

DeKAY: Welcome to the Agriculture Committee. I am Senator Barry DeKay of Niobrara, Nebraska. I represent the 40th Legislative District. I serve as chair of this committee. The committee will take up the items on our agenda today in the order posted at the door. Our hearing today is your public part of the legislative process. This is your opportunity to explain your position on proposed legislation and confirmations before us today, to offer insights and information for our consideration. The committee members might come and go during the hearing. This is just part of the process, as the members can have bills to introduce in other committees. I ask that you abide by the following procedures to better facilitate today's proceedings. Please silence or turn off your cell phones. Introducers will make initial statements, followed by proponents, opponents, and neutral testimony. Closing remarks are reserved for the introducing senator only. If you are planning to testify, please fill out a green sign-in sheet that is on the table by the door before you come up to testify. Please print, and it, it is important to complete the form in its entirety. When it is your turn to testify, hand the sign-in sheet to a page or to the committee clerk. This will help us make a more accurate public record. If you do not wish to testify today but would like to indicate your position on a bill, there are also yellow sign-in sheets at the back of the room. These sheets will be included in the hearing record. If you have a written statement or other handouts, please have 12 copies, and have-- and hand them to the page when you come up to testify, and they will distribute those to the committee clerk-- to the committee. If you do not have enough copies, a page will make sufficient copies for you. Please speak clearly into the microphone, tell us your name, and please spell your first and last name to ensure that we get an accurate record. We will be using the light system for all testifiers. You will have three minutes to make initial remarks to the committee. When you begin, the green light will be on. When you see the yellow light, that means you have one minute remaining, and the red light indicates your time has ended and you should conclude your remarks. Questions from the committee that follow will provide an opportunity, opportunity to further explain your position. No displays of support or opposition to a bill or speaker, vocal or otherwise, are allowed at a public hearing; offenders may be asked to leave. Due to the interest we have for the bills later in the agenda and the limited seating in this room, I would ask that if you're planning on testifying on the last bill only that you allow those wishing to testify on either the confirmations or LB1187 priority for seating at the beginning of this hearing. If you're planning to testify on the

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confirmations of LB1187 only, could you vacate the hearing room after your testimony. In the event needed, Room 1003 will work as an overflow room for people that are standing in the hallway. It will be manned with a TV so people can watch. The committee members with us today will introduce themselves, starting with my far left.

HOLDCROFT: Rick Holdcroft, District 36: west and south Sarpy County.

RAYBOULD: Jane Raybould, Legislative District 28: central Lincoln.

IBACH: Teresa Ibach, District 44, which is eight counties in southwest Nebraska.

HANSEN: Ben Hansen, District 16: Washington, Burt, Cuming, and parts of Stanton Counties.

KAUTH: Kathleen Kauth, LD31: the Millard area of Omaha.

STORM: Good afternoon. Jared Storm. Saunders, Butler, Colfax County.

F. MEYER: Fred Meyer, District 41: all or part of seven counties north of Grand Island.

DeKAY: And Senator Ibach acts as our vice chair of this committee. To my immediate right is our committee research analyst Rick Leonard, and our committee clerk, Linda Schmidt, is seated at my far left. Our pages for this committee-- and they will introduce themselves.

ESTEN HYDE: Hello, my name is Esten Hyde, I'm a business law student at UNL, and I'm from Auburn, Nebraska.

DEMET GEDIK: Hi, my name is Demet Gedick. I'm a senior at UNL, and I'm studying political science.

DeKAY: With that, we will open with the confirmation hearing for Mr. Mark Hesse [SIC] to the State Fair Board. To accommodate Mr. Hesse's [SIC] appearance due to personal circumstances that prevents Mr. Hesse [SIC] from appearing in person, Mr. Hesse [SIC] is joining us through a Zoom conference. Mr. Hesse, can you confirm that you are with us?

MARK HESSER: Yes, I am.

DeKAY: Thank you for joining us, and please proceed with your opening.

MARK HESSER: OK. Chairman DeKay and members of the Agriculture Committee, my name is Mark Hesser, H-e-- M-a-r-k H-e-s-s-e-r. I am excited about the opportunity to be involved with the Nebraska State Fair Board. I've been involved with the Fair since my youth, attending the fair with my father who oversaw the law enforcement exhibit at the Fair. When I became president of Havelock Bank, now known as Pinnacle Bank, I served on the Nebraska State Fair Foundation board, and Pinnacle Bank served as the depository and lending institution for the State Fair. My wife and I have remained involved with the Aksarben Stock Show at the State Fair, annually sponsoring a youth exhibitor in the calf challenge. I'm happy to answer any questions that you and the committee may have. Thank you.

DeKAY: Thank you. Are there any questions from the committee? First, I have to apologize for mispronouncing your name, Mr. Hesser, so accept that if you would. Is there any-- yeah. Senator Ibach.

IBACH: Thank you very much, Mr. Chair, and welcome, even over the airwaves. What-- can you tell us what you think maybe is going to be one of the biggest challenges that the State Fair is going to be faced with in maybe the next two to five years?

MARK HESSER: Well, I think today, from my understanding, obviously, it's-- not being on the board yet, but the State Fair has pretty sound financial footing, so I, I think the challenges that they look forward to are just competing venues that will try and attract other crowds. Obviously, the footprint in Grand Island, they've expanded some space, but they are on a limited footprint, so that could prove to be a challenge in the future. Tending, too, on how the horse racing expands in the future.

IBACH: Thank you very much. Thank you, Mr. Chair.

DeKAY: Thank you. Any other questions? Seeing none. Is there anybody that wants to testify as a proponent for Mr. Hesser? Seeing none. Anybody want to testify in opposition? Seeing none. Anybody that wants to testify in a neutral position? Seeing none. That will conclude our hearing on Mr. Hesser. Next, we

will have an appointment-- Susan Connell, to the Nebraska Brand Committee. You're welcome to open.

SUSAN CONNELL: All right. Thank you, Chairman DeKay. Thank you to the committee. It's great to be here. My name is Susan Connell, and it's S-u-s-a-n C-o-n-n-e-l-l, and I'm here today to ask for your recommendation on my appointment to the Nebraska Brand Committee. I grew up on a ranch in the Sandhills, and I graduated from UNK. My husband of 22 years and I-- his name is Zane-- we own and operate a cow-calf and yearling commercial Angus operation south of Hyannis, which is about an hour north of Ogallala. We have three sons, two in college and one in high school, and we ranch with, with Zane's parents as well. I'm in-- I'm the business manager for the ranch, and I'm also an environmental consultant. I've worked air permitting and regulatory review for the mining and oil and gas industries for over 25 years, both out-of-state and then from home, before working from home was a thing. For over 20-- and, and then in 2009, I started my own consulting firm, and so I've operated that since then. I serve on our church board. I've coached our 4-H robotics team for ages 9 through 14 for nine years, and I served on the Blueprint Nebraska Technology and Innovation Committee as well. So, our business model for our ranch includes calving a fall and a spring herd; we hold our calves over and sell them as yearlings, which is a little bit different from a lot of the cow-calf operations. And we also retain ownership in part of our herd and feed those out off-site. As ranch business manager, I'm the accountant, human resources and purchasing, and I also might check our first-calf heifers, which is coming up here in the next few weeks. So, as an environmental consultant, I've handled large air permitting projects, managed those for years, regulatory review, performing the technical determinations that need to take place, and also showing compliance with regulatory standards, all within the lens of maximum operating flexibility for my clients, so I understand that side of the business as well. And I believe that my unique combination of the knowledge of the cattle business and regulatory structure and function, technology, and also managing large permitting projects puts me in a good position to make me an asset to the Nebraska Brand Committee. My goal with this appointment is to serve our state by providing future-thinking, proactive leadership to the Brand Committee, and also to serve my fellow cattle producers by providing a voice for the working rancher, which I think is important. And with an appropriate fee structure, I think the Brand Committee can modernize operations, they can, they can invest in new technology, and I think that is

a very important thing to do. If we do this-- [INAUDIBLE] stop.
Sure.

DeKAY: Can-- you could-- if you wrap up in just a sentence or two, go ahead.

SUSAN CONNELL: Sure. I think if we modernize and we improve our processes, we can continue to lead. Our cattle industry is critical. It's our largest cash commodity in the state. And we need to support our producers, and I'd like to do that as part of the Brand Committee. So, thank you very much.

DeKAY: Thank you. Are there any questions from the committee? Seeing none. Thank you.

SUSAN CONNELL: Thank you.

DeKAY: Is there anyone here wanting to testify as a proponent to this nominee? Seeing none. Anybody here as an opponent? Seeing none. Anybody here in the neutral capacity? Seeing none. For the comments of our hearing, there was 1, 1 letter proponent, 0 opponents, and neutral. With that, that ends our hearing on the confirmation appointment.

IBACH: We'll now move on to LB1187. That's Senator DeKay's bill. Welcome, Senator DeKay. You're welcome to open.

