

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

Agriculture Committee
March 10, 2009

[LB584 LB667]

The Committee on Agriculture met at 1:30 p.m. on Tuesday, March 10, 2009, in Room 2102 of the State Capitol, Lincoln, Nebraska, for the purpose of conducting a public hearing on LB667 and LB584. Senators present: Tom Carlson, Chairperson; Annette Dubas, Vice Chairperson; Brenda Council; Merton "Cap" Dierks; Russ Karpisek; Scott Price; Ken Schilz; and Norman Wallman. Senators absent: None. []

SENATOR CARLSON: Welcome to the March 10, legislative Agriculture Committee hearing. I'm Senator Tom Carlson, Chair of the committee. And to my right is our research analyst, Rick Leonard. Over here in the corner is our page, Kim Weber. And to my left is Barb DeRiese, committee clerk. To my right over here is Senator Cap Dierks from Ewing. Next to him, Senator Norm Wallman from Cortland. And Senator Brenda Council from Omaha; and over here Senator Scott Price, and nobody wants to sit by him, from Bellevue. He'll probably have some company here pretty soon. Before we begin, please turn off your cell phones and pagers if you haven't done that. Those wishing to testify should come to the chair in front here to be heard. And when someone finishes testifying, the next testifier should be ready to go. If you do not choose to testify but would like your name entered in the official record as being present at the hearing, there's a form by the door that you can sign. This will be made a part of the official record of the hearing. Also if you do not testify, you may submit comments in writing and have them read into the official record. However, you will not be listed on the committee statement unless you come to the mike and actually testify, even if you just state your name and your position. We're using a computerized transcription program and it's very important to complete the sign-in sheets for the testifier prior to testifying so those green sheets, anybody that's going to testify, please have that filled out before you come to the table. If you're testifying on more than one bill, and we only have two today, you need to fill out a form for each one. And so when you come to testify, please give your form to Kim and then print on the form so that it can be read because if there's a question on transcription they would know how to contact you. As you begin your testimony, state your name and spell it, even if it's a simple name, and keep your testimony concise. We don't have lights or anything on today. I don't think it's going to be necessary. If you have material to distribute to the committee, give those to our page Kim and she'll distribute those. No displays of support or opposition to a bill will be tolerated. And so if you are going to testify today and you've never testified in front of a committee before, don't be nervous. Try and relax and enjoy it. And we won't be very difficult with you. With that, we'll open the hearing on LB667 and, Senator Sullivan, you may open. []

SENATOR SULLIVAN: (Exhibit 1) Thank you, Senator Carlson and members of the Ag Committee, and I will not begin by singing the Star Spangled Banner (laugh). I'm Senator Kate Sullivan representing District 41, that's Kate, K-a-t-e, Sullivan, S-u-l-l-i-v-a-n. LB667 is another step in the process of refining Nebraska's fence laws so

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

Agriculture Committee
March 10, 2009

that they essentially work for landowners in the twenty-first century. As some of you know because you've been a member of this committee for several years, Nebraska's fence laws have been under scrutiny for at least the last 15 years. In 1994, then Senator Dierks and his staff undertook the first major refinement of the fence laws since 1922. In 1994, revisions did not change the mutual obligation of adjoining landowners for division fences. However, the revisions changed the fence viewing process and placed the responsibility for fence viewing on county clerks. Although the intent was to avoid bias and ensure a fair process, it placed a burden on county clerks that was outside their areas of expertise, and it created legal issues wherein fence viewers' decisions were appealed. In 2005, this committee conducted an interim study which resulted in the introduction and eventual passage of LB108 in 2007. LB108 removed fence viewers from the statutes entirely and made the obligations of the adjacent landowners directly enforceable by civil filings in county courts. LB108 also allowed court-ordered mediation. Unfortunately, language in the statutes which was changed by LB108 may be viewed as ambiguous. There is also the potential that a court could find the law unconstitutionally vague because it doesn't provide clear definition or notice of the duty imposed by the law. There are those who would really like to go back to the good old days when each landowner built and maintained half the fence; to the days when landowners met in the middle of their property, faced each other, and then each would be responsible for the fence on their right. We might also wish we could go back to the days when a handshake constituted a legal contract and people actually honored an agreement they submitted with that handshake. Well, unfortunately, times have changed. People no longer live in the country just because they farm and ranch. Our fence laws have to work for disputes between farmers and ranchers in rural areas, but they also need to work for disputes between acreage owners and farmers in more populated areas. LB667 is not intended to be the solution. It's actually intended to begin the conversation and ongoing discussion about what clarifications are necessary to ensure that fence laws apply fairly to all landowners. LB667 amends Section 34-102 to add a rebuttable presumption that a just proportion for construction and maintenance of a division fence between two or more adjoining landowners shall be equal shares. LB667 also amends Section 34-102 to add a statement of legislative findings on the duties of adjoining landowners to construct and maintain division fences, the importance of division fences in contemporary society, and the public benefits to be derived from them. The legislative findings are intended to establish the value to contemporary society of sharing the cost for the construction and maintenance of fences by all landowners, whether or not they own livestock or engage in agriculture. How often have we heard that good fences make good neighbors? That old saying has never been truer as more folks move to acreages down the road from working farms and ranches. Requiring landowners to help pay for division fences is particularly important today when conflicting land uses, such as residential acreages, are located in areas zoned for agriculture use. Counties such as Lancaster, Douglas, Sarpy, Hall, Adams, Madison, Dakota, Scotts Bluff, and others are experiencing these conflicts as part of the growing pains as their county populations increase. As I said earlier, I am not actually pursuing

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

Agriculture Committee
March 10, 2009

passage of LB667 this session. I view it as a starting point for a cooperative study of Nebraska's fence laws over the interim. As those after me will tell you, there are still areas of fence law that need to be addressed, and I would very much like to be part of that study. I'd like to work with you to identify the problems and to develop fence legislation for introduction in 2010. So what I'm asking is probably what's a very rare occurrence. I'm asking you to hold LB667 in committee this year to allow the fence law study group to do their work and bring it back to you at the end of the year. So I thank you for your consideration, and I'll try to answer any questions. [LB667]

SENATOR CARLSON: Okay. Thank you, Senator Sullivan. And before I open it up to questions here, joining us: Senator Annette Dubas from Fullerton and she's the Vice Chair of the Ag Committee; Senator Russ Karpisek from Wilber; and Senator Ken Schilz from Ogallala. And they're probably going to be kind of tough on you, Senator Sullivan. So do you have any questions of her? All right, Senator Price. [LB667]

SENATOR PRICE: Mr. Chairman, thank you. Again, Senator Sullivan, just so I understand this then, is there an issue then and we would be asking if we have a farm and then there's an acreage next to the farm or even a subdivision, which is the case in my county, and the landowner or homeowner wants to put a fence up, that the farmer adjoining would be responsible for half of that fence... [LB667]

SENATOR SULLIVAN: Um-hum. [LB667]

SENATOR PRICE: ...that goes along it? [LB667]

SENATOR SULLIVAN: Um-hum, um-hum. [LB667]

SENATOR PRICE: Okay. [LB667]

SENATOR SULLIVAN: Yes. [LB667]

SENATOR CARLSON: Any other questions? All right. Hearing none, thank you for your testimony. Are you going to be here to close? [LB667]

SENATOR SULLIVAN: I'll stick around for awhile, yes. Thank you. [LB667]

SENATOR CARLSON: Okay, thank you. All right. First testifier on LB667. And you are a proponent of the bill. [LB667]

BRAD CHOQUETTE: Yes, sir. [LB667]

SENATOR CARLSON: Okay. [LB667]

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

Agriculture Committee
March 10, 2009

BRAD CHOQUETTE: (Exhibit 2) Good afternoon, Chairman Carlson, members of the Agriculture Committee. My name is Brad Choquette, B-r-a-d C-h-o-q-u-e-t-t-e. I'm from Upland, Nebraska, and I'm testifying in support of LB667 for Nebraska Cattlemen. I would like to thank Senator Sullivan for introducing LB667 to address the needs in clarifying Nebraska's fence law. My testimony today is centered around my personal experience in a recent fence dispute with my neighbor. If you can refer to the pictures, you'll notice the survey stakes on the property. My property is to the left; their property is to the right, and you can see how far they've been farming over the property line trespassing onto my ground. You can also notice the trees in the background where the fence is supposed to go. There was actually years ago two fences and they had removed their fence and started pasturing up to my secondary fence. And over the years, the property line had become overgrown with trees. And if you'll refer to this photo, you can understand why they've had cattle trespassing on my ground nine times out of the last six years. And to address the issue, I was a good neighbor and I went and talked to the landowner and I said I would happily build a fence on the property line, remove both of the old fences, what's left of them, pay for both halves of the fence and remove all the trees on both lines of the property line, and their response was, well, Nebraska fence law doesn't apply to us. We subcontracted that out to our tenant, the farmer. So I went and talked to the tenant and he told me that he wasn't responsible for that because he had subcontracted the pasture ground out to his...another farmer who had the cattle in the pasture. So I went and talked to Mr. Steve Johnson (phonetic) and, of course, he said, well, that's not my responsibility under Nebraska fence law to build fence on somebody else's property. You have to talk to Vivian Bunger (phonetic). So I went and filed action in district court to settle the property line dispute and filed action in county court for them to pay for half of the fence. And because of the tree issue, there's nothing in the law stating that you have to remove the trees from the fence line. And you can see it would be almost impossible to build a fence through all this clutter and mess. So in the process of negotiating a settlement, I ended up with having to pay for all the construction costs. They agreed to pay for half of the fencing cost and I have to remove all the trees. But since there was nothing clearly set in the law, I had to bear a greater burden of the fence cost than I would have normally had to. And it's kind of an interesting twist of fate because I don't run cattle on this piece of ground. I don't really need a fence. It just...I wanted a fence to address their trespass issues, both over the property line farming and this piece of ground of theirs has 160 acres of pasture with 7 miles of fence around it. And the tenant can't afford to keep up the upkeep so he just has bits and pieces fixed up, little one-wire electric fences all over the place. At one point, they had an electric fence 54 feet over the property line onto my ground so the trees wouldn't fall on it and have cattle getting out. So what I'm hoping for is you can find a resolution so that farmers don't have to go to court and spend all the time on lawyer fees and we can once again be good fence neighbors because good fences make good neighbors. You can't, you know, you can pick up and you can move survey stakes or posts, but it's pretty hard to move a four-wire fence. So in closing, I would like to thank the committee for consideration on behalf of Nebraska Cattlemen regarding

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

Agriculture Committee
March 10, 2009

fence issue in LB667. And I'd be happy to answer any questions. [LB667]

SENATOR CARLSON: Okay. Thank you for your testimony. Senator Council. [LB667]

SENATOR COUNCIL: Yes, thank you, Mr....am I pronouncing it right...Show (phonetic)... [LB667]

BRAD CHOQUETTE: Choquette. [LB667]

SENATOR COUNCIL: Choquette. During your testimony, you made the statement that you ended up paying more for the fence than you would normally have to pay. What is the basis for your characterization and what, in your estimation, would be normal? [LB667]

BRAD CHOQUETTE: Well, under Nebraska fence law, the property owners are supposed to pay for half of the construction cost and half of the materials cost. In order to get the trees removed from their property and actually trespass, I went in five foot on their property line to remove trees and keep the fence clear of trees so you don't have it rubbing on the fence and breaking the fence and have snow drifting in there and collapsing and breaking the fence. I offered...to get the settlement, I had to agree to pay 100 percent of the cost and they don't have to pay any construction cost. [LB667]

SENATOR COUNCIL: So that was a part of your settlement... [LB667]

BRAD CHOQUETTE: Part of the settlement. [LB667]

SENATOR COUNCIL: ...that you ended up paying more than what you, even under the existing language, more than what you would be... [LB667]

BRAD CHOQUETTE: Under normal fence law. [LB667]

SENATOR COUNCIL: ...under the statute as it currently exists. And would there be variety of scenarios that would relate in different allocation of the cost in your opinion? I mean when you talk about...I know this is going for an interim study, but would that be what we would particularly be looking at next year that if, you know, if the fence separates pasture from... [LB667]

BRAD CHOQUETTE: An acreage. [LB667]

