

VIDEO & TRANSCRIPT OF HOUSE TRANSPORTATION SUBCOMMITTEE

February 8, 2023 | 1:30 p.m.

Speaker 1 ([00:00:00](#)):

Bill, we have a motion and a second on house. Bill 3 21. Sir, you are recognized.

Speaker 2 ([00:00:06](#)):

Thank you Mr. Speaker. Oh, I just gave you a promotion. I well

Speaker 1 ([00:00:10](#)):

Done <laugh>. I hope he's not watching. Okay, you're

Speaker 2 ([00:00:14](#)):

Speaking into the microphone so that applies.

Speaker 1 ([00:00:17](#)):

And chairman, we'd like to get this improper order first. If we could add the amendment.

Speaker 2 ([00:00:22](#)):

Yes, I have an amendment.

Speaker 1 ([00:00:23](#)):

I show amendment number 35 92.

Speaker 2 ([00:00:26](#)):

That is correct.

Speaker 1 ([00:00:27](#)):

Members all in favor adding a motion. Second. Do I have a motion? Second. Correct. Motion Second. Okay, we have an motion and a second Do I members? All in favor adding amendment 35 92 to house bill 3 21 Say aye. Aye. Aye. Oppose. Ayes have it. Chairman the floor is yours.

Speaker 2 ([00:00:48](#)):

Thank you Mr. Chairman and thank you committee. Please bear with me. This is a 32 page bill and I will endeavor to hit the highlights as much as possible because there are things that I think that the committee's interested in and if you have an interest in doing a deep dive. Believe it or not, I have a role of experts back here that's willing to help me out and answer those other questions. But the amendment makes the bill. And by way of history, I think it might, thought it might be helpful if I would give you a little background. In 1923, Tennessee had 244 miles of paved roads. We were kind of like a wilderness almost it seems like in that same year, 100 years ago, governor Austin PE asked the legislature to approve a 2 cent per gallon gas tax. Today Tennessee has 96,187 miles of paved roads, 20,000 over 20,000 state and locally owned bridges and 1200 miles of interstate.

Speaker 2 ([00:01:57](#)):

And that 2 cent per gallon gas tax that was passed by the legislature 100 years ago is the inflation equivalent of 35 cents. Today the per gallon gas tax in Tennessee today is 26 cents and 27 cents for

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diesel. So it's eight and 9 cents below the inflation indicator. So what we have today is a highway funding stream that has not kept pace with inflation. It continues to decline due to more fuel efficient cars and EVs. So I believe that after 100 years it is time to take a long hard look at how we fund, build and maintain our roads and bridges and infrastructure in the state of Tennessee. And that's what the Infrastructure Modernization Act does. But I want to be clear because we've had questions about this, put it on the record. There is no proposal in house Bill 3 21 to raise the fuel tax. There is no proposal to borrow money to build roads and saddle tennesseans with millions of dollars of interest payments and there is no proposal for mandated toll roads in Tennessee nor mileage based fees.

Speaker 2 ([00:03:21](#)):

You may have seen some of those news reports recently on television stations across the state. Some of 'em have been sent to me. Have you seen this? Yes, I've seen it, but it's not true. There is no proposal for mileage based fees in this bill. The Transportation Modernization Act is at its core a road funding bill that expands TDOT's ability to use different methods to build a project while giving TDOT the authority to examine the potential and enter into public-private partnerships that would address the most congested and unsafe bottlenecks in Tennessee's major cities. You'll find that listed under section 18 and five four dash three dash 1 0 4. The potential investment of private capital will build or could build choice lanes in the state of Tennessee in our most congested areas and free up TDOT's funds in our normal budget to widen interstates throughout the state of Tennessee and specifically target those needs in rural Tennessee which often go wanting because so much of TDOT's funds historically have been taken up with addressing the congested needs in the major urban areas.

Speaker 2 ([00:04:47](#)):

So this is a new approach and I'm going to hit three or four highlights and then stop and see if you have questions. If pass. This bill creates the transportation modernization fund with the state treasury that's in section 14 with the initial sum as you heard the governor say Monday night of 3 billion to be divided equally between the four TDOT regions that would be 750 million designated for each region. So in essence, every legislator's district in the House of Representatives would in some way be touched by this 3 billion if pass. The bill provides 300 million to local governments as infrastructure grants administered by TDOT through the existing state aid program. There may be some questions about that and Mr. Paul Douglas is here to answer those questions if needed. This bill also provides or proposes an annual registration fee on electric vehicles. The current figure is \$274 for electric vehicles, \$100 for hybrid vehicles.

Speaker 2 ([00:05:56](#)):

What we're looking for is parity for those people who drive combustion engines like I do and many of you do and those who use our roads and drive EVs, we're looking for parity that they pay the same amount through a registration fee. That same registration fee would be divided in the same manner that the gas taxes divided now through state and local governments. The bill removes the current restrictions placed on TDOT and allows the agency to use alternative bill methods such as design build cmgc, which stands for Construction Manager General Contractor, a progressive design build and performance based asset management contracts. Whenever one of those tools best meets that particular project that's being bid prior to one of these contracts the bill requires TDOT to notify the chairs, the transportation committees and the House and Senate. And the alternative delivery method can be an excellent tool and I have examples of that that I can share with you during the Q and a if you want to hear some of

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those examples of how the alternative methods have benefited the state of Tennessee in the last four to five years.

Speaker 2 ([00:07:17](#)):

User fees are addressed in section 16. It's called P three s or public-private partnerships. If passed, the bill will authorize user fees as an alternative method for funding of financing highways. But if you notice in section 16 A it will limit the user fees to new highways. That's important to note. I believe the bill refers to them as facilities, but I use 'em interchangeably. High highways or facilities or new lanes added to existing highways, no existing lanes would become a choice lane. So what we're about in this bill is to expand the number of paved lanes to what we have now a user fee project. There are checks and balances built into this. A user free project must be approved by the Transportation Modernization Board and we can talk about that if implemented. There must be public hearings also about a particular project of that nature. And it is in section I believe 14 covers the establishment and duties of the Transportation modernization board, which would have oversight. So with that in mind I'll stop there because I can ramble on and you may not have any questions about what I'm talking about. So let me stop and see what's on your mind and I'll be glad to answer any questions that I can. And if not, we have some experts tdot here who can

Speaker 1 ([00:08:57](#)):

Thank you. Chairman. Chairman Chair recognizes Chairman Carr.