DeKAY: Thank you. Thank you, Senator Ibach, and members of the Agriculture Committee. For the record, I am Senator Barry DeKay, B-a-r-r-y D-e-K-a-y, representing District 40. LB1187 would do two things. First, it would increase the statutory maximum per-head inspection fee from the current \$1 a head to \$1.50 a head. Secondly, it would eliminate the actual mileage travel cost component of the inspection fee and revert back to a flat surcharge collected at each inspection location. The amount of the travel surcharge would be set up by the Brand Committee, with a statutory cap of \$30 per stop. With respect to the travel surcharge, LB1187 would essentially revert back to what had been previously law prior to the enactment of LB572 in 2021. LB881 enacted in 2011 first placed the travel surcharges statute as a component of the inspection fee. The Brand Committee encouraged considerable expenses, reimbursing inspectors for the fuel and depreciation expenses they have when traveling to inspection locations. The per-head fee collects off-- the per-head fee collected often falls well short of covering the inspector's

time and travel expense; the travel surcharge helped reduce the losses to the Brand Committee incurred when performing county--country inspections, and helped to reduce pressure on the per-head fee to cover previously-unreimbursed costs that were covered with inspection fees collected at other inspection points, such as markets and packing houses, and with the registered feedlots. But the surcharge under previous laws still did not fully cover travel expenses of the inspectors, and therefore, the Legislature agreed to request to authorize the Brand Committee to charge the actual mileage fee in current law. As you are aware, Brand Committee has struggled with implementing the actual mileage fee in current law fairly and accurately until very recently, having continued collecting a \$20 travel surcharge under the statute. While there is considerable disagreement about continuing mandatory brand inspection as evidenced by the bill to follow, I do believe there is general consensus that the travel surcharge is simpler and, in many ways, fairer than the mileage surcharge. And there is probably an industry consensus to revert back to that, if brand inspection continues. With respect to the per-head fee, while this bill does increase the fee authority to a \$1.50 a head, my main purpose for bringing LB1187 is to provide a forum to get a better picture of where the Brand Committee is financially. Due to a perfect storm of factors over the past few years, including a temporary reduction in the inspection fee mandated by LB572 in 2021, economy-wide inflationary pressures brought on, the COVID epidemic, a reduction in inspection numbers, and a sharp increase in health insurance rates has forced the Brand Committee to draw down its cash reserve. Additionally, the unexpected closure of the Tyson plant will impact inspection revenues significantly by more than the offsetting cost savings that the Brand Committee might realize by no longer having to cover Tyson plant. Because of the urgency created by these factors, LB1187 is introduced with an emergency clause. I am anticipating the Brand Committee witnesses to follow will be able to present an updated fiscal analysis for the Brand Committee under current circumstances. The Brand Committee did last year vote to increase the inspection fee to its current statutory maximum of \$1.10, and to increase the brand registration and brand renewal fees. I am hopeful that this hearing will help clarify what additional revenues is necessary to avoid exhausting the cash fund, and what is the economizing measures might available to the Brand Committee. Both the increase in the inspection fee cap to \$1.50 and the reinstatement of travel surcharge are contained in LB646 sitting on Final Reading. However, LB1187 would differ in that any

increase in the head-- per-head inspection fee would simultaneously increase registered feedlot fees proportionally. LB646 inserts a different formula for computing RFL fees independent of the per-head inspection fee. There are a lot of questions surrounding the future of brand law. While there, there may be considerable opposition to granting additional fee authority, I did feel it was prudent to [INAUDIBLE] LB1187 as a - perhaps a stopgap measure while the broader reforms of the brand law are being discussed. Thank you.

IBACH: Thank you, Senator. Are there questions from the committee? Senator Kauth.

KAUTH: Thank you, Vice Chair Ibach. Senator DeKay, so, it sounds like there's going to be increasing fees with LB1187.

DeKAY: Can you start over again?

KAUTH: Sure. It sounds like there's going to be increase in the fees with LB1187. Is that partly to resolve the insolvency of the Brand Committee? Because it's not doing great.

DeKAY: Brand Committee will come up and testify--

KAUTH: OK.

DeKAY: --on the financial aspects of the Brand Committee and what their finances are going forward. This is helping alleviate some of the stress that was outlined earlier with the closing of Tyson and stuff that might prelude them to want to come up to \$1.50 per-head inspection.

KAUTH: OK. Thank you.

IBACH: Thank you, Senator. Senator Storm.

STORM: Thank you. Thank you for being here. I have a question. So, that's a pretty significant fee increase. And, and you have - you deal with the Brand Committee, correct? So, what's your thoughts on the increased fee? Are you OK with that, or?

DeKAY: Well, it-- they-- it's not a significant increase unless they want to go to there. It says they can go up from \$1.10 up to \$ 1.50. So, if they can and would work to incrementally take it up to that, then I don't have a problem, I think. For the

safety or the future of brand, there are going to be fee increases, and throughout these hearings today, we're going to try to find a path forward that's going to be prudent for everybody going forward.

STORM: OK, I got one more question. So, have you ever had stolen cattle before, in your area?

DeKAY: I wouldn't call them stolen cattle. Missing cattle, yes.

STORM: Were they ever found?

DeKAY: We, we knew where they were-- ended up out of state, so. Did we get the money back? No.

STORM: OK. Thanks.

IBACH: Thank you, Senator. Senator Raybould.

RAYBOULD: Yes, thank you, Senator DeKay. You know, we've been reading a lot about the mileage charges, and now they want to go to a surcharge. Can you help us understand, what were some of the, the problems with keeping track of the mileage? Which is a pretty standard business practice.

DeKAY: Well, number one, it probably breaks down to how, if there's multiple stops along the route, say, starting out driving 50 miles and then adding 50 miles, how-- how is that surcharge-- how's that mileage going to be calculated and produce multiple stops in a day. So basically, putting a surcharge in for everyone, they would know exactly what they're going to pay and not have to guess or question how the mileage was figured.

RAYBOULD: I just want to follow up on that a little bit. But, you know, it's, it's a pretty easy calculation, and a lot of-- in my work life, dealing with a lot of technicians that have to go to multiple locations, to multiple grocery stores around the state, they, they don't seem to have any challenges in, in doing that and, and billing each customer their proportionate share, or maybe a percentage of the initial share, there. So I, you know, I, I kind of challenge the, the reasoning on that, and then just jumping up to a, a bigger surcharge fee.

DeKAY: Well, I-- in doing simple numbers-- if you're going to work-- I mean, if you had one customer that was going to have an inspection, say, at 75 miles and the first-- and another customer comes on that's only 50 miles out. So, do you charge 50 miles to the first one and then 25 miles to second one, or do you charge 75 miles to the second one and 50 miles to the first one? So, we're working that formula out. A, a simple surcharge, in my mind, is just the easiest way and most productive way going forward.

RAYBOULD: I guess--

DeKAY: That way, there's no, there's no guessing game on who's paying-- who's getting the better of the mileage part of that equation. And these inspectors, these country inspectors, they will travel on a given day probably anywhere from 100 to maybe 300 miles a day at multiple stops, so breaking that down in between stops, and basically the shortest distance between two points, how do-- you know, how do you figure it without a GPS? So, the surcharge in my mind is the easiest and most fair way to do it.

RAYBOULD: So, I've only been on the Ag Committee for four years, but-- so, when did they enacted the mileage rate? Do you remember that?

DeKAY: I think it was in 2021.

RAYBOULD: 2021. And, and I'm, I'm just really struggling with why they wouldn't implement it when it's something that was required of them. And I guess what I'm seeing is a, a pattern of-- how did they know what they were billing the, the ranchers that they stopped at along the route, if they didn't use the mileage fee? Just arbitrarily, they chose to just go with, you know, their own calculations? When, honestly, mileage is, is pretty easy.

DeKAY: And there might, there might be some credence to that. You know, it was enacted in 2021. Before that, it was a \$20 surcharge. And in-- to get clarification, I think there was times that the surcharge was charged rather than enacting the mileage, when the mileage should have been formulated out and brought. So, I think that might be part of the problem-- part of the reason they're going back to just a standard surcharge.

RAYBOULD: OK. Thank you.

IBACH: Thank you, Senator. Are there other questions? Senator Meyer.

F. MEYER: Is the-- the amount charged per head, is it uniform from, say, one purebred bull in Hyannis to the Ericson sale barn to JBS in Grand Island, is the per-head fee the same no matter how many they do at one stop? Could you comment on that, or?

DeKAY: That's my understanding. That's what I want to bring you. If we're going to have a per-head inspection fee, it's per-head no matter how many head are being inspected that day.

IBACH: Thank you, Senator. Other questions? Seeing none. You'll stick around to close?

DeKAY: Maybe.

IBACH: You will.

DeKAY: Yes, I'll be here.

IBACH: With that, we will open the floor to proponents. Are there any proponents for LB1187? Come on up. Welcome.

SPIKE JORDAN: Good afternoon, Senators. My name is Spike Jordan, S-p-i-k-e J-o-r-d-a-n. I'm a sixth-generation rancher from Sioux County, and I have the distinct pleasure to be a recovering journalist that got to sit in on LB572 being crafted. It was LR378, and it was a bill that Senator Halloran introduced-- or, an interim study that Senator Halloran introduced after the 2020 brand law fight. Senator Stinner introduced a bill to do away with the Brand Committee; Senator Brewer introduced a bill that would have changed some fees around. And as a result of that, they came together with a stakeholders' group and tried to figure out exactly what we're going to do. The reason I think the mileage didn't exactly work out is because we're not dealing with fixed places from, like, a warehouse to a store; that brand inspector is going all over the countryside stopping at individual ranches, and he can try and plan out his day the best that he can, but I-- you know, we're dealing with a lot of variables, and it just seems, like Senator DeKay was saying, that if he's going out to the furthest place from where he was dispatched and then he's making all those inspections along the

way, does that person that's at the furthest point pay all the mileage going forward? You know, it's-- or vice versa, if he's going out to the end of the, the road there, how to calculate that. And so, I think the, the simple surcharge was probably the, the fairest way to go about and do it. I, I believe Senator Halloran had the right intention whenever we put this idea together, but it, it just was not going to be logistically feasible because of 1,000 points of light that you're trying to track at, at that-- any given point in time. To the discussion on the fees and everything else like that, I don't-- I hesitate to say that the committee isn't soluble, because if you go back through and look at their annual reports, you can see years where they were in the red and years they were the black. And about 2017, they had a substantial cash reserve built up; so substantial that whenever we were in another budget crunch, Senator Stinner was chair of Appropriations at the time, and he was trying to sweep that money away to go and try and, and cover up some of the other holes in the budget. And quite a few of the folks behind me probably came and testified against that. I was working as a reporter at the Star-Herald at the time, but Jerry Weeks from Platte Valley Livestock got ahold of me and said, hey, that's cattlemen's money; the, the Legislature doesn't need to be sweeping that away from us. So, part of the idea was they put it down to 85 cents with LB572 to, to kind of spend that down and make it not such a target, and kind of we didn't-- cut a little bit too close to that. And so, I think what this bill does is kind of sets that back to place, and, if possible, I know that LB646 is on Select File possibly incorporates some of these fee adjustments and, you know, look at the equitable arrangement for the registered feedlots.