SENATOR COUNCIL: ...acreage that the division shall be x. If it separates pasture from pasture, the division shall...I mean is that something you're looking to accomplish? [LB667]

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

Agriculture Committee
March 10, 2009

BRAD CHOQUETTE: I would just as soon see it 50-50. You take care of your half of the fence; I'll take care of my half of the fence, as long as you agree to build a fence that you're both willing to maintain. Acreages, it will serve them well. It will mark their property line. There will be no dispute in the property line. Cattle have a tendency to get out. You know, like the ice storm--we didn't anticipate this ice storm coming and destroying fence and having cattle get out and destroy my bales. If something like this would happen again and a big oak tree would collapse a flimsy fence and somebody would have cows get out and, you know, tear up somebody's house or rub on their car or knock the windows out of their car or tear up their lawn, in the long run their investment in that fence is going to be a rather good investment. Let's be proactive and prevent an accident instead of reactive and trying to do something after an accident occurs. [LB667]

SENATOR COUNCIL: Thank you. [LB667]

SENATOR CARLSON: Okay. Senator Dierks. [LB667]

SENATOR DIERKS: Thank you, Senator Carlson. Brad, thanks for coming over. I'm sure I commiserate with you on your difficulties. I've run into this so much lately. Where do you live? [LB667]

BRAD CHOQUETTE: South of Upland, Nebraska. [LB667]

SENATOR DIERKS: South of which? [LB667]

BRAD CHOQUETTE: Upland. [LB667]

SENATOR DIERKS: Upland. [LB667]

BRAD CHOQUETTE: It's south of Minden about 24 miles is my farm. [LB667]

SENATOR DIERKS: Down by Franklin. [LB667]

BRAD CHOQUETTE: Yes. I'm 14 miles from Franklin. [LB667]

SENATOR DIERKS: And you've talked to enough people and been in enough faces and around the courtrooms about this issue. Do you have some suggestions for us that would be workable? When you take into consideration the fact that if you have a neighbor that's just strictly in irrigation, but is raising corn, doesn't care whether there's a fence or not, how do we handle that little situation? [LB667]

BRAD CHOQUETTE: I'm in that situation. This is strictly an irrigated farm. I don't have any cattle there, but I've had trouble since there's so many trees going over the property

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

Agriculture Committee
March 10, 2009

line, they can no longer drive their combines and grain carts through their property so they've been trespassing and driving over my crops and have sprayers and trucks drive over my growing wheat and corn. And to a certain extent having a fence, the penalty...when you cut a wire and trespass, the penalty for trespassing goes up so that serves another purpose for me having a fence line the entire length of the property. [LB667]

SENATOR DIERKS: So there's no way that you could think of that you could have a neighbor that doesn't run cattle on his pasture against your place that does or vice versa. [LB667]

BRAD CHOQUETTE: You know, a lot of neighbors, even if they do have corn ground, they pasture those stalks through the winter and still use the fence. Even if they subrent that out, they get pasture rent that they can use that money to apply towards fence repairs. So it's not fair for one landowner if he's got pasture on one side to pay for 100 percent of that fence cost and then to have the corn grower on the other side of the fence use that fence through the winter at no cost to him. [LB667]

SENATOR DIERKS: So there's got to be some remedy that will clear the fence line and make both sides share the cost of keeping up the fence. [LB667]

BRAD CHOQUETTE: Down south where I raise a lot of cattle, the right-hand rule has served us very well. And we mediate if we have a section of fence that's in disrepair. We get together, we work it out. You know, one guy will buy the posts, another guy will buy the wire, and we'll get together some afternoon and dig it in and take care of it. It's just there are those people that are ignorant about the fence law or think it doesn't apply to them. And the fence law has served us very well. It just needs a little tweaking and clarification to address some of the issues that were not there 100 years ago. [LB667]

SENATOR DIERKS: Well, over in my country we...I think that everybody has cattle...the fences have cattle on both sides, even though some of them might be irrigated corn, they'll have cattle there in the wintertime. And we don't have any problem with it there. But from what I gather, like people near communities where they don't run cattle in the pasture, they think that they should be free of the responsibility as far as the fence is concerned because they don't have a...they think their liability is not there. And this is the problem we have, and we need to have some help on figuring how to get around that. [LB667]

BRAD CHOQUETTE: There...from experience, there are benefits to having a fence. You know like I said, it's hard to move the property line when you've got a four-wire fence dug in. [LB667]

SENATOR DIERKS: Yep. Thank you very much, Brad. Thanks for coming. [LB667]

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

Agriculture Committee
March 10, 2009

SENATOR CARLSON: Okay. Any other questions? Senator Dubas. [LB667]

SENATOR DUBAS: Thank you, Senator Carlson. Thank you, Mr. Choquette, for coming. We've been on both sides of the fence so to speak. We've had cattle who have gotten out and we've had cattle who have gotten out on ours. But the fence law has worked well in our case. We've worked well with our neighbors, and it hasn't been an issue. And I appreciate you bringing your personal experience because I think that really helps us understand just how serious this issue is and why we need a law in place that will help us address it. Could you tell me, give me a time line of how long you spent trying to get some resolution to this issue? [LB667]

BRAD CHOQUETTE: I think I filed...I better not quote. Can I get back to you? [LB667]

SENATOR DUBAS: Sure. [LB667]

BRAD CHOQUETTE: And... [LB667]

SENATOR DUBAS: Even just an approximate amount of time. I'm guessing it took you considerable time. [LB667]

BRAD CHOQUETTE: I think it was March of last year when I talked to the lawyer about filing suit. And I talked to him for six months trying to work out a resolution before we went to court. So it's been 18 months approximately. [LB667]

SENATOR DUBAS: So that's enough time for additional damage to occur and more difficulties to arise. [LB667]

BRAD CHOQUETTE: Um-hum. Well, and it's right in the proximity to a state highway within a...you know, it borders right on the state highway and they have trees growing in the fence along the state highway. It's only a matter of time before an accident happens. [LB667]

SENATOR DUBAS: Well, thank you very much. I appreciate you coming. [LB667]

SENATOR CARLSON: Senator Price. [LB667]

SENATOR PRICE: Mr. Chairman, thank you. Mr. Choquette, is there an agreed-upon distance for clearing trees when you get ready to set fence? [LB667]

BRAD CHOQUETTE: No. [LB667]

SENATOR PRICE: Would there be value added to making sure that we had that in

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

Agriculture Committee
March 10, 2009

there? [LB667]

BRAD CHOQUETTE: Yes. [LB667]

SENATOR PRICE: Okay, because we're polishing the rock now. I want to make sure that we have (inaudible) see what someone said, well, it's not that I don't want to pay right now, but it would be liability later. And you want to have that covered. Thank you. [LB667]

SENATOR CARLSON: Any other questions? I do have a couple because you referred to the picture showing how they're farming on your land. That's the third picture and the fourth one...if you said something about the first two, I missed it, the first two pictures. [LB667]

BRAD CHOQUETTE: That was just to illustrate, you know, the merits of having the fence line clear of trees because the fence was all fixed up, but when the ice storm came, the trees came in and destroyed the fence and that's how the cows got out and ate the bales. [LB667]

SENATOR CARLSON: But this is your property. [LB667]

BRAD CHOQUETTE: Yes, it is. It's the same property. That picture of the ice storm is the same one that with the survey stakes, that's the same tree. [LB667]

SENATOR CARLSON: Okay. And what about this? [LB667]

BRAD CHOQUETTE: That's the damage to the hay bales. They ate 56 bales of my hay when the cows got out. [LB667]

SENATOR CARLSON: Okay. [LB667]

_____: Did you send them a bill? [LB667]

BRAD CHOQUETTE: Yes, I did. I was glad I did not have to go to small claims court over that matter. [LB667]

SENATOR CARLSON: All right. Senator Price brought a question. [LB667]

SENATOR PRICE: Mr. Chairman, thank you and I apologize. It's going to illuminate some of the breadth and depth of my ignorance. You plant crops on my land, I eat it. Is that not acceptable? [LB667]

BRAD CHOQUETTE: Yeah. But their tenant has a rather violent nature. I had

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

Agriculture Committee
March 10, 2009

(laughter)... [LB667]

SENATOR PRICE: Well, I mean I think and without getting...so we don't have to go into characterization. [LB667]

BRAD CHOQUETTE: Okay. [LB667]

SENATOR PRICE: I want to talk to...I want to address it to the point of I don't know how common property laws, I don't know how things work exactly, but if you take the effort to plant crops on my land, then I should be able to harvest it and sell it. You know...I mean in other walks of life you don't get to do that. You know, and I would ask Senator Dubas, if your beef comes onto my property, I have dinner, you know. And you can't do that either. So I would think that there are other ways that this mediation thing would have already taken care of it. And that, though, someone would understand that you...because this is something that's a persistent problem and not just in your areas where these lines seem to move and people are taking advantage of you. [LB667]

BRAD CHOQUETTE: They assumed the power lines there were the property line. And it was so narrow of a strip I couldn't get my equipment in there to farm it, but I stacked hay bales in there. And he came along with his farm equipment and tore up my hay bales. So I kind of, after learning my lessons, kind of moved my hay bales over a little more next time and gave him a little more breadth, but... [LB667]

SENATOR PRICE: I just want to make sure we're clear. Again, we're polishing this and looking at this. I don't know if this is a rampant problem in the state or something. But I would think if you started harvesting he'd get the idea. [LB667]

BRAD CHOQUETTE: Like I said, with the...can you see the power poles there? [LB667]

SENATOR PRICE: Yeah, oh, yeah. [LB667]

BRAD CHOQUETTE: I can't fit my equipment in-between the power poles and his ground. [LB667]

SENATOR PRICE: A sigh, but I understand. Thank you. []

BRAD CHOQUETTE: Yeah, it...I understand. [LB667]

SENATOR PRICE: Thank you. [LB667]

SENATOR CARLSON: Brad, one more question. Now this doesn't apply to you, but as Senator Price asked his first question, he lives in a development. And that development, the back part of his lot is next to your cornfield. And so we make this law 50/50. Now he

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

Agriculture Committee
March 10, 2009

wants to put up a fence that's eight feet high... [LB667]

SENATOR PRICE: And 130 feet long. [LB667]

SENATOR CARLSON: ...and it's plastic. [LB667]

BRAD CHOQUETTE: And it's going to cost four times what a four-wire fence would cost? [LB667]

SENATOR CARLSON: Right. How you settle that? [LB667]

BRAD CHOQUETTE: And they don't want an ugly four-wire barbed wire fence in their backyard. [LB667]

SENATOR CARLSON: Absolutely, that these kids run into. [LB667]

SENATOR PRICE: Yeah. [LB667]

BRAD CHOQUETTE: That's a difficult issue. I mean as a farmer I'd want to bear some of the cost. I would be willing to pay for the post and, you know, half of the paneling and help you with the construction of it. I would work with you as a neighbor. [LB667]

SENATOR CARLSON: Okay. I think Senator Schilz has a... [LB667]

SENATOR SCHILZ: Well, I was just going to say and remember, you're one farmer and there could be 15 or 20 residential folks there that you have to negotiate with. I mean that gets to be something we need to think about. [LB667]

BRAD CHOQUETTE: The other issue that comes up, if you put a panel fence, cattle are going to rub on that and destroy it. You know, unless it's electrified or if you put an electric wire on the back of it or barbed wire on the back of it, they're...it's not going to stand up too well from experience. [LB667]

SENATOR CARLSON: Well, we're talking and we're planning ahead, but these are pretty tough issues because like Senator Schilz says, it could be 15 neighbors down along your and every one of them wants a different kind of fence. And don't you dare let your cattle destroy my fence. [LB667]

BRAD CHOQUETTE: It might be an issue where this property years ago they had trouble with the neighbors and they decided they needed two fences. You took care of your fence and the neighbor took care of their fence because they couldn't get along trying to take care of the same fence. [LB667]

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

Agriculture Committee
March 10, 2009

SENATOR CARLSON: Yeah, yeah, that might be the case. Senator Price. [LB667]

SENATOR PRICE: Senator Carlson, thank you. Actually, I think that...and there's some zoning issues about where you can run cattle in residential areas. [LB667]

SENATOR SCHILZ: Or an electric fence. [LB667]

