use a number here; I think I'm going to be pretty close-- holds 4,000 gallons of milk.

**FREDRICKSON:** OK.

**BRANDT:** And so, you've got four small farmers that each produce 1,000 gallons of milk a day; one truck goes to four farms, picks up the milk. The problem becomes if you're the last farm, and maybe the first two had exceptional runs there, where they had 1,100 gallons of milk,--

**FREDRICKSON:** Ah, I see.

**BRANDT:** --and then, your farm maybe had 1,100 gallons of milk, and maybe by the time he gets there, he can legally-- you know, there's 300 gallons left in your tank.

**FREDRICKSON:** Yeah.

**BRANDT:** You've got to get rid of that before the next, the next, next milking.

**FREDRICKSON:** Yep. Yep.

**BRANDT:** And somebody behind me can explain that a little better. That's kind of the problem we're trying to solve, here.

**FREDRICKSON:** Mm-hmm.

**BRANDT:** The 15% that I referred to-- about 3 or 4 years ago, we passed a harvest permit for grain haulers in the state of Nebraska that we can haul from our fields to the elevator, or to the bins to the elevator, and we get a 15% overweight exemption on farm-plated trucks doing those functions. So, you've got thousands of grain haulers out there, semis that are running 15% over today. And that's kind of why we were shocked when we saw that fiscal note, because there's, there's very few milk trucks on the road compared to grain haulers out there. And we did the grain haulers, there was no fiscal note. And I think, I think it was just-- the way the bill was originally written, there was some concern within NDOT on the per-axle weight limit, which is

20,000, and the amendment addresses that to their satisfaction. Or, they will testify on that, so.

**FREDRICKSON:** Thank you.

**MOSER:** So, how many gallons will a milk tanker hold?

**BRANDT:** Well, obviously, 15% more than 4,000. I mean, when Mr. Bousquet comes up here, he can give you those exact numbers.

**MOSER:** OK. I mean, why not just build a tanker that'll match the law and, and not have to change the law?

**BRANDT:** Well, because the tanker can hold more weight-- the tanker isn't full at 4,000 gallons. There's still, there's still weight in there that they can put 15% more inside that tank. They-- legally, they can only haul about that, with our current weight limits.

**MOSER:** It's 40,000 pounds?

**BRANDT:** Well, 80,000 for total truck. Yeah.

**MOSER:** Truck and trailer and the contents.

**BRANDT:** Yeah. Truck and trailer. Yeah. You know how this works.

**MOSER:** Yeah. OK. Any other questions? Thank you, Senator. Appreciate it. Oh, I'm sorry. Senator DeBoer.

**DeBOER:** So, did I hear you-- are you going to exceed-- so with the grain, the overweight grain trucks--

**BRANDT:** The harvest permits, yes.

**DeBOER:** Those exceed the 20,000 per axle, or they do not exceed the 20,000?

**BRANDT:** They do, they do not.

**DeBOER:** And will these exceed the 20,000 per axle?

**BRANDT:** Not with the-- not-- no, they will not. Not with the amendment, for sure. I-- you know, we thought the bill was written that way, but obviously there was some question about that, and the amendment makes sure of that.