IBACH: Very good. Thank you.

SPIKE JORDAN: Any questions?

IBACH: Does anybody have any questions? Seeing none. Thank you very much.

SPIKE JORDAN: All righty. Thank you.

IBACH: Any other proponents? Welcome.

BRYCE DIBBERN: Thank you. Appreciate you guys having us here. My name is Bryce Dibbern, B-r-y-c-e D-i-b-b-e-r-n. I serve as the executive director for the Nebraska Livestock Markets

Association. The Nebraska Livestock Markets Association supports LB1187, which proposes to increase the statutory cap on the per-head physical brand inspection fee under the Nebraska Livestock Brand Act from \$1.10 to \$1.50. And that is the cap; that's not the fee that they're initially going to go to, they just have the ability to go \$1.50. This modest adjustment would provide the Nebraska Brand Committee with necessary flexibility to ensure the program's long-term financial stability without mandating an immediate fee increase. Livestock markets operating within the brand inspection area encompassing much of western Nebraska have consistently affirmed the critical importance of Nebraska brand program, both the auction facilities and to the livestock producers they represent. The program delivers essential third-party verification of rightful ownership, effectively deters theft, and facilitates prompt investigation and resolution of ownership disputes. In an, in an industry where trust and security are paramount, this independent oversight remains indispensable. Moreover, the brand program provides substantial practical benefits to the livestock markets by ensuring the correct owner receives payments for consigned cattle. You can, you can have some complicated ownership disputes, whether that be a divorce or a partnership split, or-- so it is good to have the inspectors there, through their expertise and authority under the Livestock Brand Act, to determine rightful ownership entitled to the proceeds. This impartial process removes a significant administrative burden and substantial liability from the livestock market operators who would otherwise face potential disputes, claims, and legal exposure in facilitating payments. In 2025, the average price of cattle sold at Nebraska markets from calves to mature cows, baby calves, everything in between, was \$2,400 to \$2,500. When you multiply all these markets together, that represents billions of dollars in economic activity. The brand program safeguards a significant commerce by confirming ownership integrity at key points of sale and transfer. We recognize that the operational costs for the brand committee, including inspector wages and related expenses, have risen in line with broader inflationary pressures and increased input costs through the ag sector. The proposed cap increase is prudent and proportionate response to these realities, enabling the committee to maintain a program with effectiveness and long-term stability should adjustments prove necessary. The Nebraska Livestock Markets Association, on behalf of its member markets and the producers they serve, fully endorse raising the inspection fee cap to \$1.50. This measure will help preserve a vital service that protects livestock industry stakeholders, reduce operational risk for market

facilities, and uphold the economic strength of Nebraska's cattle sector. We appreciate your guys' consideration, and we urge you guys to support LB1187.

IBACH: Thank you very much. Are there questions? Senator Kauth?

KAUTH: Thank you, Vice Chair Ibach. Mr. Dibbern, have you looked at the other two bills, the LB646 from last year and then LB1258 from this year? Have you--

BRYCE DIBBERN: Yes.

KAUTH: --had a chance to put them all side-by-side and kind of evaluate them?

BRYCE DIBBERN: Yes.

KAUTH: Can you give me a little bit of your thoughts on those?

BRYCE DIBBERN: On LB1258, I know we're going to discuss that later, but we are opposed to that. As I've stated in many of these, this talking points was-- this brand program is really important to the producers that these livestock markets serve, and turning it into a voluntary system is-- isn't really going to suffice. It's going to be like having speed limits with no enforcement. It's important to the producers, and these market owners know the producers and their wants and needs better than anybody. A lot of these market owners are like family to the producers they represent. So, it's a good-- these market owner's and their decision to support this is a good representation of the producers that they serve. So, yeah, [INAUDIBLE].

KAUTH: What about LB646?

BRYCE DIBBERN: LB646, last year we, we opposed that, and, and the reason being is we wanted to financially keep the brand program sound and the integrity of the brand, the brand program. We felt that-- our opinion was if we eliminate or remove a sector of the industry from brand inspection that it, that it harms the integrity of the program itself. And also, the way that it was wrote, it would have taken around a million or just over a million dollars from the brand program.

KAUTH: And do you represent livestock producers in the eastern part of the state?

BRYCE DIBBERN: I represent livestock market owners statewide.

KAUTH: State-wide. So, in the eastern part, we don't have the Brand Committee.

BRYCE DIBBERN: Correct.

KAUTH: So, are there problems with that? Or have they figured out how to do it?

BRYCE DIBBERN: It depends on how you frame it. If you don't have inspection at the markets, you're not going to catch some of the, the, the theft that goes on because you don't know about it. There's not an inspector there. And these market owners can't police all of it. Just-- you know, just this week, there's multiple markets that are having 6,000- and 7,000-head sales. To expect those guys that are not professionals to catch every brand is an impossible feat. So, the markets that have it love it and, and appreciate what they do for the market owners, and the integrity that it brings the producers, the sellers, and the buyers. And in the eastern side, without it being policed, how would you know?

KAUTH: Thank you.

IBACH: Thank you so much. Senator Storm.

STORM: Thank you for being here. Thank you, Mr. Dibbern. So, you, you represent all the sale barns?

BRYCE DIBBERN: Correct.

STORM: Do the sale barns choose to join your association, or are they-- or, how does that work?

BRYCE DIBBERN: It's-- for, for the Nebraska Livestock Markets Association, you're pretty much a member by default. If you're a market owner in the state, you're invited to every meeting that we have and participate in all the discussions that we have as an organization

STORM: Right. So, so for your organization, are you advocating for statewide mandatory brand inspection?

BRYCE DIBBERN: No.

STORM: Why not?

BRYCE DIBBERN: Because I'm going to represent the membership how they tell me, and the members that are within brand inspection area want it and see the need for it; the ones on the eastern side have never had to deal with it, and it's something that-- the reason it wouldn't work in the east is that there are many producers that do not brand in the east, but if you have brand inspection, you still have to have an inspector on site even though those cattle aren't branded--

STORM: Right.

BRYCE DIBBERN: But you have to show proof of ownership, and for the, the market owners selling in the east, if those producers are not used to coming to town with proof of ownership because they're not-- they don't have to today. If they aren't used to that, when they leave on sale day, they're not getting a check until they can prove ownership, and they may not have that paperwork. So, there are brand holds on those checks, and it would just be another thing that those markets that have never had to deal with it would have to start dealing with. And it would be-- it's a-- it's more of a producer issue that wouldn't know what to do, but it's going to trickle down to a problem at the market. The market will feel very at fault when it's really not.

STORM: And so-- one last question. So, you're saying on the eastern markets, you're seeing your sale barns have theft? A lot of theft? [INAUDIBLE] theft? [INAUDIBLE]

BRYCE DIBBERN: No, I'm saying there's potential for theft that won't get caught because you do not have an inspector. I'm not stating that there is lots of theft, and I'm not stating that there's cattle that are, that are sold in somebody else's name, not on purpose. But it can happen easier there because there isn't inspection.

STORM: OK. Thanks.

IBACH: Senator Meyer.

F. MEYER: Just for clarity for the committee, I want to give you a, a situation. Say I have 100 cows, 95 of them have calves by June 1 when I go to grass. Those 95 calves are all worked. I

have five summer calvers that are going to calve in the pasture. Everybody has that. November 1, when I take them out and bring them back to my farm, forget that those five were born in the summer, which-- given the vaccinations. First of the year, I sell them at a sale barn in the brand inspection area, so I have 95 that are branded and five that are not. So, you have the authority to hold a check on those five heads, even though they're in possession of the rightful owner? Because manda-- branding is not mandatory.

BRYCE DIBBERN: No, it's not. That's correct.

F. MEYER: Inspection is, but not, not branding.

BRYCE DIBBERN: As long as they can prove ownership and they can--

F. MEYER: Well, is possession proving it? Because the other 95 are his.

BRYCE DIBBERN: You have to prove ownership. I, I don't know how to explain it other-- better than that. Yes, if they're not branded, then--

F. MEYER: So, there's really, there's really no answer to that possession, still. If he a-- if he has been selling at the sale-- same sale point for years, those cattle are in his possession, everything else is branded, they're considered his.

BRYCE DIBBERN: I'm going to defer that question when the Nebraska Brand Committee comes up here and gives their testimony. I would like them to address that question.

F. MEYER: Thank you. I just-- for clarity, I wanted the committee to understand the entire situation.

BRYCE DIBBERN: I'm not an inspector, so I don't know every in and out detail, but I want them to address that when they come up.

F. MEYER: A lot of things can happen in the span of a cattle operation. I'm just-- so, thank you for the honest answer.

IBACH: Thank you, Senator Meyer. Senator Hansen.

HANSEN: Thanks for answering our questions, by the way. I use the term long-term stability, and I think others might use the same qualification for why we want to raise the fees. In your opinion, what does that mean?

BRYCE DIBBERN: Long-term stability?

HANSEN: Yeah, like, for the next three years, we don't expect to raise fees, or five years. It's a difficult question-- it's difficult question mostly because you can't [INAUDIBLE]

BRYCE DIBBERN: Yeah, there's lots of variables that can change that. I mean, one variable would be if you have a packing plant in western Nebraska that closes, there is a revenue source that, that goes away. You can't plan for those, so there's going to be some, some things of uncertainty that happen. But the Brand Committee has stated that they don't plan to initially go to \$1.50, and really, not any time in the near future. I don't think wage increases increase that fast in the state of Nebraska either, to make that jump. So, unless things-- the efficiency of the program goes down, I don't see there being a giant increase immediately. I think this \$1.50 we've been at a-- you know, we haven't been anywhere higher than \$1.10, ever, and the program is still existing and still operating. So, a \$1.50 cap, I think, is going to work for a long time.