SENATOR PRICE: And I actually live in that situation in the subdivision that I am in, and there's a street and there's a setback and there's a fence. And then we're off into ag territory so...and they all know how that runs there. But we do have corn growing right next to and we have all the different...beans growing right next to. So I don't know about the cattle thing there. But the idea if it does come and you do have 64 pieces of property along your back property line with fences, and we'll address that as a (inaudible), but I wanted to interject that for the record. Thank you. [LB667]

SENATOR SCHILZ: Senator Price, they probably just got smart when you decided to take a few of their cows and said I ain't bringing any more. [LB667]

SENATOR CARLSON: One other comment here. Mr. Leonard handed me this. The fence law only holds to the cost of a legal fence, which is the four-wire legal fence so it would be 50 percent of the cost of that and then it still probably in those kind of situations is going to end up with two fences maybe. But, yes, Senator Wallman. [LB667]

SENATOR WALLMAN: Thank you, Chairman Carlson. Yeah, thanks for coming. Does your neighbor have to go across your property to get to his field? [LB667]

BRAD CHOQUETTE: Actually, no. Last harvest they could have drove through the pasture from the south, but they didn't want to tear up their landlord's pasture so they tore up my farm ground instead. [LB667]

SENATOR WALLMAN: Thank you. [LB667]

SENATOR CARLSON: Okay. Senator Dierks. [LB667]

SENATOR DIERKS: Just as a matter of information, the fence law that we put in effect a few years ago set up a condition called fence viewers. And it asked the county clerk to establish a fence viewer's team, and they were supposed to be...they're supposed to have three of them on there. And it all sounded very good. It turns out the county clerks couldn't get people to be fence viewers. So the fence viewers, the idea there was to do what Brad has asked for--to get somewhere in the middle of the fence and decide this is yours and this is yours and go to work. The thing has just gotten pretty much out of hand. It's just a difficult issue, so we got our hands full, guys. [LB667]

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

Agriculture Committee
March 10, 2009

SENATOR CARLSON: I think we do. Any other questions? Okay. You probably got more questions than you thought. Thanks for your testimony. Next proponent. [LB667]

JIM PAPPAS: Chairman Carlson, committee members, my name is Jim Pappas, J-i-m P-a-p-p-a-s, and I've been called a lot of other things which I will not spell. I'm here representing ICON, Independent Cattlemen of Nebraska, and would definitely want to be part of the solution or working out a new fencing law. Some of the problems we have with it, some of my members do, specifically there is a man from Florida, a businessman bought an 8,000 acre ranch next to one of my neighbors. And he does not run a head of livestock on this ranch. And so he's not interested in keeping up the fences. So to clarify...we're very interested in clarifying the law so that a cost sharing, just what they can do and what they can't do. To add a little to some of the questions that were ahead of me, if...commonly if you have a row crop operation next to a subdivision, the only time you can probably have cattle on there is to clean up the stalks or if you would, soybean residue in the wintertime. If it's a pasture situation, as soon as that land was taken out and divided into a subdivision, whoever owned the rest of the pasture would almost immediately put up a four-wire fence at least and probably a five-wire fence in that case that close to a subdivision. [LB667]

SENATOR CARLSON: Okay, thank you. Any questions of Mr. Pappas? Okay. Thank you for your testimony. Any other proponents? Okay, do we have any opponents? Or anyone speaking in a neutral position? Seeing none, Senator Sullivan, you're welcome to close. [LB667]

SENATOR SULLIVAN: Just very briefly I want to thank you for your consideration of this. And I won't be so naive as to think that this is going to be an easy issue to tackle. Early on when the session first started, I was talking with a senator not on this committee, and I commented that I was going to introduce this legislation. And he said, well, good luck. It's going to be very complicated and lots of issues, but that's precisely why I wanted to approach it this way to hopefully bring a lot of interested parties to the table, discuss all the different options, all the challenges, and all the different senses, if you will. So I appreciate your consideration, and thank you very much. [LB667]

SENATOR CARLSON: Okay, thank you. Any questions of Senator Sullivan? Okay, hearing none, thank you and that closes our hearing on LB667. And we're ready to open the hearing on LB584. Senator Dierks. [LB667]

SENATOR DIERKS: Thank you, Chairman Carlson and members of the Ag Committee. My name is Senator Cap Dierks, spelled C-a-p D-i-e-r-k-s, and I represent District 40. I'm here today to introduce LB584 to the committee. I was approached in November of 2006 with a concern about the production and market availability of ethanol in the state of Nebraska. Specifically the following question was asked of me: Why can't local

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

Agriculture Committee
March 10, 2009

farmers buy ethanol at prices similar to large petroleum companies? And I didn't have an answer to that question. An informal hearing was held in 2007 on that issue, and this bill is a result of that hearing. Just for the record, this bill was also introduced in 2008 as LB1171. This bill is a different idea for the Ag Committee to consider. Rural economic development has always been an important issue to me during my legislative career. It is very important to the survival and success of rural Nebraska for our producers to grow commodities at the lowest rate possible. Markets in Nebraska should be open to local residents at a fair price. After my work in the area of Initiative 300 during the past two years, I want to assure the committee that I am very aware of commerce clause issues. There is no intent with LB584 to violate commerce regarding the marketing of agricultural commodities. According to the Nebraska Ethanol Board's Web site, Nebraska is the second largest ethanol producer with 21 plants currently operating. Three plants have been in bankruptcy and are expected to be taken over at the end of the month. Over 1.7 billion gallons of ethanol are produced at these plants each year requiring over 600 million bushels of grain in the process. According to the Ethanol Board, only 1 of the 24 ethanol plants sell to local farmers and that is the Chief ethanol plant in Hastings. New markets will continue to develop as farmers respond to the environmental and global concerns. This bill is an attempt for us to ensure that local markets have the same access to the goods produced in this state as national markets. There are several speakers here today to tell you more about this bill. I'll end my testimony and try to answer questions from the committee. [LB584]

SENATOR CARLSON: Okay. Thank you, Senator Dierks. Any questions? Senator Dubas. [LB584]

SENATOR DUBAS: Thank you, Senator Carlson. Senator Dierks, you did say that there is one plant that does sell ethanol directly to the farmers. [LB584]

SENATOR DIERKS: That's the information we have, yeah. Now you might find some more today that will tell you the same thing, but... [LB584]

SENATOR DUBAS: I guess I wasn't aware that there were any so that was surprising to me. So you don't know why this one does and the rest don't? You don't... [LB584]

SENATOR DIERKS: I don't know. [LB584]

SENATOR DUBAS: Okay, thank you. [LB584]

SENATOR DIERKS: Maybe they just had a change of heart. [LB584]

SENATOR DUBAS: Thank you. [LB584]

SENATOR CARLSON: Senator Price. [LB584]

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

Agriculture Committee
March 10, 2009

SENATOR PRICE: Mr. Chairman, thank you. Senator Dierks, when you sell one commercial operation to another commercial operation, there seems to be governing safety factors also how you dispense the ethanol. It's not like you drive up to a pump, I don't think. So when a farmer come up or any noncommercial receiver, are they coming up with standard equipment that someone else would show up? I can see if you roll up there with a 50-foot trailer with a fuel tank on it to buy it. It's a little different than someone bringing his 50-gallon container. So I don't see a provision in here which keeps or makes it less cumbersome for the ethanol producer to have to match up and marry up to multiple types of tanks in between the commercial world and the private. So that's my one question, would you entertain ensuring that we're not encumbering an ethanol producer with that type of action? Again, I speak out of ignorance on this. And also the second part is when you buy fuels or you buy things, someone may buy it only in, again, 100-gallon or a 500-gallon block. And sometimes a producer will sell it in larger quantities. And if they have...if their market is or their production is accounted for in these larger quantities, are we going to levy or require them to keep some held back for smaller purchases? If that makes any sense. [LB584]

SENATOR DIERKS: Well, I think it makes sense. I guess my thoughts on that are that we have a product here that we manufacture with crops here. And I think we ought to make that available to farmers here as well. I'm talking about local availability. I was involved with some of the very first ethanol legislation back in the early 2000. And I told some of my friends that we made some mistakes there. And the mistakes we made were in letting the mixing authority get out of our hands. It...we went national on us and became corporate America doing the dictating. At that time, they were signing contracts with corporate America and so they couldn't sell to anybody but the corporation that they had the contract with. It became a very difficult issue for us. And I think now that we've discovered that we can sell some of this stuff locally, and sure it's going to be difficult to go in with a 50-gallon barrel and buy ethanol. I think that there's a capacity for the plants taking care of that. It might have to cost a little more, but it's different than filling a train car. So, yeah, you've got a point there. I think we have to make some adjustment for that. [LB584]

SENATOR PRICE: Thank you. [LB584]

SENATOR CARLSON: Any other questions? Senator Council. [LB584]

SENATOR COUNCIL: Yes. Thank you, Chairman Carlson. Senator Dierks, and I understand that this bill was introduced during the last session, but the...I guess the concerns I have, and you indicated during your opening that you were aware of commerce clause issues, inconsistency between this bill and federal antitrust laws that don't apply this level of restriction. And I guess I need some understanding because I'm concerned about while the bill names it as the Agricultural Commodities Protection Act,

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

Agriculture Committee
March 10, 2009

it only applies to ethanol. And essentially we're saying of all the agricultural commodities that are produced in the state of Nebraska this one commodity cannot be sole source market. I mean that's essentially what the bill is providing for is that if for some reason, and no nefarious reason, I'm an ethanol producer and some consumer outside the state of Nebraska comes to me and says, you know, I've got this operation and I'm willing to purchase every ounce of ethanol you produce, under this act I'd be prevented from entering into that agreement, even if from a business perspective it ensures that my business continues to operate. I mean that's the balance I'm trying to strike between the need for our producers here in Nebraska to be able to access ethanol at a reasonable price and then putting constraints on individuals who made an investment in an ethanol plant and restraining their ability to ensure that they get their return on their investment. I guess that's what I'm trying...I'm struggling with. Can you help me at all? [LB584]

SENATOR DIERKS: Well, I don't know if I can help you very much, but I think I can a little bit. You know, I think that...I don't think that...I think that would violate our antitrust laws if we were able to say we can't sell this across state lines to somebody else. And I think that if that somebody else is corporate America, well, that's what it is. But what we're trying to do is develop commerce locally with this ethanol production. And I think you're going to hear later about some places that have bought the necessary pumps to provide ethanol at any percent you want. And I know that there's two stations in Nebraska that do that right now. You can drive in and you can put 95 percent ethanol in your car if you want to. The filling station or service station that has that has invested in the pumps that are necessary to dilute and measure and provide whatever you want so. Anyway, there's that effort going on. I know you'll hear of that from a couple of people I think today. And I don't think that our bill is perfect by any stretch. I just...we're out here to try to find some...get some information from it. [LB584]

SENATOR COUNCIL: Thank you. [LB584]

SENATOR CARLSON: Any other questions? Okay, thank you, Senator Dierks. [LB584]

SENATOR DIERKS: Thank you. I'll stick around. [LB584]

SENATOR CARLSON: Okay. All right. Proponents, first one. [LB584]

STEVE WIESE: First of all, my name is Steve Wiese, and I am going down as neutral on this position, and I'd like to explain in more detail. I believe I'm the only speaker. There's no one here for the proponent, but I'm going to bring out several key factors that... [LB584]

SENATOR CARLSON: Would you spell your name. [LB584]

STEVE WIESE: W-i-e-s-e. [LB584]

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

Agriculture Committee
March 10, 2009

SENATOR CARLSON: Okay. We're a little bit out of order here. How many proponents do we have? Okay. We go... [LB584]

STEVE WIESE: They wanted me to come up first so. [LB584]

SENATOR CARLSON: You proponents want him to go first? [LB584]

_____: I can't dictate that. I thought (inaudible) proponent for himself. [LB584]

SENATOR CARLSON: We're not that hard to get along with here so okay, go ahead, Mr. Wiese. [LB584]