Speaker 3 ([00:09:04](#)):

Thank you Mr. Chairman. And to the other Mr. Chairman, the transportation committee. I got a couple questions for you. I've already told you I'll probably be asking you a couple questions. I have just a small company in my area that does a little bit of road building <laugh>, as you know I

Speaker 2 ([00:09:18](#)):

Know about that small

Speaker 3 ([00:09:19](#)):

Company. Yeah. Anyway in talking about this proposal it's been repeatedly said that fixing urban congestion, rural that you tr in fixing urban congestion in rural interstate expansion. You said that resolving urban congestion helps solve rural issues. Yes. Can you talk to that? Can you sort of explain that?

Speaker 2 ([00:09:44](#)):

I'll do my best and if it's not adequate we'll ask someone else to come up. Okay. Public-private partnerships have been around for 20 years or more. I think there's 70 in the United States now and I believe what I read, there's 70 more that's currently under construction are being proposed. And what we find is that the private infusion of capital that comes into a state and builds a choice lane, which is what we're talking about then frees up TDOT's budget to address needs in other areas of the state, such as taking Iron Estates and expanding them to six lanes and other issues that may arise. The private investment private capital would then get a return on their investment and their investment would be paid back through the fees that are collected when a driver decides to use the choice lane. Did I answer that adequately sir? If I didn't, I'll be glad to yield

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Speaker 3 ([00:10:52](#)):

Mr. Chairman. I think, I guess what you're trying to say is if we get more money diversified in those public private partnerships that whatever money, maybe T DDoS got left or not left over but has availability to use it and we can put those in the rural areas more and have more to bridges and stuff like that. Is that what we're trying to say? Nothing that,

Speaker 2 ([00:11:14](#)):

If I may, yes, thanks for clarifying for me. If I could give you an example, let's, let's pretend like we used to do when we were children that we're going to build a choice laying out here on 65 24 40 where that big congestion is in the afternoon that we all enjoy so much and let's just say it's a billion dollar project. So many of these projects, many of these projects can be a state match. So we have 3 billion that's put into transportation modernization. This modernization fund, if the board so chooses, I believe in, and I'm sure the commissioner will correct me if I'm wrong, but I believe we could, if we have a good bid and we are sure that the project is going to work to relieve the congestion, we may be asked as a state to invest in 84, 80 20 split. So if it's a billion dollar project, TDOT would get or we Tennesseans would get a billion dollar road for \$200 million.

Speaker 2 ([00:12:24](#)):

So that frees up the rest of TDOT's budget to use in other parts of the state in addressing those issues that we have. And we do have issues, I believe the Tessa study that was we were asked, they were asked for the legislature to do a Tessa study on our infrastructure needs and depends on who you talk to. I think it's somewhere between 26 and 30 billion in infrastructure needs right now. But TDOT's modern maintenance and new build budget is 1.2 billion. So if you do the math, it's pretty clear we're never going to catch up unless we find a new revenue stream. And that's why we're looking at the infusion of private funds to free up the 1.2 billion to do things in other areas. Thank

Speaker 3 ([00:13:10](#)):

You Mr. Chairman. Thank you. Well that's that. That's good on that. I have one more question that I'm going to ask you Mr. Chairman. In talking about this proposal, it's been read repeatedly said that the fiction urban congestion and rule wait a minute, that's the same way. That's not what I want. I'm on the same question. Alright, question. Sorry about that. You could answer it again if you don't to. No,

Speaker 2 ([00:13:35](#)):

I can't remember what I said. So

Speaker 3 ([00:13:37](#)):

<laugh>, okay. In testimony that we've heard from the full committee when we heard the presentation and everything, it says that referenced about 80 or 90% of the projects would be let and we know what that letting is. Yes. Now that's using the traditional contracting process. Is that a commitment that TDOT or someone is willing to put in writing that we'll know that our contractors will know that 80 to 90% of those will be still used during the letting process?

Speaker 2 ([00:14:10](#)):

Well, I can't speak for the commissioner or the tdot, but I think the market will determine whether or not they use a traditional method or a alternative method. And it's kind of like, I think I shared with

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someone a while back, it's kind of like my wife and I enjoying a new house that we built last year and when I signed the contract with a builder, I didn't tell him what tools to use. I just said build a house. When you build a footing, you got to build half of it with a shovel and half of it with an excavator. That would've been foolish on my part. I wanted him to use the best tool to save me the most money. And I think that's what we're asking in this bill. There are projects out there and there's one in my district by the way that I can share with you that the alternative methods was much, much better.

Speaker 2 ([00:15:07](#)):

I, I'll just share with you now the alternative delivery method. It happened to be about one mile from my house. It's the new state Road bridge over the Ocoee River. It's called the Gateway Bridge. Ocoee Gateway Bridge. It was led about the same time as the state road 1 27 bridge in Coffee County about the same size project, about the same amount of money. But the Polk County Bridge was alternative delivery method. It took 900 days and the Coffee County bridge took 1,469 days, which the alternative delivery saved 569 days, which equates to great savings for the people of Tennessee. And also less frustration for the drivers who use that road. So there are times when the alternative delivery is best. There are times when the traditional method is best, but the point is I'm not sure that we should tie the hands of our quote contractor <laugh> TDOT who works for the people of Tennessee and say, no, you got to use this tool or you got to use that tool. Because I think they are the experts, they are the engineers and I think we need to trust their ability to figure out which one works best for whichever project. I do think that they will use traditional method when it's the best method. But I also think, and I'm not an expert, but I also think we'll find out in the end that they will be using the traditional method more than they do the alternative method.