HANSEN: OK. Thank you.

BRYCE DIBBERN: And on the other side of that, if it-- if and when it doesn't, the producers in western Nebraska feel this program is important enough that if we came back to this same scenario, they would allow another increase.

HANSEN: OK. Thanks.

IBACH: Thank you, Senator. Senator Raybould.

RAYBOULD: Yes. I have a question for you. And so, whatever the fee is charged to the owner for the inspection, it's-- it will be kept at \$1.50 until circumstances may change that, right?

BRYCE DIBBERN: The cap. What they're asking for in this increase is increasing the cap to \$1.50--

RAYBOULD: To \$1.50, they may not change [INAUDIBLE]--

BRYCE DIBBERN: --and the Brand Committee gets to decide where that level needs to be without having to come back here. So, if they make it within the \$1.50, anything less than that, they can make that decision without having to come and make a legislative ask.

RAYBOULD: I get that. The question is, do-- what's the difference between doing a physical inspection or the electronic inspection? Does the--

BRYCE DIBBERN: I can't answer that. I don't know.

RAYBOULD: OK, because both have a fee established for that. For physical--

BRYCE DIBBERN: That would be another good question for the Brand Committee when they come up to testify.

RAYBOULD: Oh, good. OK. I will hold it for them.

IBACH: Other questions from the committee? If not, can you answer one question for me? How many livestock markets are there in Nebraska that participate in the program?

BRYCE DIBBERN: 20.

IBACH: 20 in Nebraska.

BRYCE DIBBERN: Yep.

IBACH: And do you know how many are in and out of the brand inspection area?

BRYCE DIBBERN: 15 are out of the brand inspection area.

IBACH: So, 15 in eastern Nebraska--

BRYCE DIBBERN: Correct.

IBACH: --and 5 in the brand inspection area.

BRYCE DIBBERN: No, 20.

IBACH: 20.

BRYCE DIBBERN: 20 in the brand inspection area--

IBACH: OK.

BRYCE DIBBERN: --15 outside, 35 total.

IBACH: Oh, 35.

BRYCE DIBBERN: And of the 20 markets that are within the brand inspection area, they're, they're selling over 1.4 million cattle through those markets. And if you-- I know I'm going a little further than what you asked, but of the \$2,400 average of last year, that's \$3.4 billion worth of cattle sold through the livestock markets in western Nebraska than the brand inspection area alone. So, the integrity of this program is important to make sure that the rightful owners are getting paid for these cattle.

IBACH: I think that puts it in-- the dollar amount in perspective. Thank you very much. Any other questions? Seeing none. Thank you.

BRYCE DIBBERN: Thank you guys.

IBACH: Any other proponents for LB1187? Race to the chair. Welcome.

AL DAVIS: Good afternoon, Senator Ibach, members of the Agricultural [SIC] Committee. My name is Al Davis. I am the contract lobbyist for the Independent Cattlemen of Nebraska, and also here today as a board member with Nebraska Farmers Union, representing them. ICON was established in 2005, and is made up of members who ranch in the Sandhills and the panhandle of Nebraska. [INAUDIBLE] largely cow-calf operators with some backgrounders and a few feeders. While we acknowledge that we are all in the same industry, the cow-calf sector has different needs than the cattle feeding sector of the industry. We appreciate Senator DeKay's efforts on LB1187 and urge this committee to prioritize the bill and move it to the floor for discussion and support of the bill. One portion of this bill deals with a fee increase to keep the committee solid. Let me first state that the Brand Committee and the inspectors are probably the most popular state government sanctioned employees in Nebraska. Ranch families view brand inspection as an extremely important tool to prevent large-scale cattle theft.

Obviously, fee increases are not anyone's favorite expenditure, but this fee increase is necessary to maintain the viability of the committee and the important work it manages. And I do want to make an observation about that, because I was the one who was in your seat at the time that we raised the fee to \$1.10. I believe that was in 2015, so it's been 10 years since that took place, to \$1.10. So, it's-- it-- you know, there have been a lot of costs that have gone forward from that time forward. Cattle inventory numbers are below where they were in 1955. There are multiple factors contributing to this fact, including drought, aging out of the small producers, the conversion of prairie to cropland, and et cetera. In addition, some marketing strategies have occurred in which ownership of cattle are retained from ranch to slaughter. The result is the need for a fee increase to keep up with inflation and to maintain a strong, vigorous program. In addition, a few years ago, the committee-- this committee, the Agricultural [SIC] Committee, ordered the Brand Committee to lower its fees, which has hollowed out the cash reserve. The committee needs this fee increase, and we believe that the Legislature should increase the ceiling to \$2 but leave the committee with the flexibility to vary the rate up to the cap, which is how that was and handled in the past. When I read the bill yesterday, I thought I read that the fee was going to go to \$1.50, not the cap, so that's an error that I made. The mileage question addressed in the bill is being modified to comply with advice from auditors, as I understand it, about the legality of the existing approach, and therefore is a needed change. Thank you again. ICON and, and the Farmers Union support LB1187 and urge passage of the bill, and I'll take any questions if you have any.

IBACH: Thank you, Mr. Davis. Are there questions from the committee? Senator Storm?

STORM: Thank you. Thank you, Mr. Davis, for being here. So, in the first paragraph of your testimony, you said that the cow-calf sector has different needs than the cattle-feeding sector. What do you mean by that? Can you expand on that?

AL DAVIS: Sure. So, I'm a cow-calf guy. What do I want to do? I want to maximize my sales of livestock.

STORM: Mm-hmm.

AL DAVIS: And I'll do what I can to get that done. If I'm feeder, my objective is a completely different one. It's to buy the cattle low and sell them high. So, right-- fundamentally, right there, you can see there's tension between the two [INAUDIBLE].

STORM: OK. And then the last question I have for you is, so you'd like to go up to a \$2 per-head fee?

AL DAVIS: I-- so, I think the cap ought to go up to \$2. I, I don't think it's going to-- I don't-- they're never-- they're not going to get there unless they need it. But it's a vital service that we have, and the committee has a long history of good "prudal" fiscal management going back decades. So, they've demonstrated that they're responsible and can handle it, and it's an local control issue to me.

STORM: OK. Thanks.

IBACH: Thank you, Senator. Other questions from the committee? Seeing none. Thank you, Mr. Davis.

AL DAVIS: Thank you.

IBACH: Other proponents for LB1187. Welcome back.

CRAIG UDEN: OK. Good afternoon, Vice Chairman Ibach, and the members of the Agricultural [SIC] Committee. My name is Craig Uden, C-r-a-i-g U-d-e-n, from Lexington. I currently serve as president of Nebraska Cattlemen, and I'm here today to testify in support of LB1187. We would request some amendments to strengthen the bill. I'm affiliated with seven registered brands in the state of Nebraska, and I am a feedlot and cow-calf operator, and I see firsthand both the challenges and opportunity for the state's cattle sector under the current brand inspection system. While we appreciate Senator DeKay's introduction of LB1187, we believe there are further steps to be taken to ensure the continuation of brand inspection in Nebraska. For over a decade, Nebraska Cattlemen has provided testimony on every brand bill brought before this body with a consistent message: brand inspection must exist in Nebraska, and modernization through fee adjustments and other changes to current systems are essential. We propose increasing the current \$200 brand renewal fee cap to \$400, and increasing the per-head inspection fee cap up to \$2. These maximum cap suggestions are

set at levels that account for inflation and provide the next-- necessary flexibility so the Legislature does not have to repeatedly revisit this matter, putting to rest an issue terribly dividing our industry. We need a system with long-term stability, predictability, and greater efficiency. We also suggest clarifying requirements for audit fees on feedlots. With audit costs to be based on an actual time spent by the brand committee, the fees should reflect the service provided rather than simply changing a-- charging a flat fee on a one-time capacity. We further support movement of cattle from grow yards to registered feedlots without requiring additional inspections, provided appropriate documentation is maintained by the owner or operator. Requiring only one inspection when moving cattle into the brand inspection area reduces redundancies while ensuring integrity and traceability. NC has consistently advocated for a brand inspection program covering all sectors of the industry without exception. Including all production stages, it is vital for the integrity and effectiveness of the system and ensures all participants in the beef supply chains are operating under the same requirements. It is our earnest desire for efficient and accountable, accountable governance; while it is not the role of Nebraska Cattlemen to dictate solutions regarding the operations of the brand committee, we trust the Legislature to provide necessary oversight. Our goal is a system that doesn't require constant legislative adjustment and maintains a dependable business framework for cattle producers. Between the choices of doing nothing and eliminating the system that currently exists, we stand ready to find a middle ground that makes adjustments through our membership has supported via our grassroots policy. We urge you to advance LB1187 and consider these changes for the continued success of the Nebraska cattle industry. Thank you for the opportunity to testify, and I'll answer questions.

IBACH: It's the first time anybody's ever said "we trust the government." I'm just saying.

CRAIG UDEN: I challenge that.

IBACH: OK. Thank you. Senator Raybould.

RAYBOULD: Yes. Thank you, Mr. Uden, for coming again and, and addressing us on this really important issue. How long have you been a rancher?

CRAIG UDEN: In the cattle business?

RAYBOULD: Yeah.

CRAIG UDEN: 45 years.

RAYBOULD: 45 years?

CRAIG UDEN: Well, actually longer than that, but that's--

RAYBOULD: OK.

CRAIG UDEN: --when I wrote the checks, 45 years ago.

RAYBOULD: OK. So, can you help us understand, what has been the most innovative thing the Brand Committee has done to help move the cattle industry forward in our state of Nebraska?