**DeBOER:** So, after the amendment, still will not exceed the 20,000 per axle.

**BRANDT:** Right.

**DeBOER:** OK. Thank you.

**MOSER:** Other questions? Thank you, Senator. Is anyone here to speak in the support of LB561? Welcome.

**KRIS BOUSQUET:** Thank you. Good afternoon, Chairman Moser, members of the Transportation and Telecommunications Committee. My name is Kris Bousquet, K-r-i-s B-o-u-s-q-u-e-t, representing the Nebraska State Dairy Association, and I'm also representing the Ag Leaders Working Group. For your reference, the Ag Leaders Working Group consists of the following nine organizations: Nebraska Cattlemen, Nebraska Corn Growers Association, Nebraska Farm Bureau, Nebraska Pork Producers Association, Nebraska Sorghum Producers Association, Nebraska Soybean Association, Renewable Fuels Nebraska, Nebraska Wheat Growers, and of course, us, the Nebraska State Dairy Association. I want to thank Senator Brandt and Senator Murman for co-sponsoring on behalf of the industry. Our original intent of this bill was to allow for an overweight exemption for milk trucks carrying raw milk from the farm to a processor. And over the weekend, our stakeholders had some very constructive conversations with the Nebraska Department of Transportation specifically to address the fiscal note situation and to find some common ground. A big, a big thank you goes out to NDOT staff, Mick Syslo, for helping us understand the concerns, and, and how our original draft language was affecting the roadways, and, and how we basically could come together to find some common ground. The, the amendment that'll be introduced by Senator Brandt establishes a, a very reasonable-- as far as our opinion goes-- permit system which enables our milk haulers to increase their weights specific to the federal bridge law and appropriate axle configurations. Nebraska Department of Transportation will establish a map that will show, basically, the no-go bridges and roads that our milk trucks will not be allowed to travel on. And the-- overall, the increase in weights will allow haulers to bring milk into market in and out of the state while being compliant with regulations in other states as well, which is a big deal for our producers as they look to a-- quite a few of our farmers send milk into Iowa and, and also other states. You know, our, our industry over the last few years has changed significantly. Matter of fact, if you go back to 1999, we had 650 licensed dairies in Nebraska, and now we have 77. And with that consolidation of our industry, it-- it's become really difficult for our milk haulers to be

efficient, meaning that they have to go to more dairies to pick up a single load of milk. And unfortunately, that additional cost gets spread amongst a small subset of producers to cover that, that inefficiency. And that really affects our small producers, and that's what we're really trying to fix-- or, trying to support with this legislation, is our small farmers who don't have the efficiencies that large producers do. And so, I really appreciate the Nebraska Department of Transportation in helping us understand the impacts to the roads, but also helping us find some, some middle ground on the legislation, and hopefully eliminate any, any issues that might exist.

**MOSER:** Questions from committee members? Senator Guereca.

**GUERECA:** I'm sure-- it's-- the answer to my question is long and complicated, but just-- what, what, what's changed? How did we go from 650 licensed dairies to 77?

**KRIS BOUSQUET:** That's a-- that is a long question. But, long story short, over the, the past 25 years, we've experienced a lot of consolidation of our processors. So, up until about two years ago, we only had two markets to go to, which was two large dairy cooperatives that really purchase and control a majority of the milk within the country. And so, over the years, our local creameries have been purchased and closed down for what some might say efficiency purposes; some might say control. And that means that our milk has to go longer distances to get to a processor. And, you know, it's not abnormal for Nebraska milk to go all the way to Oklahoma or, or Illinois or, you know, up into Minnesota. It's not abnormal. And so our, our, our producers are the ones that pay that freight, and unfortunately, you know, when you're trying to stay within your state's weight laws, you know, you need the exit-- the, the additional flexibility to try to really fill that tanker. And it really helps, too, that, you know, local states, you know, our neighbors have also increased their, their weight restrictions, and so, this would basically marry up what Iowa does with their axle configurations and bridge law formula, and, and it'd be a significant cost savings for our farmers, to the tune of-- you know, the average dairy in Nebraska is about 650 cows. Over the course of the year, that would-- this bill would save them roughly $20,000 a year annually in decreased transportation costs. So, it'd be a big help.

**MOSER:** Senator Fredrickson.

**FREDRICKSON:** Thank you, Chair Moser. Thank you for being here, and for your testimony. You kind of began to answer this question, but I was a

little curious about how our current statute and also how this would compare to, specifically, our border states [INAUDIBLE].

**KRIS BOUSQUET:** Sure. Yeah. So, current statute-- like was mentioned earlier, there is a, a permit that is a two-week permit, but it's a single-trip permit. And I believe it's $25, and, and Mick might be able to correct me on this, but-- so, each time a, a milk truck driver wants to haul overweight and knows his destination is going to allow that overweight, whichever state he's going to, they've got to purchase that overweight permit every time. And so, this statute would basically allow our, our milk truck drivers to-- with the understanding of the no-go map-- plan their route in accordance with the roads and bridges that will take those heavier loads, and so, that's a, a big efficiency for us. Iowa-- basically, we're, we're mimicking, or working with DOT to mimic what Iowa does specific to their bridge law or their, their increase in axle configurations and in, in weight restrictions, which-- in the northeast part of our state, we have a cooperative called AMPI, Associated Milk Producers, and their processors are located in northwest Iowa and southern Minnesota. And so, our farmers from Nebraska can't haul the same weight loads as Iowa can, or as even Minnesota can, and so, this would allow that as long as we stay within, you know, bridge law formula and stay on properly-marked roads, which is totally fine by our, by our milk haulers.