Speaker 3 ([00:16:54](#)):

Thank you. Thank you Mr. Chairman. I don't mean to offend anybody but Mr. Chairman, could we go out of session and ask our commissioner to just chime in on that just a little bit because I think it's a good thing, especially my conversation this morning with some of our road builders that we need to be, have some assurance of that. Please, sir.

Speaker 1 ([00:17:14](#)):

Okay. Without objection. We're going out of session. Commissioner please introduce yourself and you can bring your team up too cause we have all of you on the list to speak today.

Speaker 4 ([00:17:25](#)):

Yeah thank you Mr. Chairman members appreciate the question and Chairman Howell, appreciate your response cause I can't really explain it much better. He did a great job I think of explaining that really in these situations and the engineering will dictate which is the best method to be able to utilize for a particular project. The vast mean, what he said is I, we've got the vast majority of our projects design bid build, which is the traditional method that has always been utilized because it's not a complex project, it's not a big project in most cases is the way to go. And that will account for the vast majority of our jobs. But every single project is unique, every single road is unique and when we go through the process and our chief engineer determines what's the next five years look like, what are we going to be planning, where do we want to use the best methods?

Speaker 4 ([00:18:51](#)):

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Then he needs really the ability to plan accordingly. And so that's really why we're asking that we don't have a certain number restrictions. I understand why we did that several years ago and I think it was the right thing to do in my opinion. We've got a tremendous partnership with our road building community in Tennessee. They are great partners. They do a magnificent job working for the taxpayers of Tennessee and they're going to I know that they'll continue to do that. And so what we are simply doing is saying every single project should stand on its own and allow us to plan for the best method to be able to deliver that project.

Speaker 3 ([00:19:52](#)):

Thank you commissioner. And I agree with you to extend and we know we want to do the the best way to build a road and everything like that. And I know the questions that I'm getting is not so much that you but in the future if another commissioner comes in and he wants to turn it plum upside down is there any language or something we could put in there just to shore up that we're going to be able to use both methods and make sure that we do use both methods in the future? Because I dunno, five years from now, 10 years from now, I won't be here but somebody will be here, some commission will, I won't be here. Well I understand that and that's what we're worried about and that's one thing is, and no one used another thing, but we don't know what the next commissioner may want to decide to do. Well of course we'd have good input to the commissioner from all your employees that'll be there and everything. But I mean just a little clarification that's all asking about,

Speaker 4 ([00:20:45](#)):

Well I certainly Butch Eley I didn't say that chairman earlier with tdot. I mean think that from my standpoint I always defer to the judgment of this body, but I don't think that's necessary in this situation because we do not know every single parameter that we're going to be dealing with. And so I hate to tie the department's hands but I would say to your point, if this body finds in the future that it's not working properly, then of course this body always has the ability to go in and pass whatever language that you desire to make sure that changes are made within a department. So I don't think it's necessary at this point. I think we had those kind of pilot projects that we put into place. We've seen that they work as chairman said. And so I think it's time to reduce those restrictions or take off those restrictions. But if we ever need to put 'em back, this body has total, total control to be able to do that at any time, any year you want to do that and see fit to do that.

Speaker 3 ([00:22:17](#)):

Thank you Mr. Chairman and commissioner, thank you for the letting me ask those pointed questions and I appreciate your response on that. We'll continue to look at this and go further and I do thank you. And Mr. Chairman, thank you.

Speaker 1 ([00:22:28](#)):

Thank you Chairman Carr. Thank you members. While we have the commissioner and his team up here, do we have other questions or people who would like to ask questions? Okay. Speaker Marsh, you're recognized sir.

Speaker 5 ([00:22:40](#)):

Thank you Mr. Chairman and you're doing a good job. Chairman. Whitson commissioner, I think what has got a lot of people not upset but just unknown is a change that we're going through. This is a pretty

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big change in way of doing business for a lot of the road builders and I think change can be scary and they want to make sure that we're doing this correctly just like you do. And so I've been talked with some of 'em. I want to ask a couple of questions that I think might clear up some concern. And then this is the state, the Transportation modernization fund. Is that different from the state highway fund that we currently have? That's a whole new different pot of money.

Speaker 4 ([00:23:28](#)):

Yes sir. Great question. Chair speaker. It is separate and it's separate because the governor wanted to make sure that we are keeping these funds separate if will we've made a big effort last year in ensuring that when we account for these general fund transfer dollars that we manage 'em. Mr. Galvao here as cfo, you can chime in if you need to, but we want to make sure that when we account to you that we're spending the right dollars out of the right funds. And what we don't want to do is kind of commingle the traditional highway fund dollars with these one time non-recurring funds that we're going to be utilizing for these modernization projects. So we think it makes a lot more sense to maintain it separate. We'll continue to do the same programming under our current funding as we do now and we're going to continue, you've seen the uses of these funds we'll be able to utilize these funds also for expediting improved act price a lot, some of the same things, but you'll be able to know as we spend those dollars what they're being spent on and what the results are.

Speaker 5 ([00:25:13](#)):

Okay, so what we're saying here is we got 3 billion in this pot and some of that money could be spent as a down payment or a match for the choice lanes. If we're looking to get a billion dollar road for like chairman said earlier, yes sir, for 200 million that's a deal. So we could use part of that 3 billion to pay on that upfront.

Speaker 4 ([00:25:37](#)):

Yeah, that's the vision. Yes sir. That is the fund that we would utilize to be able to act as a down payment or a supplement as chairman said to be able to leverage those dollars then to be able to free up our other dollars to be able to use on other projects.

Speaker 5 ([00:26:03](#)):

Let's see, on section 17 part two it talks about availability payments and I was asked to find out what that means and availability payments means payments by a public entity to a private entity in connection with a development maintenance operation of a user fee facility pursuant to a franchise agreement, concession agreement or combination of these agreements. So I think we'd like to get a little clarification on that.