STEVE WIESE: Okay. I am testifying today as a farmer and an ethanol plant investor. I also, as a few of you know, serve...have served for eight years on the Nebraska Corn Growers Association. And I presently serve on the Nebraska or the National Corn Growers Ethanol Committee, and so I'm somewhat versed on some of the future needs what we feel are coming into play, and at the same time some of the past incidences that we've experienced due to the way the structure is today. As an ethanol plant investor, I can tell you the margins are slim. The ethanol plant needs every possible usage and every source of direct connection to usage that they can get. I don't feel that's probably happening today the way the structure is set up. In this situation, we have some concerns with the way the bill is wrote due to the contracting that's involved. And that I can say I've had heavy discussion with the Corn Growers. That's some concerns. And as Senator Dierks brought out, the thing may not be wrote 100 percent correct, but their status on the bill is monitoring it. And if we can give any influx or...and I'm speaking as far as the Corn Growers here, any support to the situation that we'd like to make sure that price fixing and market structure stays accurate and available for agriculture. That's the main concerns we have for the corn industry also. I guess I'll start with the fact that I have a good friend that last year set up an irrigation motor that runs on 100 percent ethanol, and he went to purchase his fuel needs. He had to go through a supplier, a retailer. That retailer sold him his ethanol--this was all, as you remember, during very high fuel prices--for \$3 a gallon. Diesel fuel, granted, was probably over \$4 a gallon at the same time. The retailer had picked up the source through his plant that he had investment in, and that plant's rack price to that retailer was \$1.50 a gallon. And I have huge concern with that. There was a simple case of exploiting the market. As an investor, I felt and feel as an investor myself that retailer probably fought the development of that ethanol plant, could be fighting it today, the fact that the ethanol industry is a true competitor to him. And yet they are our sole source for the pricing of the product. And that is where my largest concerns come from. I myself today, it was brought up about having a 500-gallon trailer, 1,000-gallon trailer. I'm not sure that we need legislation put in place as to monitor those situations yet as the demand for the fuel is going to be coming. I am aware...I three weeks ago was in Detroit, Michigan. We

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

Agriculture Committee
March 10, 2009

had meetings with Ford and GM. Ford released the facts that they know that there's six companies building irrigation motors today that will run on 100 percent ethanol. We have several in Nebraska today doing that, just as I stated my friend is. At the same time, the university has just received a large grant in the study of burning higher levels of ethanol in the diesel fuel and standard diesel tractors. On the national end, we've done some of this study. A year ago I was in Philadelphia at the national USDA ethanol research facility, and we saw three engines that they had developed that were running as high as 70 percent on ethanol, the rest diesel. The standard that they seemed to come up with, it's very possible to run these motors on 50/50 and not hurt the engine. So all this takes time and process. But as these new markets come about, I think the ethanol plants themselves...the fact was brought out about only 1 out of 24, whatever the plants were, that did this, this might be the one that I'm talking about, as the local usage and the demand falls into place, I think we can probably work closely with the plant itself, farmer investor plants especially, to where they're going to say we'll put a Card Trol up. And these safety issues that we talked about might be all solved at that time or that situation. Because as I said, the investment I made into my plant I somewhat treat it as a hedge. We developed a low corn price in our area for several years. We saw ethanol plants going up all over the state. Immediately they saw 15 to 20 cents bases improvement in our corn prices. In the past year since our plant has been operating, I'm guessing that we've probably seen 30 to 50 cents as a year average to improve the bases. If that plant never pays me a dollar investment back but I can buy my fuel reasonable and I could go on and on about how much cleaner and better the fuel is to begin with, but I don't think I need to do that. It's proven itself. The main thing is keeping that plant with every economic advantage that it can get. I know I'm getting paid back through my bases. And some day I do hope to get some back off the stock, but the bottom line it's a financial wizard, I feel for the state of Nebraska, that we keep our ethanol industry strong and at the same time its delivery source unflawable, more direct if possible. [LB584]

SENATOR CARLSON: Okay. Thank you for that testimony. Do we have questions of Mr. Wiese? Senator Wallman. [LB584]

SENATOR WALLMAN: Thank you, Chairman Carlson. Thank you for coming, Steve, to your house here. You did a very fine testimony. And you think we ought to limit the size like a tanker truck would be, the minimum size come in? Because I can see you wouldn't want farmers in there with 200-, 300-gallon tanks. [LB584]

STEVE WIESE: I think down the road as the demand develops. Right now it might be tanker size. But as this new usage develops and say I invest in one motor possibly this next year and three years, four where I use a semiload, right now I guess I feel that I wouldn't expect my ethanol plant to make a huge adjustment just because it's in that growing process. I do feel very firmly that this is something about ready to explode. When six companies take on the technology that's come into play, that tells me we're on

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

Agriculture Committee
March 10, 2009

the edge of something that's going to grow fast. And so as far as me putting a level of what should they have to pick up or even, once again, putting legislation into play that might not apply in two or three years, I think if I saw the need, I would be talking to my plant manager and saying there's 25 of us now that are doing this. What's the chance of putting a Card Trol up. And possibly out of their own economic situation they should be able to do that, but they should be able to do it without having to go through a retailer I feel. As I said, that retailer did not help the industry at all I can tell you that after several years of farming and being connected. And that's part of the reason I've served the years I have on the Corn Growers to help anything that uses our corn. Possibly down the road there's a need to make some of those "addressments," but right now I'm not sure you can't make those adjustments with your plant managers and boards themselves. [LB584]

SENATOR CARLSON: Okay. Any other questions? [LB584]

STEVE WIESE: I hope that answered your question. [LB584]

SENATOR CARLSON: Senator Karpisek. [LB584]

SENATOR KARPISEK: Thank you, Senator Carlson. Mr. Wiese, I just couldn't let you go down without making you nervous. [LB584]

STEVE WIESE: Well, I was nervous. I'm sorry. I never did this before so I apologize. [LB584]

SENATOR KARPISEK: Well, you're doing fine. As we talked last night about the retailer and you talked about it again, do you think you talk about a Card Trol, maybe a route. I'm thinking a co-op with a propane truck. Do you think that could be a...and I don't know how we get there rather than doing an interim study and going through that whole rigmarole that usually doesn't get us very far, but... [LB584]

STEVE WIESE: Card Trols, I'll just give you the scenario right now and you've probably seen it. Russ just lives four miles from me, or Senator Karpisek, and I've known him all my life. It's hard to always address him correctly. I pull a 500-gallon trailer around half the summer. That's my fuel source. I go to the co-op, I fill up there even though they would deliver. I go to Hallam, which is ten miles away to...if the price is better, I go there. That's one of the things. And I'm only 14 miles from the ethanol plant I'm talking about. So if I can see an economic advantage, yeah, I feel a Card Trol is...sure there's a lot of regulation. I'm not familiar with the terms, FFBE or whatever per state that they're going to have to comply with. But all the regulation that the ethanol industry has dealt with to get to where it is today, I don't think it's a big issue. But I do see Card Trol...blender pumps is something that I'll probably be addressing with a few of you in the future because it is something that we feel needs to... [LB584]

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

Agriculture Committee
March 10, 2009

SENATOR KARPISEK: Well, and I think what you're trying to say, too, is that you don't think the plant should have to change (inaudible). We don't want a line of guys with 5-gallon gas cans filling up there. [LB584]

STEVE WIESE: No, no. [LB584]

SENATOR KARPISEK: And Farmland at Crete, they used to have you could pull in...I remember my grandparents had the meat market, they had a station wagon. They'd sit in line with all the semis and get ten boxes of pork butts. And so that didn't take long and that went away. So I can see where you're talking about on that. But I do see the relevance here. So you think that the Corn Board, though, would probably be switched to yes if we can get this worked out? [LB584]

STEVE WIESE: Definitely if there's issues with the contract that they're concerned with because you have to realize...I always use the story of roll the clock back 10, 15 years ago. Quite honestly the ethanol industry, call it Mr. Ethanol, walks into Mr. Big Oil's office and said, we'd like 10 percent of your market. Well, needless to say, what Mr. Big Oil would like to address him back, oh, yeah, or that's what you think. We have fought that fight. Quite honestly, the high levels of fuel prices last year helped explode or the past few years helped explode the ethanol industry; 9/11 helped explode the industry. If we want to look at a...this gets to the national end, but I serve on this committee. We have a national security issue with the fact that we're 60 percent dependent on foreign oil. And any of you that went through World War II or study it, we basically ran them out of oil by blowing up their refineries. This is a huge security. There's a book out called the Energy Victory that addresses the call it pants down around the ankles situation today that we have with our dependence on foreign oil. The ethanol energy he sees to be the quickest, most achievable security treasure and he sees what we're going through today to be our most risk. The facts some plants are idled, this should be growing and growing and growing. And when you look around the world at Brazil and Argentina, that's exactly what they addressed here in the last ten years. They're energy independent and it's on renewable fuels. [LB584]

SENATOR KARPISEK: Okay. Thanks, Steve. Thank you, Senator Carlson. [LB584]

SENATOR CARLSON: Any other questions? Do you think that...I think your answer is probably yes. When we go to the pump and pay only 2 cents less for ethanol, we're not getting a real good deal, are we? [LB584]

STEVE WIESE: Today it's probably a real good deal because the rack price is so low on ethanol. Quite honestly, \$35 a barrel oil does not make...and I believe today we're up to \$46 or \$47, so all of this is going to have change. Thirty-five dollar a barrel oil is, yeah, not the best bargain in the world. But at the same time, if you want to look at, call it the

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

Agriculture Committee
March 10, 2009

big picture again, what has it cost us to fight our war to make sure our oil supply stays in check? Some of those numbers never really come out at the end of the day as far as why are we in war with the Middle East? It gets very deep, but that defense costs a lot of money. And all...there's a great deal of it relies right back to oil supply. Energy independence will never get downplayed. And as far as call it BTU capability, your bang for the buck with ethanol competes way in excess of like electricity. Some of the things we're doing down these other avenues, energy independence is always going to have, call it a security that we're going to have to afford. So, yeah, I think the...today pulling up to the pump that's one of the things I'm going to bring into the retail end. I don't know how many of you noticed, but in the past it was easy to see one station having E10 10 cents cheaper and look across the street and the next station have ethanol 10 cents higher. And it's a very simple case of that retailer is doing what he wants, not what's right. And he's trying to make a statement--I have stock in oil wells quite honestly might be that retailer's situation. I don't need the ethanol sales to go up. So it's not always...last summer it was real obvious the ethanol price was usually 10 cents lower, but you could still find a retailer had it 10 cents higher. But today we're dealing with \$35 or I believe, like I say, it went up to \$47 possibly yesterday. We get back to \$60 oil, everything will start clicking in line and hopefully we get the plants fired up and going again. [LB584]

SENATOR CARLSON: Okay. Thank you. Any other questions? Thank you for your testimony. [LB584]

STEVE WIESE: Thank you. [LB584]

SENATOR CARLSON: So that was our testimony in neutral. Now let's go to proponents. [LB584]

ROBERT BYRNES: Good afternoon, Senator Carlson and members of the Agriculture Committee. My name is Robert Byrnes, R-o-b-e-r-t B-y-r-n-e-s, from Oakland, Nebraska. I'm owner of Nebraska Renewable Energy Systems, general manager and founder of Nebraska Green Fuels Cooperative. I appreciate Senator Dierks bringing forward this bill again for discussion. I believe this bill goes to the core of where we want our energy future to lead us--exploitation or economic development. Although I am not a native Nebraskan, I've grown strong roots in the good life here with children born on our small farm. And I have a strong desire to do what's best for our state so that they might have the same or better opportunities that we have had, particularly in regards to energy. Despite public power consistently fighting against citizen opportunities to develop renewable electricity, we are proud of our public power system. The principles George Norris placed at its heart are sound--public ownership of the facilities that generate power from our resources serve to ensure that the people cannot be exploited for the basic requirements of modern life. While our public power model is only limited to electricity, they are also empowered to seize facilities that do not act in the best interest