**FREDRICKSON:** So how does that affect-- you know, I-- now I want to live in a world where we all drink Nebraska milk in Nebraska, but if, if we were bringing dairy or raw-- is there a situations where raw milk is coming into our borders from other states?

**KRIS BOUSQUET:** Absolutely. Absolutely.

**FREDRICKSON:** They may have more-- the-- like, how, how does that affect these other states when they come into Nebraska?

**KRIS BOUSQUET:** Yeah, so it's not abnormal for milk to flow across borders, no matter which direction.

**FREDRICKSON:** Yeah.

**KRIS BOUSQUET:** And it really depends on where the producers are members of. Like, for example, we send milk to Wells Blue Bunny in Le Mars, and there's members of the Nebraska Milk Producers Non-stock Cooperative that are operating in northwest Iowa and send their milk

to Norfolk. And so, those producers would also experience the same efficiency,--

**FREDRICKSON:** Mm-hmm.

**KRIS BOUSQUET:** --which is going to be a big help for them, as well.

**FREDRICKSON:** Great. Thanks.

**KRIS BOUSQUET:** Yeah, no problem.

**MOSER:** Senator DeBoer.

**DeBOER:** Thank you. So, I was imagining a kind of idyllic-- like, they go to the farmer's farm and they pick up some milk, and then they go a couple of miles down the road to the processor and drop it off. But that's not really what we're talking about.

**KRIS BOUSQUET:** I mean, the industry used to be that way, and unfortunately, it's not that way anymore. With-- you know, we have dairies in McCook, Nebraska, that send their milk to Omaha to be processed at Hiland. And so, they used to send their milk to Ravenna, which was a cheese plant, which was a lot closer. But that cheese plant closed down due to the consolidation that we've experienced in the state. So unfortunately, it's not that way anymore.

**DeBOER:** So, so, when I was imagining Senator Brandt's bill, I was thinking when we did it for the, the grain haulers, they're-- they have a farm and they take it to the elevator,--

**KRIS BOUSQUET:** Yeah.

**DeBOER:** --and it's, it's a pretty discreet trip.

**KRIS BOUSQUET:** Sure.

**DeBOER:** This, however, may not be. You could have somebody just come through Nebraska that doesn't ever drop it off in Nebraska and isn't from Nebraska. Is that right?

**KRIS BOUSQUET:** Well, as, as, as long as that milk is coming from a farm going to a processing facility, then you would be correct.

**DeBOER:** So, I could have a farm outside of Cheyenne going to a processing facility in wherever you said was the one in Iowa or something. Or--

**KRIS BOUSQUET:** Yeah. Economy wouldn't, wouldn't allow that, though. So--

**DeBOER:** So, that's not going to be happening. We're not going to--

**KRIS BOUSQUET:** No, that wouldn't happen.

**DeBOER:** We're not just going to go through the state.

**KRIS BOUSQUET:** No, ma'am. No. The reason why that won't happen is because of the way that the federal milk marketing order is established. So-- this is a very deep subject, but long story short, milk that is produced in Wyoming or Montana or Colorado is in a completely different federal milk marketing order.

**DeBOER:** All right. So, let's try a different one. Let's--

**KRIS BOUSQUET:** Yes, ma'am.

**DeBOER:** Is South Dakota within our milk marketing order?

**KRIS BOUSQUET:** Yeah, actually, it is. Yeah. So, Federal Order 32. Yep.

**DeBOER:** OK. And Kansas?

**KRIS BOUSQUET:** They are. Yep.

**DeBOER:** OK. So, if somebody had a farm-- I don't know why you'd have a dairy farm in South Dakota, but let's--

**KRIS BOUSQUET:** I don't either.

**DeBOER:** So, you got a dairy farm in South D-- maybe you have it in Kansas. It's a little more likely. So, you have a dairy farm in Kansas. Do they just drive through Nebraska? And now they're going to drop it off in Iowa, or they're going to drop it off in some other state. So, this law, which allows them to go overweight, would affect this Kansan farmer and give them the benefit of our roads, which they would add more weight to, to get to some processor that's not even in Nebraska, is that right?