CRAIG UDEN: I don't know-- I, I think that's why we're here. You know, we've, we've, we've heard let's not change a thing or let's get totally rid of it. What the brand-- what, what the brand laws do out there is it helps prevent the idea of somebody walking away with your, with your livestock. It's, it's-- you know, it's a-- when, when you're-- when you're in western Nebraska, you have vast areas, and I've had numerous occasions that I've had the opportunity to work with them to either find cattle that were missing or have cattle that somebody turned in that were mine that get, that get mixed up, so. I think that, that what, what works for me is making sure there's eyes and ears on a pretty vast land mass out there that covers a lot of ground. In the feedlot industry it's a little different, but if I'm going to run cattle in Cherry County, Custer County, Dawson County and the other four counties I run in, I want some assurance out there that there's eye and ears out there.

RAYBOULD: Just a follow-up question. I, I don't remember if it was in Kearney or one of the other hearings that we had where the Brand Committee gave us the data over the years, and it just-- correct me if I'm wrong, but it just seemed like the, the percentage of thefts or estrays were just really, really low. And the number was of-- not impactful outside of those that were, like, organized operations.

CRAIG UDEN: True.

RAYBOULD: But-- so, you know-- and it seems like, you know, we've heard ranchers in the cattle industry in Kansas, and they say that's not really a problem in Kansas even though they're voluntary. So, talk to me a little bit about the numbers that were reported by the Brand Committee to us. Were they correct? Are they on the low side? Or how, how should we interpret them? Because that's-- I look at that stuff and I'm thinking it's not, it's not really a big issue.

CRAIG UDEN: Well--

RAYBOULD: Am, am I wrong?

CRAIG UDEN: I can't really answer that because I'm not sure what the numbers are.

RAYBOULD: OK.

CRAIG UDEN: All I can say is being involved in an organization, sometimes it's about what you don't hear versus what's reported, and, and sometimes that's valuable to not have it happen because somebody was there. You know?

RAYBOULD: I don't know. I--

CRAIG UDEN: I don't, I don't think there's any big theft rings. I did grow up in eastern Nebraska, and I did grew up 20 miles from, from Kansas, and I can tell you, I wouldn't, I wouldn't buy into "it's all great in other states," though. I, I-- there's a lot of times that there's missing cattle out of this barn or that barn, and we probably take that risk in Nebraska as well. I think it's the deterrent of having eyes out there and watching, and, and basically the community. Now, we're, we're proposing, you know, different, different costs. You know, we, we think it needs to be viable. You know, cattle today are two and a half times what they were three years ago, so there's a lot of-- there'll be a lot of temptations. So, we're, we're going to continue to support it. We think it needs to be modernized; we think there has to be dollars allowed in the system to modernize it, where it be EID-- there has to be a function and, and everything I talked about today was caps. I didn't say we had to go to \$2 or \$400. But \$400-- there's 32,000 registered brands. If you had a 12.5-15 decline and went to 27, you increase that fee from our, our-- on registrations and renewals today, that, that covers a lot of area but gives them

some latitude to maybe do some things. But I'm not here to run the Brand Committee because that's not my job. My job is to help fund and, and move this thing in a positive direction. We think we-- our, our-- the middle ground here where we don't want to say "do nothing," we don't want to say "destroy it" or, or "start over." So--

RAYBOULD: OK, just--

CRAIG UDEN: It's a deterrent, I guess, is, is, is what I think it, it, it allows out in the country. It's-- and, and I, I-- I've, I've had wins as a, as a cow-calf operator and a stocker operator. I'm, I'm fairly positive that, that it-- it's kept enough people honest, I've got most-- I've got the majority of my cattle back. I've had very little trouble.

RAYBOULD: I have just one more.

IBACH: [INAUDIBLE]

RAYBOULD: Just a follow up on the innovation. You know, I-- I'm a retired grocer, and I usually say, you know, you can't operate grocery stores the same way you did--

CRAIG UDEN: No.

RAYBOULD: --50 years ago, and you can't farm the same you did fifty years ago, because so many things have changed. And so, you now, when-- this is my perspective. You know, I'm not a rancher, not a farmer, but, you know, I, I watch numbers because ag industry is important. And so, it's, it's a little bit confusing. Like, we've, we've heard about EID ear tags and how important those are. But in my, in my world, why aren't, why aren't we chipping our cattle? You know, it's, it's something very simple that we do with our dogs and cats. It's not an onerous issue. And to me, that would be, you know-- and you can still brand, but you know, if you, if you chip them, that would have a lot of electronic data and, and record-keeping that would be essential to establish maybe ownership--

CRAIG UDEN: [INAUDIBLE].

RAYBOULD: --or the train of-- or the chain of ownership. And so, to me, that's innovative, but I don't know. What is, what is the Brand Committee working on? But that's kind of what [INAUDIBLE].

What are you doing that's going to really move the cattle industry forward to the next century? Because it's so important to Nebraska.

CRAIG UDEN: Well, and I think that-- I think that's really important. And, and by the way, I chip every animal that comes through my feed yard in every cow-calf sector I have, so I'm, I'm already there. But, you know, sometimes markets have to work and have to pull that, that new technology through the system, and I think the industry will go there in the future. And-- but, but today, we're still talking about hot iron branding, and that's what we have today. And if there is funding and, and available funding-- you know, if, if, if you looked at renewal rates that I proposed here today, that would more than offset the lack of the, the feedlot paying a lesser amount, and, and you probably could still keep your inspection at a very reduced cost for quite a while. But we also understand mandates are going to be out there, whether it be insurance, mileage, you name it. Whatever it comes down-- the federal government goes to the state, goes to the local. It-- it's just the way things happen today. And consequently, we can't control them costs, and, and costs keep rising, so. This also allows for maybe technology to be looked at, but I'm not here today to dictate to the Brand Committee and how they run their internal workings; I'm just trying to, to solve an issue that's very divisive in the industry and find the funding, and find an opening to, one, not start all over again, or-- you know, trying to bring the industry together, if I can. Thank you.

RAYBOULD: Thank you.

IBACH: Thank you. Senator Meyer.

F. MEYER: I, I guess I'm asking a couple of questions about the commercial feed yard operation. How many different states do you bring cattle in from, on a typical year?

CRAIG UDEN: Somewhere between 35 and 40. 35 and 40.

F. MEYER: 40 states. And what percentage of those are mandatory brand or mandatory EID pay?

CRAIG UDEN: There's two states-- the-- there's two states that's mandatory EID. I know Michigan is. There's one other, but I don't think I'd come out of that. I think all 15 western states,

they're all-- they, they would all come under brand inspection.
And half of South Dakota, and--

F. MEYER: So--

CRAIG UDEN: So basically, the Dakota-- the Dakotas west to, to,
to, to California and New Mexico, Arizona west, and Colorado
would be included in that. Kansas, Oklahoma are not.

F. MEYER: So when they come to your feed yard, they have brand
clearance papers--

CRAIG UDEN: Yes, sir.

F. MEYER: --and health papers?

CRAIG UDEN: Yes, sir. We made--

F. MEYER: In order to cross state lines, you have to have the
health, health papers, right?

CRAIG UDEN: Yes, yes.

F. MEYER: Well, go ahead.

CRAIG UDEN: That's a different issue, but yes, they're supposed
to have health papers. And typically they do, coming out of that
region. Health papers is another topic someday.

F. MEYER: Yeah.

CRAIG UDEN: But yes, they do come in with, with paperwork. We
put them in a file system, and we maintain that file. So if
there ever is an issue or a, or a, a, a challenge out there, or
somebody is looking for recovery and it gives them a starting
point. And so, the feedlots in our proposals would stay in the
system to maintain that point of contact to where cattle-- where
inspection could move forward and backwards for issues.

F. MEYER: OK. So, so from that 35 or 40 states, when they come
to your feedlot, I assume there's still a number of owners--

CRAIG UDEN: Yes.

F. MEYER: --commercial owners.

CRAIG UDEN: Yes.

F. MEYER: So, do they all have specific brands that they want their brand on the cattle that they place in your feedlots?

CRAIG UDEN: No, no, but certain, certain states that don't have brand inspection or per se brand inspection have some other-- some, some do have some kind of a modified, and they're usually larger producers. They would put-- they would put a mark on those cattle that would not be a registrable mark, because they don't have registration in those states.

F. MEYER: So, so how do you handle those cattle as a feed yard when they go to, say, JBS? I used to say Tyson, but you can't do that anymore.

CRAIG UDEN: We go-- we, we have to maintain a CVI from them-- from those states for those cattle.

F. MEYER: And that's sent with the truck when they go to the feedlot?

CRAIG UDEN: No, it does not. But the brand people come through and make sure I have that CVI in my brand file.

F. MEYER: So, the brand people at the packing plant, they will come back to--

CRAIG UDEN: No, I'm an RFL, so.

F. MEYER: OK. You're a registered feedlot.

CRAIG UDEN: I'm a registered--

F. MEYER: So, they didn't-- they don't have to-- has that ever happened to you? Have they ever had to come back with a question of ownership on those out-of-state cattle in that [INAUDIBLE]?

CRAIG UDEN: We have-- we-- it is, it is a huge challenge to get CVIs throughout the United States because of the lack of veterinarian-- lack, lack of veterinarians, and, and, and--

F. MEYER: OK.

CRAIG UDEN: It, it's a huge challenge. I've had a lot of issues with neighboring states and, and others because if you have nothing that then-- if you have no system at all, it's easy for cattle to move without even health papers. And one of the challenges I think the industry faces in the future without having some record of where cattle came from-- we're dealing with screwworm, we're dealing with the Asian tick, we're dealing with a lot of disease pressure which maybe would address some of the EID in the future. I think the industry is ready to change a lot. But today is today, and we're here today, so.

F. MEYER: So, so is your feedlot part of any program that is-- the cattle are identified from the ranch they come to all the way to the packing plant?

CRAIG UDEN: Yes, it is.

F. MEYER: And each one of those has--

CRAIG UDEN: An EID.

F. MEYER: EID tag.

CRAIG UDEN: Certain cattle have EIDs where they arrive. A lot of cattle have EIDs. If they come into our feed yard and they don't have an EID, we keep those cattle separate on their buy sheets, and we EID them so we can track those cattle as well.