Speaker 4 ([00:26:33](#)):

Yes sir. That's a good question. It's kind of a nuance of a lesson learned that we have seen in some of the other states. If the state ever got in a position, Tennessee got in a position to where we wanted to fund one of these projects ourselves without using public-private partnership, which is at this point we don't have the capability of doing because the whole reason we're doing this is to be able to utilize the leverage of the private sector capital to be able to come in and do this. But the availability fee structure of a deal is what some states have used where they want to just pay that payment on an annual basis to be able to do that and in essence create that project itself. The availability ostensibly is to make that

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road available. That's where it gets its name and there would be no user, there would be no user fee associated with that but the state would to have those funds to be able to do that. And so our whole point to this is we've got to find a stream of revenue to be able to allow us to build these projects and if we had the funds, then we wouldn't be coming to ask you to do this

Speaker 5 ([00:28:11](#)):

To start with. And these would be out of the modernization fund more than likely. I suppose they

Speaker 4 ([00:28:18](#)):

I think could be either from a legal standpoint, but I think that they could be either one on that front. But all of that again would be projects that we would come and specifically move forward through the three year plan process. So every one of those would have to come before this body of course.

Speaker 5 ([00:28:46](#)):

And I know that you and all of us prefer that if we do these projects that we use Tennessee companies and Tennessee Labor and all of that. But is there a restriction at all or is it wide open to anybody to bid on this whether they're US citizens or foreign country foreign contractors or what is the plan for that, if any?

Speaker 4 ([00:29:09](#)):

Yeah, well, so I've certainly heard that question and you are correct in that we believe this will be great for our local state Tennessee contractors because we know that no matter what happens any company that would come in here would have to utilize our state contractors to be able to get this actual work done. And so we think it'll be a great benefit to them. However, what this does contemplate is the US treasury sanctions list. There are some states, countries that we don't want to do business with and that our procurement arrangements with the state and the feds prohibit certain countries that we wouldn't want to do business with. And so that's sanctions. US treasury sanctions list prohibits several countries ownership that we would not do business with. Other than that it would be the same as any other contract or any other business that we do as the state, not unlike the relationship we have with our great manufacturers. Now that may be from other international companies most of them will have US based companies that are doing business here that would continue to do business, but that would operate really in the same way of any other procurement that we do in the state. It would all be the same. Any you want to jump in,

Speaker 1 ([00:31:12](#)):

Would the witness please identify themselves for the committee?

Speaker 6 ([00:31:16](#)):

Will Reed chief engineer appreciate the committee appreciate the opportunity to be here today to the commissioner's point no matter what kind of contract we enter into wherever the contractor's from, we have a pre-qualification process already that anyone doing business with the state of Tennessee that's going to do business on our facilities has to go through now. So we have a mechanism in place. We have a robust process in place where we look at all different types of things with regard to those contractors, whether it be financials, performance on projects, all of those different things. And to the commissioner's point, there's also certain restrictions regarding lists that countries or states that we

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don't want to do business with would be precluded there. So I just wanted to make sure that the committee understood that there is a process in place already with regard to that.

Speaker 7 ([00:32:07](#)):

Thank you. Next

Speaker 1 ([00:32:10](#)):

Thanks. On my list I have vice chairman. Vital.

Speaker 8 ([00:32:15](#)):

Thank you Mr. Chairman. Commissioner Tdot, thank you for the explanations you've been given today and for the last several weeks. There's no doubt Tennesseans are eager for roads. Simply said how we get there, the devil's in the details. As I've said earlier in answer to your last question about the viability of P three operators in some states such as Indiana P three companies have gone bankrupt. That's a risk in the public of environment. If Tennessee's P three for choice lanes were to go bankrupt, what happens? Would the state, the taxpayers, the system operator be responsible to pay that debt?

Speaker 4 ([00:32:59](#)):

Yes sir. So we wouldn't have any debt. So we are in a very good place in that just like any other contract we enter into, whether it be for a road that we are building or some other service that we are procuring from the state's standpoint, no matter what it is in the state procurement laws, if that company goes bankrupt, then we would have whatever ability to go back on those companies for whatever they may owe us as part of our contract. But remember, this is a lease, this would be a long term lease. We are not selling anything and they're not owing us anything. This is an asset that we own. We own it today, we'll own it tomorrow, we'll own it forever as far as I'm concerned. And they are leasing it from us. So if they go bankrupt and walk away, then I'm, I've got another operator that I can hire probably tomorrow and go in there and start operating that roadway.

Speaker 4 ([00:34:14](#)):

The roadway's not going anywhere. So if the operator goes bankrupt, just like if a contractor goes bankrupt or anybody goes bankrupt on a contract that the state has with someone, then all we got to do all you're out is whatever time period it takes to get somebody else in there, they would have to be bonded. They would have to have a performance bond just like our current contracts. All the safety provisions that we entail now to make sure that we are covered as a state would be in place in this provisions of this contract to protect the very thing that you're saying. So it's the right question, but I feel very comfortable with the risk from that standpoint.

Speaker 8 ([00:35:03](#)):

Obviously taxpayers want to see these projects move forward with any business partnership. The wind out or how you work yourself out is very important going in and it's a lot easier to negotiate those terms and conditions before something does evolve. And the size of these projects are of great magnitude and great delay could occur if they were have to be litigated. Yes sir. So the ability for the state to step in without risk the taxpayers and move forward, it's about the ultimate goal of roads. So

Speaker 4 ([00:35:31](#)):

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Follow sir. Let me say one other thing on that because you bring up a good point. I think that ought to be addressed because this is a long term contract. It also matters to us what the give back provisions are to your point. And we want to make sure that we are covered. And so as part of that contract, we would make sure that when we accept that roadway back at the end of that contract or the end of that lease, then it would have to be of a certain standard inspect that we would be getting it back to so they couldn't deliver it back to us at a lesser standard than what they took it on to start with that. That was a good question.

Speaker 9 ([00:36:22](#)):

And what I would also add, chairman, is that we would obviously we're novices in this game, so we would be engaging attorneys in consultants that would help us frame these contracts to the benefit of Tennessee so that there is a little to no risk on our side.

Speaker 1 ([00:36:38](#)):

Witness, make sure you identify yourself.