**KRIS BOUSQUET:** That's, that's a, a, a very interesting point, ma'am. I will, I will say that the reason why our milk goes significantly farther than other states-- like Kansas, for example, has way more processing capacity than we do.

**DeBOER:** OK.

**KRIS BOUSQUET:** And so, if you, if you produce milk in Kansas, your milk is more likely to stay within the borders of Kansas because your processors are there. Nebraska, we don't have the processing capacity, and so today we produce about 18 loads of milk more than we have for processing space, and so our milk has to go outside our state. So, we're kind of abnormal when--

**DeBOER:** OK.

**KRIS BOUSQUET:** --when it comes to comparing us to, like, South Dakota, Iowa, or Kansas, because unfortunately, we don't have the capacity-- the processing capacity, regionally, for our milk to stay within the state.

**DeBOER:** So, we're not making this rule allowing greater weight to just be people-- it's not very often going to be people who are just driving through our state.

**KRIS BOUSQUET:** No, ma'am.

**DeBOER:** They're going to originate here, most likely, possibly just end up here, but most likely originate here.

**KRIS BOUSQUET:** Yeah. If, if the milk is, is transported through the state of Nebraska, it's likely going to be coming from a Nebraska dairy farm or to a Nebraska processing facility.

**DeBOER:** OK. That's what I wanted to know. Thank you.

**KRIS BOUSQUET:** Yep.

**MOSER:** OK. Other questions from the committee? All right. Thank you very much. Appreciate your testimony.

**KRIS BOUSQUET:** Thank you.

**KENT GRISHAM:** Good afternoon, Mr. Chairman, members of the committee. My name is Kent Grisham, G-r-- K-e-n-t G-r-i-s-h-a-m, and I appear today as the president and CEO of the Nebraska Trucking Association. For reference, the NTA is one of the largest state trucking associations in the country with more than 900 members, representing motor carriers in Nebraska of all sizes and types. But we are much more than just for-hire motor carriers. My members are businesses of all types: farms, ranches, anything that runs a truck as part of their operations, as well as the companies who fuel, service, and equip them all. My members make up a large part of the trucking industry in

Nebraska, one that demonstrates essentialness every day. Every one of us benefits from a safe and successful trucking industry, and that is especially true in Nebraska, where about half of all the communities in this state receive everything they need from truck alone; no rail, maritime, air or pipelines, just trucks. So, with that background in mind, I come before you today in support of LB561, and we sincerely thank Senator Brandt for putting in the time and effort to bring it forward. I have to admit, though: before this bill, I was fairly uninformed about the dairy industry in Nebraska. I knew about the kinds of tanks and trucks they use in the transportation of milk, but gave little thought to the rest of what amounts to a major agricultural production operation every day, with a huge economic impact on the state. It is a classic illustration of how we must do everything possible to protect and support the supply chains that feed our people and drive our economy. The NTA sincerely appreciates the opportunity to work with the Nebraska State Dairy Association, Senator Brandt, our great carrier enforcement team at the State Patrol, and the team at the Department of Transportation to jointly develop this bill and the subsequent amendment. We believe it enhances the ability of the trucking industry to support the overall dairy supply chain while still putting into place appropriate levels of oversight and accountability for road usage at the DOT, and we hope the committee will support moving it to the floor. I also just very briefly will point out that you have an extra handout there. I share these at every committee testimony that I provide. It is a data sheet on your home legislative districts. The trucking industry is the third largest employer in the state, and that data gives you an opportunity to review the impact that trucking has in your home districts. This committee, all told, represents 4,489 motor carriers, with 20,625 trucks and 24,402 drivers, and a typical five axles truck pays $6,076 each in state user fees and taxes. Thank you.