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

Agriculture Committee
March 10, 2009

of the people. While LB584 certainly does not deal with public power, this backdrop should be kept in mind in my further discussion. The corn ethanol industry when viewed as a first generation biorefinery has been our sole major achievement in the development of our rich biomass resources and with renewable resources in general. This industry developed due to favorable policy that provided direct payments, tax credits, and TIF financing as public investiture. While the lack of a coherent broader-based energy plan provided no context for this growth, the industry is here to stay as a platform for bigger and better things. However, despite massive ethanol production in Nebraska, we still find ourselves very vulnerable because of huge imported energy requirements, particularly liquid fuels. LB584 intends to allow the growth of this domestic consumption. The favorable policies that led to the growth of ethanol excluded smaller farm-scale plants. It was 1 million gallons and below for...as a qualification for these facilities. With initial farmer investment and ownership high in the early days of development, this was accepted. Now with Nebraska ownership drastically reduced and petroleum companies coming in to buy these plants on the sale, people find this industry is moving closer to square one than moving forward. If Nebraska ethanol facilities would be more accommodating regarding domestic consumption and distribution, LB584 would not be needed. Instead, we have nothing but barriers and exclusions to accessing the fuel made from our biomass resources. Profit motivated out-of-state interests have asserted themselves in our valued process and this needs to be addressed. As a biodiesel producer, I would much rather make fuel from renewable, Nebraska-made ethanol than toxic imported, old carbon methanol. Gaining access to this material is difficult and often impossible to do unless certainly the middlemen take their cut. As the general manager and founder of Nebraska Green Fuels Cooperative, I can tell you it was no easy feat to get E85 for distribution without paying highway robbery prices. At our retail facility in Lyons, Nebraska, we are pushing installation of the first renewable fuels blending pump in the state. This pump will need 200 proof denatured alcohol to provide blends of ethanol from 1 to 100 percent and similar blends with biodiesel. Although it has been clearly shown that E30 is completely compatible with our current vehicles nonflex fuel, old carbon interests continue to try and keep real progress and change minimized. The status quo works to keep the old carbon energy addict hooked. While I recognize LB584 walks a thin line between government and private industry, I think an allowance of up to 10 percent of annual production should be made available to local markets. I think this is needed, and it's certainly in the spirit and intent of our public power system. I did want to address a couple of items that were brought up in earlier testimony. The physical assets to distribute...well, first let me back up a little bit. Senator Council made the comment that this is only addressing ethanol. I think corn ethanol certainly is what we have to work with right now. Second generation feed stalks like cellulose ethanol are coming down the block pretty soon. Biodiesel, although on the ropes right now, should also be included under this kind of arrangement. I know having developed and built the Northeast Nebraska Biodiesel plant in Scribner, Nebraska, that farmer, 100 percent farmer-owned facility had always made an allowance for bulk delivery to local

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

Agriculture Committee
March 10, 2009

consumers. And that started at about a 300 gallon kind of nurse tank, and I think that's reasonable. I think the access, the assured access to this fuel would see the kind of delivery truck cooperative model develop. I know that we could utilize that, and I know just based on what we had to go through to get our first tank full of E85 there is a need. And I think the American spirit is smart enough to get a business to fill that need. I think local distribution could easily be done from 300 gallons and below. I don't think the intent of the bill is to fill 5-gallon containers, although you can do it as long as it's DOT approved and it's got the volumetric marking on the outside. And then the other thing I'd like to just say in terms of making a balance available to plants, I don't know that we should require those sales, but I think having that market available in markets where the consumption, the domestic consumption is real and presents itself, absolutely those volumes should be made available. Every gallon of fuel that we consume from domestically produced renewable resources displaces a gallon of old carbon fuel that comes here from somewhere else. And with that, I'd be glad to take any questions. [LB584]

SENATOR CARLSON: Okay. Thank you, Mr. Byrnes. Senator Wallman. [LB584]

SENATOR WALLMAN: Thank you, Chairman Carlson. Yeah, welcome here. Always good to hear you. [LB584]

ROBERT BYRNES: Thank you, Senator. [LB584]

SENATOR WALLMAN: Do you feel it's possible in the near future to run our vehicles on total biofuels, diesel and ethanol and a mixture of something or? [LB584]

ROBERT BYRNES: Well, the existing diesel motors can be run on 100 percent biodiesel with no modification. That's a fact. I have a Jeep that runs, a 2005 Jeep Liberty that has a diesel motor. I've run 100 percent biodiesel cross-country to Washington to testify and back. That works, not in the depth of winter, but mechanically it will run as long as it's still in liquid form. On the ethanol side, because ethanol is a two-carbon chain and petroleum average is five-carbon chain, there has to be some modification to the motor that is made to run on petroleum. But we need to keep these things in historical perspective I think. The original diesel engine was designed by Rudolf Diesel at the turn of the century was designed to run on peanut oil. Over time that motor was modified to run on petroleum-based fuels. The same thing has happened with ethanol. The first Model Ts off of the line ran on 100 percent ethanol. Over time, the petroleum industry has influenced the motor producers to tweak the motor to use that fuel. Certainly the technology to use that in 100 percent format is...we'd have to blow the dust off it, but it can certainly be done. [LB584]

SENATOR WALLMAN: Thank you. [LB584]

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

Agriculture Committee
March 10, 2009

SENATOR CARLSON: Okay. Other questions? I have one. Part of your statement if I heard right, you're saying most vehicles today could use 30 percent ethanol with no modification. [LB584]

ROBERT BYRNES: That's correct. [LB584]

SENATOR CARLSON: So my van that they tell me I don't want to use anything less than the regular ethanol, I could go to 30 and not... [LB584]

ROBERT BYRNES: There is a huge...currently in South Dakota there is a huge growth of these blending pumps. The challenge for us and I know Todd Sneller does a great job in presenting the numbers of what we can consume with E10 and the flex-fuel vehicles that are out there. Those numbers are small and they're far smaller than what we're producing. The challenge should be is to drive domestic consumption, and we do that through...and this even came out in the NEO's energy plan was to provide tax credits toward vehicle modifications. Nebraska Green Fuels Cooperative right now can source an EPA certified 100 percent street legal conversion kit that can modify any fuel injected motor to burn E85 or higher blends. This aftermarket conversion kit only has 3 to 5 percent mileage loss in comparison to 10 to 15 percent mileage loss with brand new FFVs off of Detroit production lines. So not only can the existing fleet run on higher blends, which would essentially triple our domestic consumption, these vehicles can also be converted to run on 85 percent and higher blends, which is the real prize, I believe, in this. [LB584]

SENATOR CARLSON: Okay. Thank you. Senator Dierks. [LB584]

SENATOR DIERKS: Robert, you said you have one of these stations over in Lyons that blends the fuel. [LB584]

ROBERT BYRNES: We have...we formed a cooperative. We currently have E85 available. As soon as it warms up a little bit, we'll have 100 percent biodiesel available. But our goal is to have a blend pump, and that would require 200 proof alcohol so we can create blends according to the consumer's desire for a particular octane level, a certain blend that he has found in his vehicle to be the most economic or simply the cheapest blend. And the blend pump will calculate that based on the neat prices of each of the fuels that go into it. It's quite a device, and I think it's a very powerful tool in enabling people to access as much ethanol or as much biodiesel as they would like. [LB584]

SENATOR DIERKS: How expensive is a pump like that? [LB584]

ROBERT BYRNES: My understanding is they can be purchased and installed in the realm of \$20,000 to \$30,000 depending on what...if capital tanks and stuff need to be

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

Agriculture Committee
March 10, 2009

added. In our case, we would not have to add additional tankage except some aboveground storage for the Class 3B biodiesel which would not...that's not going to upset the Fire Marshal. So in our case, we would be able to do it because our facility is totally...is a total renewable fuels facility. Not everybody could be that lucky. But there is also significant stimulus money that is available to effect these conversions of existing facilities and that funding could be, from what I'm seeing, I mean, you know, the paperwork is this thick coming out of Washington, but from what I can tell there is near 100 percent funding for these pumps available. [LB584]

SENATOR DIERKS: Well, I was told the other day that Bosselman has one of these working already over in Grand Island. Have you (inaudible)? [LB584]

ROBERT BYRNES: Really? I'd like to see that. I'm...it's nice to be first with some things, but in other times I'm very happy to be in line with the rest because this is a good direction to go. [LB584]

SENATOR DIERKS: Thank you, Robert. [LB584]

SENATOR CARLSON: Okay. Any other questions? Thank you. Next proponent. [LB584]

KEVIN KENNEY: (Exhibits 1 and 2) Senator, Chairman, my name is Kevin Kenney, spelled K-e-v-i-n K-e-n-n-e-y. Thank you, Senator Dierks, for sponsoring this bill. I have a couple of handouts, Chairman. Is there any particular way I can send these? [LB584]

SENATOR CARLSON: Give them to Kim, our page, and she will distribute them. [LB584]

KEVIN KENNEY: Chairman, thank you and Senator Dierks and all other senators. I'm fairly new at testifying. I was here last year. My brochures this year are much briefer and to the point. I'm a scientist that sometimes getting out there on people trying to explain things so I'm just trying to be simple today. We're dealing with a commodity that's an agricultural commodity and it's also an energy source. And I happen to take a fancy to it and how it interrelates in combustion theory with existing diesel engines and gasoline engines. There's multiple uses for ethanol. It's probably our oldest titrated chemical for humanity. The consistency of ethanol rates second to none. It is one molecule. We don't have near the cancer-causing agents of gasoline. It's carbon neutral. It can be looked at very positively as far as the fuel of our future. I'll give you an analogy. We have a lot of people that say, well, we're never going to produce enough ethanol to fuel our country. And I say Bah! Humbug! There's synthetic ways of making this same molecule. It's one molecule. In 1993 I was a young man. I was in Washington, D.C., and they took us to the World Bank. I was in the LEAD program. And we walked out laughing because they told us about GPS and they told us about the Internet. We thought that was hilarious.

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

Agriculture Committee
March 10, 2009

Well, I'll bet you in the last 24 hours all of the people in this room have had one interaction with the Internet, whether they like it or not. So when they say or whoever they are or whatever you read in the newspaper, a drive-by media story about ethanol not being what it could be, I say let's turn the pages back and look at history. For me, a lot of things that were discussed today are somehow very important to be brought up to light. But the simplicity of what we're asking and the common-sense nature of where I think this could and should be the debate it just needs to be brought to that. So I've done the best I could. I put together an outline. I've got some notes. The bill itself has warranted a little bit of nervousness about the volumes I sense, whether we can do less than semiload purchases at an ethanol plant. I'd like to say my own background I was trained as a petroleum marketing specialist for Farmland Industries. I sold 70 million gallons of fuel a year in eastern and western Nebraska. And I had to go through oil refineries and learn about the petroleum industry. And I could assure you and Phil Smith at the Aurora Co-op, he was the petroleum manager. We have the infrastructure already in place on all levels. There isn't a rolling stock out there, a semi or tank wagon, that couldn't have enough of a percentage washout to take a load of ethanol or a compartment washed out or drained out and then just splash the ethanol in. I mean that's already in place. Whether an ethanol plant wants to sell less than a semiload or not ought to be left to the autonomy of the management there. It shouldn't be nitpicked on a bill and kicked into another year of waiting around and watching millions and millions of dollars just go down the tube. I'm going to peel a banana, and I know that we get a little long winded, so I'm going to stick to my outline, so the bill itself you probably all got access to it, we've had recent ethanol plant closings. Last year I flat out predicted it at this hearing. For example, Channel 10/11 news article, and I called the man today that they quoted. He's the Merrick County extension agent. His name is Darrel Siekman. He was quoted as saying just the VeraSun bankruptcy in Merrick County, the local estimate the economic impact could be around \$200 million for Merrick County alone. Okay? That's sad because you've got all kinds of activity going on, on the construction side of ethanol infrastructure right now and we'll get to that. But this could have been prevented. And I think this bill has a lot to do with what's going on and what could be made better. Going down the list here, if you take a look at the high fuel prices this last summer--I've only got one copy here I'm going to keep. I'll pass this around. This is a picture of a friend of mine. His name is Bob Dickey. And he's a farmer. He's a current president of the National Corn Growers Association. And I approached him several years ago because I look to people in leadership positions to carry the torch on this to help protect the people that need fair access and fair treatment to agricultural commodities. So he bought a John Deere motor, it was brand new, and this is an ethanol tank, 1,000 gallons, and that's his diesel tank. And we replaced a gallon of diesel with a gallon of ethanol. And we didn't add any value to it. Okay? This is exactly what we used except we dumped a bunch of water in there because we couldn't buy the ethanol in a less refined state. And we needed to have the water to prevent preignition and that's part of the technology that I work on. So I'd like to pass this around. Bob Dickey could be contacted in various venues, and he'll support this bill from a farmer's