Speaker 9 ([00:36:40](#)):

I'm sorry, Joe Galvao, chief financial Officer.

Speaker 8 ([00:36:43](#)):

Thank you. Appreciate it. As a follow up question, very quickly moving from the 30,000 foot level, now that we're secure, I want to move forward into the selection process. If you'll look at the CM GC selection process at the bottom of page six, it states the commissioner will be given an alphabetic L alphabetical list of proposers or companies with no other information and it explicitly excludes any evaluation ranking. Is it your intent to pick a contractor without any other details other than the names of the companies? Explain that for transparency purposes for me

Speaker 6 ([00:37:21](#)):

Will read chief engineer. Actually there is an entire selection process that happens before that list is delivered to the commissioner and it mirrors our current qualifications base selection process that we use with consultants there. We have a policy that dictates how that works within the department. There is ranking or there are scoring criteria that are established and a committee is established to score all those different parts of the technical proposal that then goes before a selection committee that then pairs down that list that eventually goes to the commissioner and alphabetical order. So there it is not just a list that goes in alphabetical order. There is a significant amount of work that is based on analytical data and selection criteria. That all goes through a process with the practitioners that are qualified to score that potential contractor prior to it going to the commissioner in alphabetical order.

Speaker 8 ([00:38:16](#)):

Thank you for clarifying that. It's important that we understand that all that data would be there and that would be within a very tight range, but follow the same process that we've been using now, except that this would be on the public private sector side.

Speaker 6 ([00:38:27](#)):

That's correct. Thank

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Speaker 8 ([00:38:28](#)):

You.

Speaker 1 ([00:38:28](#)):

Thank you chair. Thank you Chairman and commissioner A. You're welcome to give your testimony from the desk, sir instead of up there. So next on my list I have representative towns, you're recognized sir.

Speaker 10 ([00:38:39](#)):

Mr. Chairman. Thank you commissioner. Commissioner products that we utilize on these highways and so forth. Have you all had an opportunity to look around the country and around the world to see if they're products that has a longer lifespan in terms of deterioration and so forth? And if so tell me a little bit about that.

Speaker 6 ([00:38:59](#)):

Yeah, thank you representative. Do you want my name each time or are you good? Okay. All right. Alright, just want to make sure We'll follow a protocol here. Yeah representative. We actually maintain a, what we call a qualified products list that anytime there is any sort of vendor that has a product, anything from the striping we put on our projects to a type of emulsion, we put in asphalt to anything. We have a pretty rigid criteria that we look at to make sure that meets our standards for specification. And we are also constantly looking at what are the new things that are out there. We actually have a process that a vendor can provide a sample to us, we can test it or test it against a certain criteria. We also do a lot of evaluation with our peer states and with national committees relative to what are the best emerging technologies out there. We're fairly rigid when it comes to our criteria for putting things on our roadways. I think that's one of the reasons why we have some, frankly, some of the best pavements and bridges in the state. Granted I'm biased, but the numbers bear that out. I think it's true.

Speaker 10 ([00:40:08](#)):

And that includes also internationally looking.

Speaker 6 ([00:40:11](#)):

Absolutely. We look at all different. We look at all different products that are out there all the time. In fact I mentioned in another meeting here recently particularly as it comes to pavements, we spend money as far as research is concerned Auburn University has a test track that we invest in every year where we try different types of pavement structures, different types of technologies. We're constantly looking at ways that as new products come out on the market, how can we apply those to our system to get better life,

Speaker 10 ([00:40:41](#)):

Right? Secondly commissioner, I mentioned this to you in brief with this money that if we are able to pass this bill, even with the improve act as what occurred in Shelby County with that bridge having a crack in, it slowed up commerce across the country for a very, very long time. Trucks were backed up for miles and miles and miles. Things almost came to a grinding halt because it was not another egress, egress and a way to transport the products. And what we are looking at, and I'm talking to chamber talk with many others in that area of business down there in commerce, we need a third bridge down there.

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We got to get us a third bridge in case something happens, there's an earthquake or if there is another problem, what happened? You still got to be able to get people in and out as well.

Speaker 10 ([00:41:35](#)):

It's real critical, it's real scary if you're down to one bridge and you got to haul haul butt to get away, it's a problem. So I know at the federal level that the transportation Secretary of Budgie has said that he would be willing to do the things that we are interested in doing there. Now what I also know from looking and listening to you all for a long time, the prices never go down. Unfortunately, everything we do in this country, in this world seem to just escalate. So it's cheaper today than to wait until tomorrow. And then you have the other state over there would have to meet some of that costs as well because you have Arkansas that's in there. So at this point you got Arkansas, you got Tennessee, and you have the federal government. We should be able to get the best deal for our money.

Speaker 10 ([00:42:26](#)):

As we look at having a third bridge in that area, something's got to give because I see the possibilities, God forbid of other things happening that's not good. And so I'd like for you and I got a resolution coming to the effect for us to begin to look at it seriously and timely. And I think that we have a delegation of Tennessee delegations up there as receptive because I've talked to some of them to us being able to get that third bridge. But I need it to be looked at seriously. We need it down there because it's a problem. It just stops commerce for the entire state, the entire country because that interchange, that connection takes us all over the country.

Speaker 4 ([00:43:03](#)):

Yes, sir. Let me, yes sir. Let me please let start and anybody else needs to add in, but we certainly agree that all these considerations are on the table. Should be on the table. We certainly are agreeing with you that when we had that incident occur it certainly brought tremendous burden on the public to be able to do that as well as frayed and other throughout the country. I will also say that there are, as you have just pointed out, a lot of considerations. We've got the two bridges there now that are one of 'em 70 years old. The others, both of them are getting age on them and are going to have to be rebuilt or a new bridge built in, not that distant future. And one of those is 55 now is already over capacity. Our other Soto Bridge still has some capacity left in it. So these are all things we're looking at every day. They're huge, obviously investments, but we need to make sure you

Speaker 9 ([00:44:35](#)):

Have something you want to add. Well

Speaker 4 ([00:44:37](#)):

Yeah,

Speaker 9 ([00:44:37](#)):

Commissioner, we wanted to bring No, that's good. We wanted to bring Pres enough. So representative when you brought this up to us last year, so we convened with our people as well as state of Arkansas and we have engaged a vendor who has been a consultant who's been looking at the viability of that third bridge and also what has to happen with 55. That's why I wanted to bring Preston up to talk about where we're at.