**MOSER:** OK. Questions from the committee? Seeing none. Thank you.

**KENT GRISHAM:** Well, thank you.

**MOSER:** Any other supporters for LB561? Anybody here to speak in opposition to LB561? Is there anyone to speak in the neutral on LB561? We had 1 proponent contact through the website on LB561. Welcome.

**MICK SYSLO:** Good afternoon, Chairman Moser, and the Telecommunications and Transportation Committee. My name is Mick Syslo, that's M-i-c-k S-y-s-l-o, and I'm the deputy director for the Nebraska Department of Transportation. I'm here today to testify on LB561 in a neutral position. As originally written, LB561 allows milk-hauling vehicles to

load-- to be loaded up to 15% higher than the maximum weight specified by law, limited to no more than 20,000 pounds per axle as an exception in the-- to, to our state's overweight and over dimensional statutes, 60-6,298. NDOT has discussed the intent of this bill with the dairy producers, the Department of Agriculture, the Department-- or, the Nebraska Farm Bureau, Nebraska Trucking Association, and Nebraska State Patrol. To our best understanding, and to support-- to understand what support a producers need while also protecting our transportation system that allows agriculture products to efficiently be moved across the state. The original language in LB561 is concerning to the department, as it is estimated to lead to a minimum of a $2.7 million in yearly costs to the DOT, largely anticipated from the state highways and bridges. The NDOT understands that the milk production is important to the industry in Nebraska and that is-- and the industry has evolved in recent years, requiring potential change in how milk is moved to the market. Because of this change in federal law under the federal FAST Act, NDOT has explored an alternative approach to outline the, the original language of LB561 to address only the urgent issue related to raw milk that has recently identified-- that has recently been identified by the federal government for milk haulers. The urgent need unique to milk-- raw milk is that milk must be delivered to the processing plant in an extremely short amount of time or will have to be wasted. Accordingly, NDOT has worked with the milk industry and associated agencies to develop an amendment to the language in LB561. I believe this is the same version that Senator Brandt introduced to the committee. It is in your packets. NDOT is supportive of the amended language to, to provide an annual permit, as we believe it resolves concerns both for the industry and for the state transportation system. That permit would require that, that each axle and group of axles under the loaded truck haul only the current lawful weight allowed under the federal bridge formula. The permit would cap the overall gross weight of the vehi-- of the milk-hauling vehicle to no more than 107,500 pounds. This is an, an increase of about 12,500 pounds that would be allowed to the milk haulers, if they are-- if the axles are placed properly underneath the vehicle. As part of this permitting process, NDOT will provide the permittee a map of bridges that the permittee might not-- that would not be allowed to cross with this increased weight. We will also be working with our federal partners to make sure that there is no concerns for losing federal fund for this type of permitting. Questions have arisen regarding why the original proposal is troublesome for NDOT. The depart-- the department calculates that a fully-loaded commercial vehicle that is overweight by that 15% would cause about double the damage to the state highway infrastructure as

compared to a lawfully loaded vehicle. Additionally, there is even larger impacts that would-- to quantify when the weight is not distributed enough over equal axles, but this concern has been addressed with this proposed amendment. County bridges-- county and city bridges and pavements would also be similarly impacted, as milk is hauled from dairy farms would perhaps an increased concern with county bridges, because those bridges are likely to have a-- not have the ability to take care of that excessive load. Additionally, department has articulated our concern with past exemptions of this type that have rippled through our industry, ultimately opening the state to additional costs of other goods, equipment, or products should have-- be granted this overweight exemptions, thus fur-- fur-- further damaging our highway rural system. As such, we have concerns each time an exemption is introduced for different types of products. I would like to reiterate, though, that the NDOT is supportive of this amendment and as, as amended, would be neutral on the bill as a whole. I would like to thank those that helped to get to this bill and this amendment with Kris Bousquet and with Kent Grisham, and-- along with Senator Brandt for reintroducing the amendment. I appreciate that support, and I will take any questions that you have.

**MOSER:** Senator DeBoer?

**DeBOER:** Thank you. So, if we do this amendment, we'll still have heavier milk trucks.

**MICK SYSLO:** Mm-hmm.

**DeBOER:** Is that not going to-- I mean, assuming that they have it distributed properly over the axles, as your amendment lays out, is that then not going to cause the additional harm to the roads?