F. MEYER: And do you have to DNA test those as well?

CRAIG UDEN: Some. Not, not-- no, I do not have to D-- if, if it's a specific deal, I would have to.

F. MEYER: But there are some--

CRAIG UDEN: There are some.

F. MEYER: --programs that do mandate.

CRAIG UDEN: There are some.

F. MEYER: OK. Thank you, Craig.

IBACH: Thank you. Senator Storm.

STORM: Thank you. Thank you, Mr. Uden, for being here. So, are-- your members are OK with going up to maybe \$2 per head?

CRAIG UDEN: We've, we've, we've, we've been there since 2014, 2018, I think, or '20. Last year, this year. And what I want to say is, you know, I am a feedlot and a cow-calf--

STORM: Yeah.

CRAIG UDEN: But I pay my dues to the organization as a cow-calf. But naturally, our, our brand and property light-- rights committee is made up of pretty much ranchers. We've, we've made this decision many times ago, I guess [INAUDIBLE], and we believe that whoever thinks it's the most important-- which would be the ranch community and the stocker operators-- are willing to look at increasing fees for them, and we've had this reduction for the feedlots, but keep the feedlots in the game. We've had that policy on our books since, I think, 2014. It was looked at even after last year and the contentious hearings we had, and it went back the same way. We've stayed with that same policy.

STORM: OK, one last question. So, how many members are on your board of directors?

CRAIG UDEN: There was 30-- 34, and now there's 20-- 24.

STORM: How many of them are from the brand area? And how many are from the non-brand area? Out of curiosity.

CRAIG UDEN: Half.

STORM: It's pretty half?

CRAIG UDEN: Half.

STORM: OK. And mainly cow-calf guys, or--

CRAIG UDEN: Yeah, it'd be cow-calf, there would be feedlot, there would be stocker. There'd be all three.

STORM: OK. Thanks.

IBACH: Thank you. Any other questions? I have-- Senator Hansen?

HANSEN: Thank you. Something I'll agree with you on is you wish we could figure something out so the legislator-- Legislature does not have to repeatedly visit this matter putting a rest to an issue terribly dividing our industry. And I, I agree with you, so I appreciate you bringing something, here.

CRAIG UDEN: Well, we, we, we brought it last year, too, and it--

HANSEN: Yep.

CRAIG UDEN: We're keep-- we're going to keep bringing it. Yes.

HANSEN: I did have one question--

CRAIG UDEN: Mm-hmm.

HANSEN: --about some-- a recommendation that you, that you said. We also suggest clarifying requirements for audit fees for feedlots. With audit costs to be based on the actual time spent by the Brand Committee, the fees should reflect the service provided rather than simply charging a flat fee on a one-time capacity. Why would you recommend that?

CRAIG UDEN: Well, it's a reduction-- it's a-- because our RFLs are different sizes, right?

HANSEN: Yep.

CRAIG UDEN: And, and that's part of it, so. Certain RFL's are 1,000 head, 800 head; certain RFLs are 100,000 head. So, the amount of paperwork and time are different, and, and that, that could be set up on a, a one-time cost of, for a large one, maybe 20 cents, and 20 cents times 50,000 is \$10,000, and, and, you know, that covers, that covers the odds, so.

HANSEN: OK.

CRAIG UDEN: But a small guy, he might be by the hour, but if he's only got 10 pens of cattle, it probably isn't going to have to take more than an hour, so that just needs to be fairly stable.

HANSEN: OK, if I can ask one more thing. In your opinion, if the Brand Committee does end up becoming insolvent, like, we don't raise the fees for some reason--

CRAIG UDEN: Mm-hmm.

HANSEN: What would happen?

CRAIG UDEN: Well, I think one thing that we have to be really, really careful about-- brand inspection is still part of our, our law. And consequently, if, if they were underfunded and they had to reduce staff and we had to only inspect once or twice a year, that'd be devastating to, one, the sale barns, and two, just general commerce. I think the reason we're here today is we're looking for a solution because commerce has changed. It's not like when this was put together in 1941, when it was amended in '74 or '72 and '94. Commerce moves at the speed of light. We know how everything replicates. So, we have to have something that's fairly efficient, fairly modernized and, and, and looking to the future with, with EID. But we have to have-- we have to have the-- enough funding and enough vision to address not only protecting our livestock producers, but also creating an, an, efficiency that doesn't impede the speed of commerce.

HANSEN: Thanks.

CRAIG UDEN: Mm-hmm.

IBACH: Thank you. I just have one question.

CRAIG UDEN: Yes, ma'am.

IBACH: What-- you talked about covering all sectors of the industry without exemption, basically the same needs. And Senator Hansen stole my question. What's the average time that, that is spent on your feedlot for auditing right now? I mean, what's an average audit?

CRAIG UDEN: If you-- if, if you have-- if-- our biggest challenges for, for our feed yard are CVIs, getting CVIs on a timely matter. Because a lot of states don't view them as having a lot of, of, of value, right? And, and so, our, our, our biggest hang-up is the CVIs. But generally, they can get through our, our operation in roughly 2 hours.

IBACH: And how many times are you audited a year?

CRAIG UDEN: Supposed to be four times.

IBACH: OK. And--

CRAIG UDEN: Quarterly.

IBACH: We're working on the veterinarianian thing.

CRAIG UDEN: Yeah.

IBACH: We're not there yet.

CRAIG UDEN: I mean, I mean-- this, this is a big part, but there's other things that are, you know-- that, that--

IBACH: Contribute?

CRAIG UDEN: So.

IBACH: Very good. Other questions? Seeing none. Thank you very much.

CRAIG UDEN: Thank you.

IBACH: Other proponents for LB1187. Welcome. Hello, again. Welcome. Go ahead.

SETH HANNA: Thank you. Good afternoon, Senator Ibach and members of the Agriculture Committee. Thank you for having me. For the record, my name is Seth Hanna, S-e-t-h H-a-n-n-a. I'm here representing myself and the Nebraska Farm Bureau in support of LB1187. Our member-developed policy at Farm Bureau is in support of the Brand Committee given the importance of its work and contribution to the industry. The committee must have the fee authority to maintain the program and continue its role in the beef economy, creating sustainability and permanence for the continuing of the committee's work. Today, I'd like to share a personal story of brand inspection working at its best, and why the Brand Committee is a necessary asset for preserving the integrity of the industry and protecting the financial investment of so many. This is about the livelihood of farm and ranch families. I'm the manager at Pass Ranch in Brownlee, Nebraska. About three years ago, my family shipped a group of steers. We had expected a count of 240 head; when we brought them in and loaded them, we counted 241. Counting cattle, as you may know, is not the-- an exact science, right? So, we assumed somebody miscounted at one point or another. And fast forward to

the sale day in Bassett, we-- when we sold the bunch, there were only 240. We thought, once again, somebody must have miscounted, but we didn't miscount. A brand inspector found the extra steer when ours were running through, sorted them off, and called our neighbor Katie to let her know one of her steers was on our brunch. She actually was selling steers the same day and was able to put him in with her group. That day, we were none the wiser. I only found out about it a few months ago, actually, when I was chatting with my neighbor Katie. Without an inspector at the sale barn, our neighbor would have lost her personal property, which in today's market would be about a \$3,000 loss for just that single steer, and it would have made me a thief, too, which I'm not wanting to do. Now, to take it one step further, when you see a pot of cattle traveling down the interstate, truck with a semi-trailer behind it, with an average 60 head on a trailer at \$3,000 a head, that producer has about \$180,000 on those wheels. So, we aren't just talking pennies if someone decides to drive away with your property. While my story may not delve into the depths of brand inspection, nor does it touch on the financial implications many have said about the Tyson plant closing in Lexington, LB1187 is important to allow the Brand Committee to continue accomplishing the task of inspecting cattle and ensuring that regardless of why or how cattle ended up in the wrong hands, they get back to where they belong. I thank the committee for the opportunity to speak about my experience and my dedication to this issue, and my support for LB1187. I'm happy to answer any questions.

IBACH: Thank you very much. Are there questions for this testifier? Senator Storm?

STORM: Thank you. Thank you for being here. So, you're OK with potentially going up to \$1.50, \$2.00 a head?

SETH HANNA: Yes.

STORM: OK. What--

SETH HANNA: Sorry, let me clarify. \$1.50.

STORM: Yeah.

SETH HANNA: We're, we're in support of the bill.

STORM: But they're talking-- some are talking with, like, up to \$2. So-- and maybe you don't know this, but what's Farm Bureau's position on mandatory inspections statewide?

SETH HANNA: So, our policy as written is, is in favor of statewide brand inspection, right? And the intent of that policy was a mandatory inspection.

STORM: OK, so Farm Bureau wants statewide mandatory brand inspection.

SETH HANNA: [INAUDIBLE]

STORM: OK. Thank you.

IBACH: Thank you, Senator. Other questions? Senator Raybould.

RAYBOULD: You know, I'm, I'm hoping you can answer this. In the bill as it is written, it talks about a physical inspection,--

SETH HANNA: Yes.

RAYBOULD: --and that can go up, up to \$1.50, depending upon where the Brand Committee sets that. And then, it talks about an electronic inspection. So, a rancher isn't charged twice, he's charged once for physical inspection or an electronic inspection, which would be the EID tag, right?

SETH HANNA: That would be my understanding. However, we do not deal with EID tags on my ranch. So, I would say probably there'll be some other testifiers today that can speak to the EID fee better than I can.

RAYBOULD: So, but you're not charged twice, right?

SETH HANNA: As far as I know, no.

RAYBOULD: OK. All right. Thank you.

SETH HANNA: Thank you.

IBACH: Thank you, Senator. Other questions? I just have one. Do you-- and I know that you're representing Farm Bureau. Are there other members here from Farm Bureau that are going to testify?

SETH HANNA: On LB1187, I do not believe so.