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Speaker 11 ([00:45:01](#)):

The right one. All right. Preston Elliot, chief of environment and planning with tdot. Very, very good question. And as Joe Galvao has mentioned we've been looking at for about a year now, what we call as a targeted approach. The study of a third river bridge has been something that's been looked at for more than 20 years. You're probably quite aware of that. One of the alternatives that was not really vetted or fully evaluated was could you add capacity to the existing alignment of the 55 bridge? And so we are looking at all the alternatives that were previously considered as well as the existing structure and trying to get an even understanding relative to current costs current feasibility as well as what does that look like if we were to move forward and from an environmental perspective, because each alternative, if you do something to address the current current structure's going to need to be rehabilitated at some point in time.

Speaker 11 ([00:46:01](#)):

So that has to be looked at. And so the level of environmental analysis that will be required is much different if for a new structure versus a rehabilitated structure. And so we're trying to make sure we have all that information. We've been working very diligently with state of Arkansas, so Arkansas our DOT has been involved in this. So I think your proposed bill, I think that you have or that you're going to be filing would probably be the most logical next step but we're trying to get the information to best understand that because as you know, it's a very expensive price tag. Yeah.

Speaker 10 ([00:46:37](#)):

Well thank you for that. And I did bring it up last year here. I'd say I'd like to invite both of you all to the Shelby County delegation meeting commissioner to talk specifically about that. And please keep me in the loop as it relates to, because we're talking to people in the Arkansas that are elected as well. But the work that you've done, I'm not privy to it at this point and my membership needs to be brought up to date as to what's going on in that particular area. And I'd like to also put this on the record, whatever happens as it relates to us being able to develop a third bridge, one of the concerns that we have in that area is nothing goes through that state park, that state park, that green space we have there, which is a beautiful artery parcel that we have.

Speaker 10 ([00:47:20](#)):

We don't want anything to damage that. Second thing is obviously we're not trying to, no slight no smoke on the situation. We're not trying to help Mississippi, so I don't want it down there close to Mississippi. We want it in Tennessee for our commerce and industry to take place. And thanks for acknowledging that you're looking at the wear and tear on those that are currently in existence. Obviously that's got to be preserved first. We got to do it. I still emphasize that I don't think the time are going to be in it better because the infrastructure money we have in the federal level, they're willing and they are interested in helping us to do some of this stuff. And as the commissioner touted, nothing gets cheaper. It all costs more money in the future. But done it 20 years ago, price tag obviously would be a little lower. 20 years in the future. It's higher. We know it is. So I'd like to follow up and have y'all to come by the Shelby County delegation meeting please and talk to us about it. Commissioner. Thank you Mr. Henry.

Speaker 4 ([00:48:16](#)):

Thank you. Be happy to do that. Yes sir.

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Speaker 1 ([00:48:17](#)):

Thank you representative towns. And next on my list is Representative Glenn and this is I think the first time we recognize you for speaking and I'd just like to tell members of the audience. Representative Glenn is a retired master sergeant of the United States Army. He has served our country well in that capacity and I look forward to having him on this committee. You're recognized.

Speaker 12 ([00:48:43](#)):

Thank you Mr. Chair. Thank you commissioner, and you all for what you do. That's a great segue to my question. My district 67 obviously we are a military town and so one of my concerns is that the user fee that we're proposing on this particular bill when a service member, especially a young service member who is already struggling to live paycheck to paycheck I know that firsthand from my time in when he goes to or she goes to register their vehicle, that registration fee, if they own a EV went from a hundred dollars to basically about \$275, I'm sorry, \$375. That is a big tag on a young service member who is struggling to live paycheck to paycheck. Most of us who drive a emission vehicles, we have the opportunity to pay a little bit at a time pro rate you might say because when we go get gas, we pay a little bit on her taxes. But that one drop in the bucket for a young service member, again who's struggling, that is a big toll on them. Have y'all addressed that or looked at that as a way to how we can make that happen so that it is affordable for someone who may not be able to afford that particular cost at one given time?

Speaker 4 ([00:50:16](#)):

Well certainly understand the concern and agree. And so what we've tried to accomplish here is as I mentioned earlier, to get that parody to where the same amount that maybe another colleague is paying that gas amount that they're paying over a year's time is equal to the same that a electric vehicle car driver pays. And so the running thought there was just how do we get parody between the two and that being the fairest kind of initial way of doing that. So currently, no, we're happy to talk about it and consider whatever possibly could be done. We have had conversations with industry about stair stepping in some way. And so we're certainly open to those conversation.

Speaker 12 ([00:51:38](#)):

Thank you. And that is my concern, again, as a young service member, again, it is a struggle sometime too, just put food on the table and to ask someone again to drop 300 plus dollars, almost \$400 to register their vehicle.

Speaker 4 ([00:51:56](#)):

It's going to be 2 74 is what will be recommended in

Speaker 12 ([00:51:59](#)):

Recommended from the states user fee. But then the registration on the local side,

Speaker 4 ([00:52:04](#)):

No, that would

Speaker 12 ([00:52:05](#)):

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Be including the state, the local,

Speaker 4 ([00:52:08](#)):

That would be

Speaker 12 ([00:52:08](#)):

Total tax. The will tax, yeah,

Speaker 4 ([00:52:09](#)):

That's the total.

Speaker 9 ([00:52:10](#)):

That's correct.

Speaker 12 ([00:52:10](#)):

So that is

Speaker 9 ([00:52:11](#)):

The total fee. The total total is 2 74. And we would possibly talk to revenue about incremental stepping, but again,

Speaker 12 ([00:52:18](#)):

That includes the will tax and all

Speaker 9 ([00:52:20](#)):

That. Well, no, this just includes the a hundred dollars fee that we have today that's incremental to the electric vehicles. We would add 1 74 to make it 2 74 total.