**MICK SYSLO:** Yeah, so our, our pavements and bridges are designed to loading, and so when we, we talk about a loading, we call it a single axle, and we-- basically, it's a semi, tandem-- or a semi axle with two, four wheels on it. So, that single axle is designed for a certain amount of damage to the pavement. And so, we design the life and the projection, projection of how many trucks will go over so we know how many of those axles would go over the pavement, and the pavement material and thickness is designed to that. By adding more of them, yes, it-- more axles does slightly reduce the life, but that is fairly minor. However, if you were to take that same axle, put more weight on it to the tune of even just 15%, that amount of damage with that single axle is almost twice. So, it would be equivalent to twice the axles going over time.

**DeBOER:** So, by spreading it out, you're not going to cause--

**MICK SYSLO:** Nearly [INAUDIBLE].

**DeBOER:** --spreading it out over the axles, you're not going to cause appreciably more damage than what's currently happening?

**MICK SYSLO:** That's correct.

**DeBOER:** OK. That was my question.

**MOSER:** Questions from the committee beyond that? All right. Thank you very much for your testimony.

**MICK SYSLO:** Thank you.

**MOSER:** Anybody else in the neutral? Senator Brandt, you're welcome to close.

**BRANDT:** I just want to thank everybody that testified on this bill. We have amendment forthcoming hopefully this week from bill drafting. The thrust of this bill-- annually, I think the numbers that I saw, there'd be like 2,000 fewer trucks on the road by putting more on the trucks that we have. You heard the cap now would be 107,500 pounds versus roughly 95,000 pounds. And I think that's about all the notes that I've got on this. I would answer any questions.

**MOSER:** Questions? Senator Fredrickson.

**FREDRICKSON:** Thank you, Chair Moser. How-- Senator Brandt, how much would one of these permits cost? Do you have any sense of that?

**BRANDT:** Well, I-- just with what Mr. Bousquet and, and working with the Trucking Association and NDOT, they kind of batted around a $50 annual cost.

**FREDRICKSON:** OK, so, $50 a year.

**BRANDT:** Yup.

**FREDRICKSON:** Yup. Thank you.

**MOSER:** Other questions? So-- oh, I'm sorry. Senator Storer.

**STORER:** That's OK. Thank you, Chairman Moser. I just want to clarify. I think we're all on the same page, but what-- now, now that you have

agreed on an amendment as presented, NDOT is happy, everybody's happy. Once we get that from Bill Drafters,--

**BRANDT:** It should be good to go.

**STORER:** --there should really be no opposition to this.

**BRANDT:** Should not be.

**STORER:** OK.

**BRANDT:** I mean, there's no opposition now, with the amendment.

**STORER:** Thank you.

**MOSER:** So, is less milk being used nationally than ever? Or is it just not being produced in Nebraska?

**BRANDT:** Well, it's too bad Mr. Bousquet wasn't up here, but I know a little bit about this. Currently, there's about 60,000 Holsteins in the state of Nebraska, and they produce about 70 to 80 pounds a day. So, that kind of gives you a scope of our current milk factory, our production site out there. And like you said, we produce 18 truckloads every day more than we use with our existing plants. But they are looking at an expansion in Norfolk; we have a plant, I believe, in Seward, and I'm thinking maybe there was possibly one other one. There's a lot of potential in the state of Nebraska to dramatically increase the dairy industry.

**MOSER:** Well, my question was, is there used to be 750 dairies and now there's 77 or something?

**BRANDT:** Yeah. Mm-hmm.

**MOSER:** So, has milk production in the U.S. gone down, or has it gone somewhere else from Nebraska?

**BRANDT:** It-- it's consolidated. Instead of having ten 100-cow dairies, you have one 1,000-cow dairy. I mean, the new dairies that, that will probably be built in this country are going to be in the thousands. You know, 1,000, 2,500, 5,000 cow dairies. They're going to be very big operations that focus exclusively on, on the cows, and they would contract out all the grain production and haylage, and stuff like that.

**MOSER:** OK. Other questions? Seeing none. Thank you.

**BRANDT:** Yep. Thank you.

**MOSER:** That'll end our hearing on LB561. That'll end our hearing for today. Thank you.