IBACH: OK. Do you-- can you tell us if your views represent your entire membership, or what-- I know you've had these discussions at your state convention. I'm not trying to back you into a corner. I really just want you to kind of describe--

SETH HANNA: Sure.

IBACH: --how, how-- because I know you're representing all members.

SETH HANNA: Right.

IBACH: Give us an idea of how your membership feels on the-- on brand and non-brand.

SETH HANNA: Thank you, Senator Ibach. And I think this will help clarify a little bit of what Senator Storm asked me earlier as well. As you mentioned, the state convention was fairly contentious this year, talking about brand. I think a good thing to remember in that conversation that we had about brand was, well, two things. One thing, the, the policy as written was upheld, it was not voted down. And there was actually one member who brought proposed policy that would have put Nebraska Farm Bureau in support of a, a bill that might make a voluntary statewide possible, right? And that proposal was, was so opposed at the meeting, it, it was put down with a, with a voiced vote; it didn't even go to the little voter buttons.

IBACH: Oh.

SETH HANNA: So, I can't even tell you what the percentage is because it was, it was voiced and, and it was clear enough through a voiced vote that--

IBACH: So, what you're saying is that there are people in your organization that have opposing views to what you've shared today. And that--

SETH HANNA: Yes, I think about any, any organization, nobody's going to agree totally, right?

IBACH: OK, great. Thank you.

SETH HANNA: You know, I think, I think there are members that would, yes.

IBACH: OK, thank you very much.

SETH HANNA: Thank you.

IBACH: Any questions? Senator Storm.

STORM: I got one last question. So, you know, you said this is a very contentious issue, correct?

SETH HANNA: Sure.

STORM: Why is it such a contentious issue?

SETH HANNA: Well, now--

STORM: In your opinion.

SETH HANNA: In the-- yes, this is, this is my opinion. I would say that there's a lot of difference in the way we manage cattle in the western part of the state from the eastern part of the state. And so, there is that friction, right? The average herd size-- I don't know exactly what the average herd size is-- size is from the west versus the east, but inside the brand inspection area, it's significantly larger, right? And so, that's a, that's a big issue. I'm sorry, can you ask the question again, just so I--

STORM: Yeah, I'm just saying, why, why do you think this is so contentious? And this is a-- why is it such a contentious issue, in your opinion?

SETH HANNA: Why is it contentious?

STORM: I mean, just divisive is what I'm saying.

SETH HANNA: Right. No, I, I do appreciate the question, Senator. I think, I think I'm going to have to think on that one. I really do. It--

STORM: OK. One, one last question. So, I understand the western Nebraska wide open Sandhills versus eastern Nebraska. It's, it's a different dynamic. But what's a feedlot different in western

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Nebraska compared to a feedlot in eastern Nebraska? How do they differ?

SETH HANNA: How do they differ?

STORM: Yeah, a feedlot.

SETH HANNA: That's another question, then. As a cow-calf producer, I, I do not have a lot of experience with the feedlots. That would have been a wonderful question for, for Mr. Uden before me. I'm sure there'll be people--

STORM: OK.

SETH HANNA: --that can speak to that as well.

IBACH: Thank you, Senator. Other questions? Seeing none. Thank you for being a cattle producer in Nebraska.

SETH HANNA: Thank you, Senator Ibach. Thank you for having me.

IBACH: Thank you. Other proponents? Welcome.

RUSTY KEMP: Thank you, Vice Chair Ibach, and committee. I appreciate you having me over here to talk to you this afternoon. My name is Rusty Kemp, R-u-s-t-y K-e-m-p. I'm a cow-calf yearling operator from McPherson County, Nebraska. I'm here to speak in favor of LB1187. So, the brand is the lowest-cost, lowest-cost risk management tool at my disposal. It costs me about 0.0003 percent of the value of that animal to ensure that I keep my property. That's a minuscule amount. To put that in perspective, we're, we're not a, a small operations; there's countless operations that are bigger than us. But my family spends more on internet and cell phones than we do brand inspection, and brand inspection is critical to our operation. So, it's not that much. You want to raise it to \$2, fine. \$2.50. You know, if it goes to \$2, it's 0.0006 percent of the value of the op-- of the animal. We're talking rounding errors here. So-- and I'm the one paying the cost. I'm the guy-- I'm not speaking for a trade organization; I'm the producer here that's paying the costs, and I'm happy to pay that cost because that's how much value it has for us. I'd be happy to answer any questions.

IBACH: Very good. Senator Meyer?

F. MEYER: Just-- the percentage went down because feeder cattle are up \$4 a day on the board. So, the percentage is lower.

RUSTY KEMP: Remember what I said about rounding error, Senator?

F. MEYER: It's a win-win. So, for you, your cattle are inspected one time when they go to the sale barn?

RUSTY KEMP: We ship mostly in the country so the brand inspector comes on site.

F. MEYER: And then they go to a feedlot?

RUSTY KEMP: Then they'll go to a feedlot. Yes, sir.

F. MEYER: OK. So, they're--

RUSTY KEMP: Some of them, some of them go through the sale barn; most of them are private treaty.

F. MEYER: OK. So, they're just inspected one, and then--

RUSTY KEMP: Yes.

F. MEYER: --go to the [INAUDIBLE]. OK, that's all I needed. Thank you.

IBACH: Thank you. Senator Storm?

STORM: I got a quick question. Thank you. Thank for being here, Rusty. So, what, what do you pay-- if you don't mind me asking, what do you pay a year for brand inspection? If you don't have-- answer [INAUDIBLE]

RUSTY KEMP: Probably around \$2,000.

STORM: OK. So, what do you say to, like, feedlots that are paying hundreds of thousands of dollars out there? Because I realize for you the impact is maybe not as big, and as-- and-- cow-calf person. But what about the feeders that are paying substantial amounts?

RUSTY KEMP: So, that-- so, they still have value in knowing they're not taking cattle that they didn't pay for, or that belong to someone else. There's a value there. Now, do they

have-- do they have a valid argument that they're paying a disproportionate amount? Yes, I think you could make that argument. I, I can-- I would say I have more value in it-- from it than they do. But they still--

STORM: Right.

RUSTY KEMP: You know, they still get value there, where, where, where that number lands--

STORM: Right.

RUSTY KEMP: --you know, that's, that's to-be-determined. But the important thing that I think that everybody in western Nebraska is, is focusing on is, they need to be inspected before they go into those RFLs.

STORM: OK. And I'll ask you one question I asked the gentleman. So, do you agree this is a divisive issue? Do, do you agree it's an advice-- divisive issue?

RUSTY KEMP: Oh, absolutely.

STORM: So, but why? In your opinion. Why is it--

RUSTY KEMP: Well, we just have different interests. There's different, different segments of the industry. My interests differ from other people's interests, and what this is boiling down to is who pays for what.

STORM: So, would you say the cattle industry in Nebraska is not unified?

RUSTY KEMP: I'd say absolutely not. We have our moments, but, you know, no, no industry is unified. But I would say one of the, the best values of a brand inspection for me-- we, we get some back from the sale barn, but the, but the best thing about this for people in western Nebraska and the brand inspection area is we have third-party verification and we basically police ourselves. Because, you know, if I see a neighbor's calf in there, I don't want to get caught trying to ship that calf; that's bad optics. So, everybody calls their neighbor, neighbor comes and gets it, because we figure the brand inspector is going to catch it, so we'd just as well be good neighbors and take care of that. Now, you take away the third-party

verification, and that goes away. There's no incentive to brand inspect to find someone else's cattle.

STORM: But you'd say there's pretty good policing amongst yourself out there already?

RUSTY KEMP: Be-- right now, because we have brand inspection and there's third-party verification.

STORM: OK.

RUSTY KEMP: I, I guarantee you more cattle are returned to their rightful owners by private individuals amongst ourselves, just because of the threat of a brand inspector.

STORM: OK. One last thing--

RUSTY KEMP: Does that make-- did I answer your question?

STORM: Yeah. One last thing. I'll give you some props here. So, you are part of Sustainable Beef, correct?

RUSTY KEMP: That's probably, probably not germane to this, but yes [INAUDIBLE].

STORM: I, I, I just want to congratulate you for bringing a packing plant into Nebraska.

RUSTY KEMP: Thank you.

STORM: It's a good deal. Worked out pretty good. Thank you. That's all I have.

IBACH: Very good. Senator Raybould.

RAYBOULD: Just a quick question. So, what is the percentage of your cattle and the herd is lost because of theft? And then, what percentage of you herd-- it might be estrays or a predator taking them down?

RUSTY KEMP: Well, my granddad told me to never call anybody a thief or a liar unless you had your facts straight. So, we have a probably 2 percent of our cattle that-- and this is just a rough guess, Senator-- that probably don't come home due to maybe straying, maybe death. You know? But I-- I'm not going to

say-- I'm going to set here and say somebody stole them. Some do get through and probably get sold with other people. The-- this process is not perfect. You know, I, I once had a, a neighbor's calf in with us, and I developed her as a heifer, and she's a three-year-old cow when I realized she's not mine. So, we had to call them and, hey, here's your cow I spent all this money developing. It happens. But, but the most important thing I want to express to you is, is the third-party verification is a deterrence, and it keeps the peace in these rural communities. So, I have, I have 75-and-a-half miles of perimeter fence and I have 32 different entities that, that I border. So, you know, I don't want to cast aspersions on anybody, but statistically, one of those 32 might not call me if there's not third-party verification, if there's not the threat of a brand inspector catching it. That most of these cattle get returned neighbor-to-neighbor because they know if they don't do it, if they don't get in front of it, the brand inspector will catch it. Did I answer your question, ma'am?

RAYBOULD: Yes, thank you very much.

RUSTY KEMP: Thank you.

RAYBOULD: Thank you.

IBACH: Thank you, Senator. Other questions? I just have one for you. If-- you kind of went into why the fee increase was important, and why the third-party.

RUSTY KEMP: Yeah.

IBACH: If there was-- if-- is there something in this bill that you don't see included that you would recommend that we do include? I mean, it-- does this touch everything we need to touch?