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

Agriculture Committee
March 10, 2009

standpoint and from a person that has been around agriculture he will tell you that there's a lot of value in this opportunity. It saved him a lot of money. But part of what I want to talk about today is this invoice that he got. Okay? This came from a local jobber. He had to buy the ethanol on rack pricing. So Bob paid \$3 a gallon for his ethanol. Now the diesel was \$4 a gallon and we replaced one gallon so we actually made a little bit of money. But this summer the closest ethanol plant to him I know for a fact only averaged \$1.50 a gallon. So if it made 200,000 gallons a day, and if he sold it \$1 out of market, we have a serious problem. And so I want you people to be aware that there is no technical barrier. There is an information exchange barrier and there's an unfair atmosphere in the ethanol industry right now. I'm just begging you to please look at the facts. I'm just going to read off of our own testing today news releases that are out there, which I might interpret a different way, and engineering facts that I've worked on and see...you can pass that around if you'd like, Senator Dubas. Moving right along, we're looking at an article in the Farm Industry News. Now this one caught my attention. This is November of '08. It says too much ethanol. Okay? And US BioEnergy, which is VeraSun, sent me an e-mail said they're just too busy to deal with such technology as this, a little bit too busy. They took Merrick County for \$200 million according to their extension agent, but they are too busy to deal with promising technologies that Steve Wiese alluded to, that Robert Byrnes has emphasized. These people didn't fall off a turnip truck last night. They're dedicated to their jobs and what they do. And as far as what I bring to this committee, I just want you to know that using ethanol is pretty simple. Please let us have a chance. That's all I'm asking. I think I'll just keep that here. Here's another good article. We've got ethanol plants closing, corn contracts being denied, and we have stock ownership deflated. Well, here's a corporation, ADM, they're the largest producer of ethanol in the world. They're building a Taj Mahal in Columbus. It was in Sunday's paper. They're going to put a 275 million gallon plant and they're going to make ethanol out of coal and throw in some ground tires it looks like. Okay? So while we're losing stock ownership and farm contracts are getting rejected and we're not emphasizing the fact that we need to have fair and transparent practices within this agricultural exchange scenario, corporations are coming in here and building. And they're saying we got too much ethanol in the next article. So I don't know. I sometimes get confused reading articles. Valero used to be, I think, the Kanab Pipe Line, according to Reuters is going to buy five VeraSun plants which are US BioEnergy plants, which in a way kind of...I guess we're sold on the fact they were going to be farmer owned. There's 17 plants altogether in this acquisition, this bankruptcy and 3 of them are in Nebraska; \$280 million for 5 plants, that's about a 50 percent markdown. And so the stock ownership that was left in those plants would have been...they're all brand new. The paint has hardly dried on these plants and they're going to be sold for that to an oil company. Okay? Now this is all stuff I predicted a year ago. It's going on right now. Research and development at the University of Nebraska. We base this on our irrigation needs. In Nebraska we have in 2007 1.6 million horsepower dedicated to running irrigation systems. And my farm background tells me they're going to run 500 to 1,000 hours of pivot. In that market, this is the NPPD's survey that they did, they spent quite a

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

Agriculture Committee
March 10, 2009

bit of time doing this and I got the engineer to send this to me, real quickly, and I'll send this around, all these exhibits will be left with Senator Dierks's office. And so if anybody wants access to this, I'll give it to them. Forty-eight percent is diesel and that's where the highlight of the technology that I work on is. I think there's much more efficiency gained using diesel engines to use ethanol than spark ignition engines. Electricity is 31 percent. Now they've gone from 22 percent in 1992 to 31 percent. And now the NPPD is worried about peak loads. They're worried about having too much of a demand in the middle of August when the farmer really, really needs to be irrigating. And so there's a conflict with having too much electricity--the convenience versus the practicality of it. But Ron Rose, the engineer, sent this to me and this is documented information. So we're looking at addressing almost half of the market of diesel engines. Seventy percent of the market that pumps water for irrigation in Nebraska could be used almost 100 percent ethanol from a technological capability and a retrofit atmosphere that had the confidence it could use ethanol if it was available. These are big numbers. You take 20,000 diesel engines with these numbers back, compute to...and if each one of these engines used 5,000 gallons of diesel, that's 100,000,000 gallons just on the diesel engine market alone. The proposal funded by, partly by NPPD through the Nebraska Energy Research Council, Ken Cassman's group, it went to a committee and it was evaluated as one of the best proposals they've seen yet and that was in the notes on the evaluation. Two companies will be entertaining this. The project (inaudible) alternative engine technologies has been developed by two Nebraska companies to allow producers to fuel their irrigation pumping stations with locally produced ethanol. The engineering articles that I've read over the last 50 years can go anywhere from 90 percent ethanol in old diesel engines to 99.7 percent ethanol in new engines. So you're basically down to a quart of diesel fuel per 100 gallons of ethanol. That's your ratios. And these are engineering facts. They're well documented. And what my company does, we design systems for the use of new and retrofit biofuel-driven power units. They're capable of carbon credit acquisition. You get three pounds of carbon credit for every gallon of diesel fuel that you use. These can be data logged with our systems and redeemed. We can collect tax credits at 24 cents a gallon for doing a diesel water emulsion. That's on IRS Form 4136--24 cents a gallon on 100 million gallons. That's what we're looking at. That's just one little deal we can grab right off the IRS tax forms. We can get the, I think it's 45 cents now, the blending credit for the straight alcohol fuel. They call it VEETC credit for oil blenders. They get 51 cents a gallon to put E10 out that you're paying 2 cents a gallon more or less for, just depends. There's actually like E85 is getting...it was getting almost 40 cents a gallon. Well, how could E85 be higher priced than ethanol? They're getting all that credit back. So there's a lot of facts and figures that you have to get to. But what we're doing with this study here, and this is a very important study at the tractor test lab, we're trying to develop a third-party accreditation on power and fuel use performance on ethanol. And we think that's important because if you're going to be out there, they have meticulously gone through diesel fuel injection, and they know what that engine is going to do under a load under any transient operation. We can run alongside that seamlessly, pulling a disk up a hill and switch from

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

Agriculture Committee
March 10, 2009

90 percent ethanol to 100 percent diesel and you can't even hear the difference. You can see it because smoke will start rolling out of the stack. We're cleaning up the emissions at very low ratios of hydrous ethanol and diesel, over 50 percent at 10 and 15 percent additions of ethanol. That's enormous. Every trucking organization, every major manufacturer of agriculture equipment will flat tell you they are scared to death with Tier 4 emissions coming up in 2011. They have not even come up with an answer that is a reliable answer. We have it right here under our noses. And a lot of these ideas, and I had a guy tell me from Hastings, it's Tom Osborne's brother, his name is Jack Osborne, he said some of the best ideas he's ever seen came from farmers. Well, you just talked to three farmers here. Okay? And Cap is one of them. He's fourth. We somehow get it. And excuse me, I'm not saying people who live in town don't, but this works. And we can make this work real well. We have the answer for it. We can take old engines that were built 50 years ago and run cleaner than Tier 4 Caterpillar, Cummins, and...because we start out with one molecule. It's consistent and clean burning and it's good for the environment. So I'm going to move right on. We're looking at Congressman Fortenberry sent a letter out. I sent this in to Senator Dierks's office. Okay, here, he sits on a committee in Washington, D.C., it's the Agriculture Department of Operations Oversight Nutrition Forestry Subcommittee, and he's a member of the Oversight and Government Reform Committee. And what he's telling us is that the reckless use of exotic financial instruments such as credit default swaps can distort fundamental market principles creating financial turmoil and ripple effects in the economy. This legislation strengthens federal authority to regulate extreme risk speculative prices that can threaten financial market security. I support further policy discussion on this issue. You're not alone if you're a legislative body looking at regulating agriculture commodities. And I think we need it. I dug this one up. It's a legislative finding. I don't even know what that is, but it sure says a lot as far as what I want everybody to hear today. This legislative finding from 1993, it wants to expand the use of Nebraska agricultural products, and they talk about ethanol. And they don't talk about it as a petroleum product. They talk about it as an agricultural product. This will make Nebraska less energy dependent and retain Nebraska dollars in the Nebraska economy. Alternative local outlets for Nebraska agricultural products which can be partly utilized in times of depressed grain prices so as to give Nebraskans greater control of their crop marketing procedures rather than have crop marketing procedures too dependent on federal agencies, major grain exporters, or foreign purchasers. Now the picture of Bob Dickey's engine, if it did go around, you see that's the perfect flex-fuel scenario. We can go from 0 percent ethanol if it's not available or if the ethanol plant ain't going to sell it or if the price is too high. We don't need to use it to make that irrigator run. But let's say that Farm Industry magazine is right and we've got too much ethanol. Well, let's start cranking up them plants. We can run it through diesel engines out here on the farm. We'll create a nice little flat running demand cycle out here seamlessly on the go. That's the technology that we have right now available and it's there, it's done. Ethanol related production facilities they refer to in this finding. Here's a good one that helps us a bunch--ethanol or products derived from ethanol or ethanol

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

Agriculture Committee
March 10, 2009

components. I particularly like a less refined less ethanol, let's say about 120 proof right off the first distillation tower because I get all that distilled water, and water injection diesel engines prevents knocks. I don't have calcium buildup because I pumped tap water into the fuel tank. That's my problem is tap water. I mean water is distilled and it's one molecule, guys. It's H₂O. Okay? It doesn't have to be that complicated. The last state legislative finding is sponsorship of research and development of industrial commercial uses for agricultural ethanol. Okay, that pretty much hammers it, what we're trying to do today. [LB584]

SENATOR CARLSON: Kevin, how much more have you got here? We're going to need to go into Executive Committee and you pretty well convinced us I think. [LB584]

KEVIN KENNEY: Okay. I'd thank everybody for letting me come in here, and I don't have...I guess my main goal was, is to open it up for questions. But if you guys want to head out and kick me out, that's fine. [LB584]

SENATOR CARLSON: Well, let's see if there are some questions. Senator Price. []

SENATOR PRICE: Mr. Chairman, thank you. Sir, thank you for coming down and testifying, Mr. Kenney. What type of scientist are you? [LB584]

KEVIN KENNEY: I graduated from UNL in '86 with an ag engineering degree. I work in...my background has been in biofuel development for equipment systems. I build fuel injection system for diesel engines that use biofuels technically. [LB584]

SENATOR PRICE: Great. Now also when you talk about your molecule here, the ethanol, you gave us the description below. It doesn't have to be denatured, right? Only by law it has to be denatured. [LB584]

KEVIN KENNEY: By law it has to be denatured. [LB584]

SENATOR PRICE: But you could run it with regular because you talk about the ethanol 120 proof and I was agreeable... [LB584]

KEVIN KENNEY: Yeah. [LB584]

SENATOR PRICE: ...before you denature it. [LB584]

KEVIN KENNEY: Yeah, well, you'd have to denature the 120 proof (laugh). [LB584]

SENATOR PRICE: That was my attempt at humor. I apologize. [LB584]

KEVIN KENNEY: Well, you know, you get the feds a little nervous and they'll start

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

Agriculture Committee
March 10, 2009

chasing you around. That's why we got NASCAR. They run from the law. [LB584]

SENATOR CARLSON: Senator Dubas. [LB584]

SENATOR DUBAS: Thank you, Senator Carlson. Thank you, Kevin. You and I have had quite a few conversations over the course of the last couple of years, and you've worked really hard to educate me about this. And I will admit that a lot of it goes over my head, but I'm starting to get a grasp of your passion for this, and you've helped me understand a lot of things. And I guess if it's at all possible, what's the major stumbling block for us to make something like what you're proposing happen? [LB584]

KEVIN KENNEY: I don't think there is a stumbling block. I think we need to have this bill forwarded to the main floor of the Unicameral and voted on and passed. Because we...you know, the problem that the corn growers have, according to Steve Wiese, is that they don't like messing with these contracts in place. And I really think we need to mess with those contracts in place. I think they are taking value and profits right out of these local communities that directly affects our big communities and our way of life. I mean you're looking at...and I brought some more stuff but...most of our farmer-owned ethanol plants marketing groups that market ethanol, on one given day last November went to the Securities and Exchange Council, three different ethanol marketing groups, and asked for confidential treatment of the marketing contracts so none of us could find out what they're doing with their ethanol. Give me a break. That's why we need to have this legislation passed because then we save a lot of money and people make a lot of money that make ethanol rather than lose it and sell out to an oil company for 10 cents on the dollar. And so that's it. [LB584]