Speaker 12 ([00:52:34](#)):

I'll probably need some more clarity on the will tax side

Speaker 9 ([00:52:37](#)):

As well. Okay. Yeah, the will tax has nothing to do with what comes to tdot. So we partake in the vehicle registration fees will taxes, I believe are just associated with counties and that's where they go.

Speaker 12 ([00:52:49](#)):

Correct. So when someone goes to renew their license or their tags, they will pay the local fee as well as the state user fee for That is

Speaker 9 ([00:53:04](#)):

Correct. Yeah, the state and the state user fee that we're proposing today is 100 going to 2 74. That's what we're proposing, just the state fee.

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Speaker 4 ([00:53:15](#)):

But that doesn't include those other fees from the county.

Speaker 12 ([00:53:18](#)):

It does not include,

Speaker 9 ([00:53:19](#)):

It does not, yes, it does not.

Speaker 12 ([00:53:20](#)):

Correct. And that's what my concern

Speaker 4 ([00:53:22](#)):

Is. That's why I

Speaker 12 ([00:53:23](#)):

Understand the user fee. Okay. Plus the local fee is what my concern is.

Speaker 4 ([00:53:27](#)):

I hear you

Speaker 12 ([00:53:28](#)):

Saying. Okay, so that's where I'm getting the 3 75. Okay. So I definitely understand now. So again, that is my concern and that's something that I would like to address later on as we go forward with this peace of legislation. Thank you, Mr. Chair.

Speaker 1 ([00:53:44](#)):

Thank you Chair. Lady Hazelwood, you're recognized.

Speaker 13 ([00:53:49](#)):

Thank you, Mr. Chairman. And I want to follow up on the speaker Tims line of questioning early when we talked earlier when he was asking about the modernization fund. So help me understand how that fund would be replenished. Have the, we're talking about the gas tax dollars that we currently collect and those go into the transportation fund. We have the 3 billion infusion that we're looking at in this budget that would go into the modernization fund once that those 3 billion are spent, the monies that we are collecting from the EV vehicles, are they going into the regular transportation fund? Are they going into the modernization fund? How going forward, how will those dollars be allocated among those funds and what will the different funds be directed towards?

Speaker 4 ([00:54:41](#)):

Yeah, good. Good question. I think Joe's better equipped to answer, but the short answer is we would utilize that fund to be able to provide the upfront dollars or the supplement dollars for those Choice

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Lane public-private partnership projects. But the registration fee dollars would be all separate from that?

Speaker 9 ([00:55:08](#)):

Correct. The registration fee dollars would go to us just like they normally do as far as any payments from the user. Fees from the choice lanes would be going to the private company until such time it would split with TDOT with the state when they would split with the state. Our understanding is that those would go into the transportation modernization fund and garner interest.

Speaker 13 ([00:55:32](#)):

So just so I'm clear going forward, you would have into the fund that we're all familiar with the transportation fund you would continue to collect. And I think it's important point that we note here, not only the EV registration fee of 274 or whatever that number finally lands on, but also there is a new fee for hybrid vehicles. Hybrid vehicles have not here to four been paying a fee over and above what they pay at the gas pump. So that I believe is recommended to be a hundred dollars in this bill. So you would have those funds plus gas tax funds going into what we know is the standard transportation fund. That is correct. And the 3 billion would be seed money for upfront cost for these choice lanes in the urban areas that we're building. And then when we start to collect monies from the private partnerships who are managing these choice lanes, then any funds there would go to replenish the 3 billion modernization fund. Am I

Speaker 9 ([00:56:45](#)):

That is our understanding that once again, the majority of those are going to go to the private company until they can recoup their costs. And once, obviously based on the contract, how we would share would be determined in the contract and then they would go I believe the wording says it would go back to the modernization fund, but you are correct, the EV fees, the hybrid fees, just like the standard stuff that we talked to you folks about are the bread and butter of TDOT is gas, diesel, special petroleum and vehicle registration. And that would include all those fees.

Speaker 13 ([00:57:20](#)):

So for the foreseeable future, the only dollars in the modernization fund is this 3 billion infusion initially. And once that those dollars are expended, either the general assembly would have to make another allocation or we would be relying on funding from the partners at this point at least. Okay. I just want

Speaker 4 ([00:57:46](#)):

To No, that's a good question and that's our understanding. Yes, yes.

Speaker 13 ([00:57:51](#)):

Thank you. Thank you. Thank you Mr.

Speaker 1 ([00:57:53](#)):

Chairman. Thank you Chair. Thank you Chair. Lady Hazelwood. I have two questions commissioner and team. And you have covered this earlier. I just want for clarity and understanding of the 3 billion what type projects can it be spent on, again P three projects new roads state highways resurfacing, bridge repair, new interchanges and such?

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Speaker 4 ([00:58:16](#)):

Yes. You can add onto this, but let me start real quickly by saying we already have our list of projects from the Improve Act that you passed. Those are still in process. We've accomplished 30% or so of those. They continue to be on our list and we're continue to work down that list as we go. As you also know, many of you brought additional projects that have kind of come up since the Improve Act that are new projects that the department could entertain and to couldn't back come back to you in the three year plan to be able to get those projects also in the process. So any of those projects to expedite the Improve Act to get some of the economic development projects that are being done could utilize those funds mean. So they're not only the P three projects W, but we certainly contemplate and recognize that that's going to be the place that we go to for those public-private partnerships projects to get. But when we put out the RFP and we know what the economic reality of a particular public-private partnership is, that'll dictate how much the subsidy or the amount that our portion of the down payment or if you will, would be that would tell us how much we would then be able to replenish into that.

Speaker 1 ([01:00:00](#)):

So some of the 3 billion can be used on improve ACT projects,

Speaker 4 ([01:00:04](#)):

Correct? Yes, sir. Yes, sir.

Speaker 1 ([01:00:05](#)):

That's good to hear. Because I look around, I'm the only one left from that vote in the subcommittee <laugh> several

Speaker 4 ([01:00:12](#)):

Years ago.