SENATOR DUBAS: So is this...this definitely is a policy issue. Is it a policy issue at the state level, at the federal level, or both? [LB584]

KEVIN KENNEY: I don't know. I think right now on the state level, you know...well, the best model to look at is the Public Service Commission because they have a bonding program for grain elevators. The farmers that lost their contracts, if they were to have had these ethanol plants bonded, they wouldn't have lost their money apparently. Iowa has got an indemnity program that's different. But in a way, the government was looking after the interests of the farmers. I think it is more important to look after the interests of the consumers because of the majority of the people that are affected and to implement a fair and reasonable way of dealing with this industry in this state. That they came to us and asked for 18 cents a gallon on LB536 and now they're hiding behind confidential treatment orders with the Securities and Exchange Commission and not wanting it to be transparent in what they're doing. I think that's appalling and it is complicated. And they've put all kinds of covers over what's going on. And I don't even want to argue about that. Once we have the confidence in anybody, whether you're a farmer or in the city or anybody else that you can buy ethanol, I'm done worrying about anything

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

Agriculture Committee
March 10, 2009

because, see, then I'm into what I like to be and that's selling and building equipment systems for agriculture and interstate commerce and moving large weight down the highway or big implements through the field, it doesn't matter because it's powered by a diesel engine in this world and that's where I'm at. [LB584]

SENATOR DUBAS: Well, I guess, and as I said, I've had quite a few conversations with Mr. Kenney and I'd encourage any of the committee members if you have questions, this guy...he can give you some answers so I'd encourage you to visit with him if you've got some additional questions. [LB584]

SENATOR CARLSON: Okay. Any further questions? Well, I've got a couple. So you would agree with Robert that my vehicle can easily handle 30 percent ethanol. [LB584]

KEVIN KENNEY: What kind is it? [LB584]

SENATOR CARLSON: Well, one of them is a...I've got a Chrysler van practically new... [LB584]

KEVIN KENNEY: I'm sorry about that. (Laughter) Just kidding. I'm a Ford guy (inaudible). [LB584]

SENATOR CARLSON: I've got a Ranger. [LB584]

KEVIN KENNEY: Well, there you go. Well, you can hook the Ford up first and it will pull the Chrysler and you can run it on E30. It will work just fine. [LB584]

SENATOR CARLSON: So are you saying it can handle 30 percent easily and I don't have to talk to my... [LB584]

KEVIN KENNEY: Okay. [LB584]

SENATOR CARLSON: ...the guy I bought the Ford from and I don't have to talk to the guy I bought the Chrysler from? [LB584]

KEVIN KENNEY: You've got a hydraulic or you got an electronic or hydraulic fuel injection system specifically, and it's dial in right now at 13 to 1 air/fuel ratio. As you increase the ratio of ethanol, you're lowering the requirement for air in there because ethanol is an oxygenated fuel. One hundred percent ethanol is 7 to 1. The way you do that in an old tractor, you pull the choke halfway back. Does that make sense? So electronically there's an electronic solution to that and Brazil has it. It's a flexible-fuel vehicle that can take 0 to 100 percent and it can sense the connectivity of the fuel. And somehow Brazil must be more advanced than the United States. I don't know. [LB584]

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

Agriculture Committee
March 10, 2009

SENATOR CARLSON: Well, why don't we have that? [LB584]

KEVIN KENNEY: I'll bet it has something to do with politics. [LB584]

SENATOR CARLSON: Well, I bet it does too. [LB584]

KEVIN KENNEY: I think it has nothing to do with engineering. [LB584]

SENATOR CARLSON: That's the big automobile manufacturers? [LB584]

KEVIN KENNEY: I suppose. You know, we make our own fuel-injection equipment and I can tell you right now we can dial it in for any vehicle ever made that as a spark plug or a diesel fuel injector. [LB584]

SENATOR CARLSON: Okay. Now my second question, to listen to you, there's a lot of money in ethanol. [LB584]

KEVIN KENNEY: Oh, yeah. [LB584]

SENATOR CARLSON: What's wrong with VeraSun? [LB584]

KEVIN KENNEY: You had to ask that, didn't you? (Laughter) Okay, let me tell you a story. Right before 9/11 way, way out in Wisconsin there is an organization called Badger State Ethanol. U.S. Piper Jaffray, Bancorp set them down, an investment bank from Minnesota, and they sat down Ron Fagen and Dave Vander Griend with Fagen, Inc. and ICM, and they drew up an agreement. And that was the first place and time that the term ethanol takeoff contract and DDG, which is dry distillers grain, takeoff contract ever existed in my radar. And all through the nineties, and I probably was the largest petroleum sales rep because I covered the biggest area for Farmland, who is the largest importer of diesel fuel, I had never heard of such a thing. The people in that organization included Don Endres, who is the CEO of VeraSun. It included all kinds of people that are now in ethanol marketing groups with these contracts that are problematic, profit rotting, and thwarting fair trade in this state. So with that said, that is on the Securities and Exchange Web site. You can pull it up. It is really too bad that it has come down to that. That's why if we have a simple bit of legislation that makes these people treat us fairly in our state where we operate in instead of sending it to Minneapolis or South Dakota or places other, our whole economy would just blossom. So... [LB584]

SENATOR CARLSON: What's that last...our whole economy... [LB584]

KEVIN KENNEY: Our whole economy would blossom in Nebraska. I mean you're looking at probably a billion dollars that could just be saved and used right here over the

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

Agriculture Committee
March 10, 2009

last couple of years. And we have budget problems and everything else. And I'm not saying everybody's bill isn't important. You guys have to decide that. There's all kinds of people's bills are the most important. But you can't find one that is a wider swath than the ethanol industry in this state because that is like the corn industry. They kind of run side by side all the time. And we're dealing with one molecule. And, you know, I want to look at how can we use this to our greatest benefit right here and right now. [LB584]

SENATOR CARLSON: Okay. Thank you. Any other questions? Senator Wallman. [LB584]

SENATOR WALLMAN: Thank you, Chairman Carlson. Have you ever been to Dixon, Illinois? [LB584]

KEVIN KENNEY: Dixon, Illinois, yeah, that's where Reagan was born. [LB584]

SENATOR WALLMAN: Big ADM... [LB584]

KEVIN KENNEY: Yeah. I've been through there a lot. My brother lives near there. [LB584]

SENATOR WALLMAN: They have a big plant there. That's ADM, isn't it? [LB584]

KEVIN KENNEY: Yeah, well, I know ADM is at Decatur, Illinois. [LB584]

SENATOR WALLMAN: And Clinton, Illinois. [LB584]

KEVIN KENNEY: Clinton, yeah. They pay a fine every day, I heard, because they make their ethanol out of coal and they don't care. But they make a lot of ethanol. And they get rack price and they make a lot of money so they can come in to Columbus and put up a 275 million gallon ethanol plant. And here we sit. We were begging to buy and going to buy ethanol stock at these start-up companies and possibly help the price of corn, and maybe it has. I don't think these plants being shut down and sold off for 10 cents on the dollar is helping anybody. [LB584]

SENATOR WALLMAN: Thanks. [LB584]

SENATOR CARLSON: Okay. Any other questions? Okay. Thank you for your testimony. [LB584]

KEVIN KENNEY: Thank you. [LB584]

SENATOR CARLSON: Any other proponents? Any opponents? And we've had neutral...oh, okay. [LB584]

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

Agriculture Committee
March 10, 2009

LORAN SCHMIT: (Exhibit 3) Mr. Chairman and members of the committee, my name is Loran Schmit, L-o-r-a-n S-c-h-m-i-t. And the chairman earlier indicated that we should relax before this committee, that you're easy to get along with. It's not easy for me to relax when I testify against my good friend Senator Dierks's bill, but I feel I must do so. And I'll also try to confine my remarks to the bill and not to really analyze the entire fuel industry and the ails and ailments and sins of all of the people that have created the situation in which we find ourselves. I might say at the beginning that I'm frequently asked by people, whatever happened to the ethanol industry? And how did ethanol get into the mess we're in today? I like to respond that if you think ethanol is in a mess, just, of course, concentrate on what's been going on in New York and Washington the last six or seven months. And the ethanol industry is a part of the entire economy which has gone into the trash can in the last six months. And I like to bring out for my good friends from time to time the article in the Wall Street Journal some time ago said ethanol is coming back to Washington for a billion dollars of bailout money. And that's a capital sin almost for the Wall Street Journal, but at the same time they find nothing wrong with \$700 billion of government help going to the financial institutions, most of which they could not track nor \$180 billion to an insurance company, and we have no idea about many of their problems which face the Congress today. So the ethanol industry is a part of an economy which is suffering today, as are many of individuals. And I come from the town of Bellwood, 400 people, and many of them worked at Timpte Manufacturing in David City which laid off 50 people; 30 more people got laid off at David City manufacturing. And to lay off 80 people from a town of 2,500 people is quite a shock. So we have an economy that is not in good condition. The ethanol industry has suffered with that. And is often the case, we have different degrees of ability in management and skills, capital resources, and so some of those plants suffered more than others. But I am here today in opposition to LB584, and it's with a great deal of reluctance that I testify against Senator Dierks's bill. He has a long record of both legislative and public support of the ethanol industry. And I believe it is the responsibility of the ethanol industry to testify and explain to the committee why the enactment of LB584 would be bad public policy. The ethanol industry, as most industries, is a very competitive business. Ethanol plant owners and operators must make many decisions to ensure the profitability of each individual operation. One of the decisions made by most plants is to contract for the sale of the products that they buy and for the purchase of products that they sell. Each plant enters into those contracts based upon the best information available. I am not familiar with all the management practices of the plants today, but I do know that some of the plants are operating today under multiyear contracts for the sale of their product. Some of these contracts involve detailed agreements which would prohibit the plant from complying with the requirements of LB584. I know that under LB584 there is a provision that excludes the plants that have contracts in place as of this time. My concern is that in some instances the provisions of this bill would perhaps preclude financing for the plants, operating money for the plants, the ability to hire people, and many other factors which could have a detrimental effect upon the plants.

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

Agriculture Committee
March 10, 2009

The plant managers need to have the flexibility to price their product in the manner which will assist their marketing efforts, build consumer loyalty, and is consistent with their production capacity. I'm familiar with what Mr. Kenney has been trying to do. And as Senator Dubas, I have had many conversations with Mr. Kenney. You don't have to talk much when you have a conversation with Mr. Kenney. He handles most of the conversation. You only have to listen very fast. And I had worked with Mr. Kenney in some of the ethanol plants that I've worked with to provide him with a product. But when you come into the plant with 30-gallon drums and try to fill those drums out of a dispensing arrangement that puts out 500 to 600 gallons per minute, you have to be pretty skillful to handle that. It isn't just that easy to do. It reminds me of when I used to feed the cattle and my neighbors in town wanted to buy a steer. And so I'd sell them a steer for the regular price. Before I knew it, I had a whole stream of people wanting to buy one steer at a time. It was very disruptive to my operation and not very cost effective to haul one steer at a time into the local locker plant. So I finally stopped that nonsense and I could handle it. But anyway, I want to continue my conversation. Some banks, in order to provide financing, have suggested or requested that marketing contracts be written to improve the chance of success of the plant. I do not think that the state of Nebraska serves any good purpose by stating on page 2, lines 16-19 that "It is against the public policy of this state for ethanol producers to enter into single or multiple production contracts with the product totally consumed by one market" nor should it be the business of the state to attempt to regulate fees or charges which a company might consider necessary based upon the company's cost of doing business. I think we understand that this language would say, as Senator Karpisek mentioned, that if I went to the local plant with a 5-gallon can I'd expect it to be filled. I know the committee would not advance that kind of a bill. But the idea that you must totally...each plant would have to totally restructure their dispensing equipment to provide, to the best of my knowledge at this time, only one customer in Nebraska with access to the alcohol in the quality desired by that customer does not make any kind of economic sense. Aside from the fact that the bill is not good public policy, I must point out that certain logistical problems might make it difficult, impossible, or dangerous to carry out the requirements of this bill. Alcohol dispensing equipment at these plants is designed to deliver alcohol in large volume to railcars and/or tanker trucks at a rate of 500 or 600 gallons per minute. The plants are not equipped to deliver small amounts of alcohol to be placed in 30- or 50-gallon drums. In addition, persons receiving or transporting ethanol are, I believe, required by law to have completed training for the handling of hazardous materials. If a large number of individuals attempted to purchase small quantities of ethanol, the plants might have difficulty determining the eligibility of those persons to purchase that product and to transport it. The question that Senator Carlson asked about using the 30 percent blend ethanol, I've heard also, as Mr. Kenney indicated, that a 30 percent blend of ethanol is a very efficient blend. And I'd like to see it. Unfortunately, it's illegal to blend 30 percent of ethanol in a nonflex fuel today. So my Ford Taurus could not burn 30 percent. If it's a flex fuel vehicle, you can burn anything up to 85 percent I believe. But a vehicle that is not a flex fuel vehicle cannot legally burn

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

Agriculture Committee
March 10, 2009

a 30 percent blend. Nebraska ethanol plants are anxious to develop new markets for their production. If market demand developed from small volume producers, I am sure the industry would meet that need. At this time, again as I said, Mr. Kenney is the only person I know of who wants to purchase ethanol in that volume from a plant. And I know that he has purchased alcohol from several plants, and they have accommodated him, they've tried to work with him, and I'm sure he'll still try to do that. But to change the statute to require all plants to be able to dispense alcohol in any amount to any person at the same price as you sell the volume is contrary to public policy in Nebraska. We've had...one of the reasons I established large storage tanks for diesel fuel and gasoline on my farm was I received a discount for buying 2,000 gallons or more. Those provisions have been in the market system for many, many years. And I don't think that it's reasonable to assume that the ethanol plant should be able to charge only the same amount for a 500-gallon load of ethanol as they would for a tank car or a trainload of ethanol. With that, Mr. Chairman, I'd be glad to answer any questions. [LB584]

SENATOR CARLSON: Okay. Thank you. Senator Wallman. [LB584]

SENATOR WALLMAN: Thank you, Chairman Carlson. I want to thank you for being here. [LB584]

LORAN SCHMIT: Good to be here. [LB584]

SENATOR WALLMAN: Good to see you, Senator Schmit. [LB584]

LORAN SCHMIT: Thank you. [LB584]

SENATOR WALLMAN: And if it was in the contract that they could charge, you know, like we know if we buy a semiload of fuel we get a break. [LB584]

LORAN SCHMIT: Right. [LB584]

SENATOR WALLMAN: And I think everybody else knows that too. Would it be okay if they charge a different price if they set up a Card Trol station at the...you know, like Colorado I know has big pumps. Most farmers pull up there, fill up their wagons like Steve Wiese said, pretty fast pumps and you pay the pump price, whatever they set. Would you be okay with something like that or? [LB584]

LORAN SCHMIT: I don't think that we, as a Legislature, ought to be involved in trying to establish a criteria that is provided for in this bill. I think it would be counterproductive. Again, you know, why pick on ethanol? What if we put that in reverse and said I could go to your farm and buy a bushel basket of corn for the same price as you get for a truckload and I have to depend upon you to scoop it out and haul it down the elevator and put it in my pickup? Or tomorrow I might want 50 bushel. I don't think we should do

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

Agriculture Committee
March 10, 2009

that really. [LB584]

SENATOR CARLSON: Okay. Any other questions? I have one. I'm going to show my ignorance. What's the capacity on a railcar on gallons? [LB584]

LORAN SCHMIT: I think around 3,300 gallons, 3,400 gallons. I'm not sure. [LB584]

SENATOR CARLSON: And what about a semi? [LB584]

LORAN SCHMIT: I suppose 8,000, I'm not sure. Senator Dierks. [LB584]

SENATOR DIERKS: They told us when we were trying to save the railroad that if we could...actually one carload of oil or fertilizer it would take 3.5 semis to take care of that. [LB584]

LORAN SCHMIT: Yeah, 35, 35 sounds, yes. I think, yeah. [LB584]

SENATOR CARLSON: Yeah, okay. Okay. Thank you. Any other questions? Okay, thank you for your testimony, Senator Schmit. [LB584]

LORAN SCHMIT: Thank you, Mr. Chairman, you bet. Thank you. [LB584]

STEVE SORUM: Good afternoon, Senators. My name is Steve Sorum, S-t-e-v-e S-o-r-u-m, here on behalf of the Nebraska Ethanol Board. We, too, were reluctant to testify against Senator Dierks's bill, been a very large influence in this industry over the years. But the board did feel strongly that this bill had several problems. Loran Schmit, the previous speaker, pointed them out I thought very clearly. It is an imposition on ethanol producers. They would have to install extra equipment. These high-speed pumps that they have cannot fill a 5-gallon bucket, regardless of how careful or skillful one is. It just can't be done. So there is extra cost involved in doing this. The same thing is true on the contract situation. These contracts that the ethanol producers have, have evolved over the years. And in many cases, they contract for 100 percent of their production. That has worked to their benefit because of the fact that there are relatively few ethanol buyers in this country. At last count, perhaps 30 to 35 ethanol buyers buy 90 percent of the 10 billion gallons that is produced in this country. A plant that manufactures 30 or 40 million gallons a year is not in a position to compete for that kind of a sale. If Amoco, for example, needs 1.5 billion gallons, they don't want to talk to a 45 million gallon a year plant, but they do want to talk to one of the marketing companies that in the aggregate can deliver via one contract 1.5 billion gallons. So it's not any attempt by the ethanol people to shut out new industries or new uses. It's a matter of practicality and a matter of economics in the terms of the contract. So I wanted to just make you aware of the board's position on this item and appreciate the chance to visit with you. [LB584]

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

Agriculture Committee
March 10, 2009

SENATOR CARLSON: Okay. Thank you. Questions? Senator Dubas. [LB584]

SENATOR DUBAS: Thank you, Senator Carlson. Thank you, Mr. Sorum. Senator Dierks mentioned in his opening about the plant in Hastings that sells direct. Are you aware of that? [LB584]

STEVE SORUM: I am. I think perhaps there was a misunderstanding. I spoke to a young lady this morning from your office, Senator, and the thing I had meant to say is that the plant in Hastings, Chief Industries, is the only plant in the state I'm aware of that has their own marketing department. They don't sell 5-gallon drums at the gate, but they do have their own sales staff. I think I'm accurate in saying literally all other plants in the state are part of a larger marketing group. Hastings is unique in that regard. [LB584]

SENATOR DUBAS: Okay. So they aren't probably then actually selling to individual farmers or... [LB584]

STEVE SORUM: No. [LB584]

SENATOR DUBAS: They're out there marketing in large quantities then. [LB584]

STEVE SORUM: Right. [LB584]

SENATOR DUBAS: Okay, thank you. [LB584]

SENATOR CARLSON: Any other questions? Senator Dierks. [LB584]

SENATOR DIERKS: Steve, the marketing agreement between corporate America and the plants, what was the credit that corporate America got when they bought these ethanol products? [LB584]

STEVE SORUM: Well, the VEETC, the blender's credit? It was two years ago 51 cents. It has since ratcheted down to 46 cents where it will remain through 2010. And that does go to the blender. In most cases or in...in most cases, the marketing companies are not the blender. They sell the alcohol to the blender, and then the blender gets the tax credit. So... [LB584]

SENATOR DIERKS: So when we're talking about the blender, you're saying that would be like Standard Oil. [LB584]

STEVE SORUM: Correct. [LB584]

SENATOR DIERKS: And the marketing company is an intermediate. [LB584]

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

Agriculture Committee
March 10, 2009

STEVE SORUM: Right. They look at their job as aggregating product, providing it in large volume to the people that are going to use it, but their...that's their role. [LB584]

SENATOR DIERKS: Thank you. [LB584]

SENATOR CARLSON: Any other questions? Mine would be if we talk about Chief in Hastings and they have a marketing department, they really can't market it to anyone other than the major oil companies, can they? Is that...they would only have a few customers. [LB584]

STEVE SORUM: That's true. I think as the first ethanol plant in the state and one of the oldest in the country, Chief is a little unique in that they have long-established marketing relationships with what I would call regional oil companies, primarily in the northwest part of this country, and so they're unusual in that regard. Their marketing channels evolved over 23, 24 years now. And some forget, I guess, that of the 24 plants in Nebraska, 13 of them have come on line within the last 32 or 33 months. And so in those cases almost exclusively, the bank said, we don't have time for you guys to develop your own marketing channels. You get to one of these marketing companies and they'll move your product out of there for you and their checks are good. And that is in large part how we got to this situation with these contracts right now. [LB584]

SENATOR CARLSON: Would you say across the United States the end purchaser of all ethanol is an oil company? There aren't any other markets. [LB584]

STEVE SORUM: Well, not for fuel grade ethanol, which is what we produce here in this state. You know, there are Sterno, which I wasn't familiar with, but is an alcohol that is put under chafing dishes. As it turns out, that can be fuel grade ethanol. But the national market for that I'm guessing is measured in the thousands or hundreds of thousands of gallons. So fuel ethanol in Nebraska is motor fuel. [LB584]

SENATOR CARLSON: Okay. Senator Dierks. [LB584]

SENATOR DIERKS: Thank you, Senator Carlson. Steve, are all the ethanol plants in Nebraska producing ethanol today? [LB584]

STEVE SORUM: There are three that we're aware of that are shut down. There is another one that is rumored to be shut down. So at least 20, 21 of them are producing. [LB584]

SENATOR DIERKS: And they're full capacity production or are they part time or are they...? [LB584]

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

Agriculture Committee
March 10, 2009

STEVE SORUM: I would...you know, we've tried to get a handle on this. I don't think they're producing at 100 percent capacity because of the economics of the moment. We were using for our own estimate about 80 percent production right now. That may change. I heard earlier oil went to \$47 a barrel. And, Senator, as you well know, gasoline and ethanol prices track one another on the graph, which gasoline prices are paid to crude oil so gas prices will go up in the next couple of days. Ethanol prices will go up too. And then I think we'll see, according to the folks at the university, at \$60 a barrel oil and \$3.50 corn, the Nebraska industry is hugely profitable. So we seem to be approaching those numbers right now. [LB584]

SENATOR DIERKS: Do you keep track of corn production in the state, total bushels and that sort of thing? [LB584]

STEVE SORUM: We do. [LB584]

SENATOR DIERKS: How do we rank today in total production and you subtract the amount used for ethanol from that difference, how does that rank with what we produced before we had ethanol? I might not have made that too clear, but I'm trying to figure out we get blamed a lot for the high price of feed that goes into...high price of corn that goes into feedlots. And I was under the impression we produce just as much grain today with our new technologies available for feedlots as we did before we started using ethanol production. [LB584]

STEVE SORUM: I think it would be pretty close. When I first came into this business 30 years ago, our corn crop was 850 million bushels on average. Today it's about a billion or 10.5 billion, I'm sorry, 1.2 billion; 600 million of those bushels is going to the ethanol industry right now. And so we would basically have 600 million left instead of the 850 million that we had 30 years ago. But the interesting thing to me was last year ethanol's demand skyrocketed taking some 30-some percent of the national corn market. Exports still grew at a fairly rapid rate. The livestock industry remained stable in terms of their usage. And yet the nation carried over 1.8 billion bushels of corn. So this idea that ethanol price was driven or that ethanol drove food prices I think has been disproved given our last year of impacts. [LB584]

SENATOR DIERKS: One of the things I think that people forget is that the reason that we have ethanol was because we needed to provide an oxygenate for corn besides MTBE, because MTBE was a cancer causer and this product is not. So I mean a lot of people escape that part of our business, and I think it's very important (inaudible). We've done this for health reasons as well. [LB584]

STEVE SORUM: Certainly true. [LB584]

SENATOR CARLSON: Okay. Any other questions? Okay, thank you for your testimony.

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

Agriculture Committee
March 10, 2009

[LB584]

STEVE SORUM: Thank you. [LB584]

SENATOR CARLSON: Anyone else testifying in opposition? Okay. Senator Dierks, you waive closing so with that we close the hearing on LB584. Thank you for coming. And we can take a few minute break and then we need to go into Executive Session for a few bills. []

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

Agriculture Committee
March 10, 2009

Disposition of Bills:

LB667 - Held in committee.

LB584 - Held in committee.

Chairperson

Committee Clerk