Speaker 1 ([01:00:14](#)):

Oh, go ahead. No, in the subcommittee, huh? No, in the subcommittee. <laugh>. Hey

Speaker 4 ([01:00:23](#)):

Chairman.

Speaker 1 ([01:00:24](#)):

Yes.

Speaker 6 ([01:00:25](#)):

If I could add to that I think it's also important to understand and to keep with our tradition in Tennessee of addressing the fact that while we're talking about a lot of new projects here, and my colleagues here probably think I'm a broken record, but being the engineer in the room and being responsible for the majority of the system and the quality of it putting money into state of good repair is something that we've been very vigilant about and is one of the reasons why we have the best transportation system in the Southeast. So there is also the provision for that in this legislation. I mean,

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if you think about it, if you build an addition on your house, you still have to maintain that addition just like the rest of your house. So I just think it's important to understand that we acknowledge that any kind of augmentation to our system needs to come with the realization that it has to be maintained as well.

Speaker 1 ([01:01:24](#)):

Good. Thank you, sir. Another question has to do with the state aid program. The 300 million will be distributed to local governments. Understand could you clarify, will this be distributed in the same manner as state aid program as this today?

Speaker 4 ([01:01:42](#)):

Yeah, the short answer is yes. Joe, you want to expound on that? Sure.

Speaker 9 ([01:01:46](#)):

It'll be exactly as it is today. Distributed 50% equally among all 95 counties, 25% based on population and 25% based on land area.

Speaker 1 ([01:01:59](#)):

Okay. I have no other questions for the team here and excuse me represented or Chairman Carr. You're recognized, sir.

Speaker 3 ([01:02:09](#)):

Thank you. Thank you Chairman. And on that point, I, does any of that money go to any of the cities?

Speaker 9 ([01:02:16](#)):

Right now it's just the state aid program and that's in Legi legislation to go to the counties.

Speaker 1 ([01:02:20](#)):

Okay,

Speaker 4 ([01:02:21](#)):

Thank you. But thank you. Explain Joe the registration dollars then the local participation in that.

Speaker 9 ([01:02:30](#)):

Sure. Thank you. So what we've planned on in the legislation, so today, gas, diesel, and special petroleum, different pieces of that go to cities, different pieces go to counties at a very small fraction to the general fund and then big chunk goes to tdot. What we've put forth here for going forward is to split that with the cities and counties and in TDOT in the same proportion as they are today. So where today the a hundred dollars comes directly to ti A for just the pure electric vehicle. This new fee will come to be split up to everybody. So cities and counties and tida will all share in it.

Speaker 4 ([01:03:12](#)):

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So the registration portion that we're talking about for electric vehicles would be split up accordingly to the way that the gas tax revenue is today. Yeah,

Speaker 9 ([01:03:25](#)):

And that was the whole point for parity and not just parity for the gas powered cars to electric and hybrid, but also to be fair to what TDOT receives and what cities and counties receive today as that transition occurs from a gas power to electric.

Speaker 1 ([01:03:42](#)):

Thank you, chairman. Okay. Chair Lady Hazelwood.

Speaker 13 ([01:03:44](#)):

And in that distribution changes the general fund going to continue to receive a small portion or

Speaker 9 ([01:03:50](#)):

A very tiny portion. Yes. At this, the same portion they received today.

Speaker 13 ([01:03:55](#)):

What if I wanted to raise my tiny portion?

Speaker 9 ([01:03:59](#)):

You were the legislature. You can do whatever you need.

Speaker 13 ([01:04:03](#)):

Thank you. Thank you,

Speaker 1 ([01:04:04](#)):

Mr. Chair. Thank you chair lady. And again commissioner team, thank you so much for taking these questions. I know if it moves out today, we'll have a lot more in full committee. And again, I just want to thank the TDOT team out there this morning when I was driving in. It's early, early to be at chair Ladies Hazelwood's budget hearing <laugh> I saw your folks out working, helping stranded motorists and it was just I know it's a big job, a big responsibility. I just want to tell you, I know I speak for the committee, we appreciate it. And without objection, we're back in session. Chairman, how are you recognized? Thank

Speaker 2 ([01:04:47](#)):

You, Mr. Chairman. Just to sum up a couple of things and if you have any more questions for me, I'll endeavor to ask them. I believe chair Lady Hazel would ask about the replenishment of the Transportation Modernization Fund. If you look under Section 14 in three, it says, and other revenues or monies that the general assembly may appropriate to the fund and other monies received by department for the purpose of the fund that are not otherwise allocated by to the department by law and the control of the fund must be administered by the Department of Transportation, be kept separate from all other funds, including the state highway fund. And in the amounts remaining in the fund at the end of each physical year, must not revert to the general fund. And monies must be in the fund, must be invested by the state treasurer pursuant to title.

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Speaker 2 ([01:05:45](#)):

And then also, I wanted to circle back there was a question about the companies that might be able to participate that are not located in the us. Of course all the companies I think that we're talking about have some kind of established office in the us. Much like Volkswagen, their North American American headquarters is in Chattanooga. Nissan has a North American headquarters but in this section 21 [inaudible] a contract or agreement shall not be entered into for the operation of a user fee facility with a person or entity appearing on a sanctions list published under the authority of the United States Department of the Treasury, office of Foreign Asset Control, so that that control is in the bill. Be happy to ask, answer any other questions if you may have them.

Speaker 1 ([01:06:43](#)):

Any other questions for Chairman Howell? Question

Speaker 2 ([01:06:45](#)):

On the bill.

Speaker 1 ([01:06:46](#)):

Second seconds. Got you covered. Okay. Members, we are now voting on house Bill 3 21. All in favor of Senate House Bill 3 21 to transportation. Full committee say aye. Aye. Opposed? Ayes have it. The bill moves on to full transportation. Thank you Chairman Howell. Thank and thank you committee. All right, we have time for a couple more bills here today. Speaker Marsh, you are recognized on House Bill 88.