RUSTY KEMP: Well, there's some things-- if you want to do add-ons, you know, there's some things-- one thing that really resonated with me during one of my conversations with my partner Cassie Lapaseotes, she says it's wasting my time. Now, there-- if there's some things we can do to streamline this, double brand inspection is, is kind of dumb. Unless we-- you know, if they're, if they're going back-- I mean, there's exceptions. If they're going back on wheat fields, then they probably need to be.

IBACH: So, the non-transfer of ownership would be helpful.

RUSTY KEMP: Yeah.

IBACH: And how, how much time do you spend, a month, a quarter, on your audits?

RUSTY KEMP: On my audits?

IBACH: On your audits, yeah. As an RFL.

RUSTY KEMP: I don't spend any, but my wife spends quite a bit of time. But we, we have different types of audits for third-party verification program catalog.

IBACH: True, but for the Brand Committee to come in and do their routine audits.

RUSTY KEMP: They don't. We're not audited. We are not an RFL.

IBACH: OK. Oh, OK.

RUSTY KEMP: Yeah.

IBACH: You said that. I'm sorry. OK. Great. Other questions?

RUSTY KEMP: Did I answer your question?

IBACH: You did. Thank you.

RUSTY KEMP: OK, thank you.

IBACH: Other questions? Seeing none. Thank you for being here.

RUSTY KEMP: Thank you.

IBACH: Other proponents for LB1187. Welcome. Welcome.

BRENDA MASEK: Hello. Good afternoon and-- Senator Ibach and the rest of the senators here. My name is Brenda Masek, B-r-e-n-d-a M-a-s-e-k, and I am a rancher from southeast Cherry County. I do happen to sit on the, the Brand Committee board. And I am here today in support of LB87 [SIC] and to thank Senator DeKay for bringing this because he listened to what the Brand Committee came forward with after the-- at the interim hearing this

summer. And I encourage, I encourage all of you to proceed this-- to proceed this bill out of committee where we can have some more discussions that will "benefick"-- benefit all sectors of our industry together, without destroying an agency or growing government. And I, and I-- I'm not going to repeat everything that Mr. Uden said, but I will second it, except for that little piece about trusting government thing. I think he had some really-- all those things. I think this bill gives us that opportunity to expand that, if we could get it out of committee and have some more discussions. And, and that brings me to a, a conversation I had with Senator Raybould last week, last Wednesday. And she asked me a question that I was not-- I wasn't comfortable with the answer that I gave her. So, I'd like to re-answer. The question that you gave me was what, what does the cattle industry need? What could make the cattle industry in Nebraska better? And my answer is, what the cattle industry really needs is the senators of this beef state, of this ag committee, to listen, to listen to all of us today. Please accept that we know what we're talking about. Listen to what all these people here have to say, and what they've, they've left on comments and on, on, on the letters and online. Listen to the representatives of the banks and the sheriffs and the livestock associations. The county officials are going to weigh in, and the agriculture organizations that have. Please listen to these. These people are like myself and live and work in this every day. Please weigh the, the ratio of the opposition and the support to all these people who are getting up at 3 a.m. in the morning and starting the process of feeding the world. And so, therefore, my answer to you, Senator, what could do-- benefit this cattle industry as a whole is for you all to listen to the voters of this state, listen to taxpayers, not just a few that are very genus-- generous with their campaign donations. Thank you.

IBACH: Thank you. Are there questions from the committee? Seeing none. Thank you very much. Other proponents of LB1187. Welcome.

TRENT LOOS: Thank you, Senator. Trent Loos, Sherman County, Nebraska. T-r-e-n-t L-o-o-s. I came today to testify against LB1258-- yeah, LB1258. And instead, I'm here--

IBACH: OK.

TRENT LOOS: --in favor of LB1187--

IBACH: OK.

TRENT LOOS: --because of the questions that I've heard answered-- asked. And sitting over here-- I came with a full head of hair, and I'm hearing these questions that I don't feel are being answered correctly, so I had to come and share some stories. Number one story, in August of 1998, I hauled a cow from the state of South Dakota to Custer County, Nebraska, without a brand inspection. I got caught, and I had the assumption that members of this house, and particularly some of them on this committee, had a tremendous amount of respect for the brand board and the rule of law of brands and mandatory brand inspection protecting the cattle owners and the citizens of this state. And the reason I thought of that is because in May of 2022, when Governor Ricketts had appointed me to sit on the-- sit on the Racing and Gaming Commission, some of you in this room voted no because I violated the brand law. Now, we're standing here-- sitting-- actually trying to ascertain whether the brand law is important. Well, we can just modernize. We can go to RFID. Every feed yard in this state is looking at special programs, and you heard Craig talk about that. We've heard-- we know that-- and every one of those programs come with what? A \$3.50 RFID tag that some cattleman is paying for. So, I'm in favor of a maximum of \$1.50 because, look, they're paying \$3.50 voluntarily for an Allflex tag. And the final thing, Senator Rayburn [SIC]. I will not ever put an RFID tag in any of my animals, my dogs, or my kids. I have a friend who's an animal scientist who just settled a case in the state of Oklahoma that reproductive efficiency and foot health was impaired by frequencies in our animals. The race horse industry is right now looking at chipping these horses because we have too many frequencies going around, and it's interfering with the health and soundness of our animals. I will mandatory brand inspect-- I will do a brand, and I've not violated that law since, by the way. I learned my lesson. I would hope that all of us here today can learn the lesson, because of the overwhelming sentiment is, well, we don't have that cattle theft in the state of Nebraska. Why should we have this? It's self-explanatory why we don't: it works.

IBACH: Thank you. Are there questions from the committee? Seeing none. Thank you very much.

TRENT LOOS: Thank you.

IBACH: Any other proponents for LB1187? Welcome back.

DUANE GANGWISH: Good afternoon, Vice Chair Ibach, and members of the committee. My name is Duane Gangwish, D-u-a-n-e G-a-n-g-w-i-s-h. And I think by now you've-- most everything said that needs to be said has been said, but it hasn't been said by me, so here we go. I'll try and make this brief and not repeat everything. As you well know, the Brand Committee is 100 percent fee-based. We don't receive any cash, any tax funds. Our money that we are allowed to spend is, is affirmed or confirmed by the Appropriations Committee. In fiscal year '25-'26, that amount was \$6,567,682. In the following fiscal year of '26-'27, it's \$6.8 million and some change. You've heard from other testifiers of the increases in costs that have happened from inflation, mileage, insurance, et cetera. I don't need to bore you with that. In the last two years, we have gone from 85 cents up to \$1.10. Did we return that \$0.85 to a \$1.10 as soon as we maybe should have? And I will tell you no, and that was maybe the wrong decision at the time, and we're living with some of those repercussions at the moment. We had felt by moving to a \$1.10 at the moment that our-- that we're able to stabilize, to some extent, our funds. And we expected, based on our experience through the end of '25, that we'd have a fund equity balance of somewhere around \$350,000. As you well know, late January, the world changed in Lexington, and that six-month impact will be about \$120,000. And so, we're expecting this year, this '25-'26, to end at about 300-- at about \$228,000, which represent about a 3.5 percent cushion at the end of the world. We are proposing to support LB1187; it gives us the flexibility to move as needed with the unknowns coming at us of employment costs, mileage, et cetera, et cetera. Some of the discussion earlier has been with the, the mileage fee versus surcharge. I'd be happy to answer any questions. I'm sure you have a couple. And the cap increase at this point allows us some flexibility to move within the, the, the dollars necessary to operate the Brand Committee in the near future. So, with that, I'd be more than pleased to answer any questions.

IBACH: Are there questions from the committee? Senator Meyer.

F. MEYER: Thanks for being here. So, how many total brands are registered in the book that's about that thick?

DUANE GANGWISH: It's approximately 33,000.

F. MEYER: 33,000.

DUANE GANGWISH: Now, I, I would just add to that that I'm aware of one family group that has nine brands. I think some of those hang on the wall because they were great granddad's.

F. MEYER: Yeah, these go back to the 1800s.

DUANE GANGWISH: They, they, they could go back as far as-- there's a gentleman in the room that he would probably testify goes back to 1877.

F. MEYER: OK, that's-- that, that, that is a distinguished history that Nebraska has in the brand area. So, every year, how many non-renewals are there? Or every-- you know, if it's a five-year renewal?

DUANE GANGWISH: It's a four, four-year renewal.

F. MEYER: Four-year renewal.

DUANE GANGWISH: We just, we just raised the fee from \$50 for four years.

F. MEYER: Yeah.

DUANE GANGWISH: We just raised it recently to \$100 for four years, and there are approximately 8,800 brands that are on a rolling four-year process.

F. MEYER: And, and due to a death or no longer in the cattle business, is there a percentage that don't renew every four years? I mean, is it pretty miniscule?

DUANE GANGWISH: It's fairly stable, because whether it's generational or whether it's artwork, they don't want someone else to have it.

F. MEYER: And how many new brands are registered that-- a new operator coming into the business?

DUANE GANGWISH: I'm sorry Senator, I don't know that answer, but in terms of those that come before the committee for new, it's going to be a handful a year.

F. MEYER: Yeah. They're all taken. I mean, I've seen the brand book, and there's--

DUANE GANGWISH: Yeah, you can, you could probably [INAUDIBLE]

F. MEYER: [INAUDIBLE] creative, but it's not easy. Yeah.

DUANE GANGWISH: --that we-- yes.

F. MEYER: Earlier "testimonier" talked about finding a, a middle ground. What would change from LB1187 if a middle-ground were-- because this, basically, everything is just change the, the fee structure. What would, what would be different in a middle-ground policy?

DUANE GANGWISH: A middle-ground policy is, is something that we submitted to the, the committee back this summer. We provided many recommendations that were-- have been alluded to today, both the non-, non-transfer, non-transfer of ownership inspections, E-inspections, and we can visit with Senator Raybould about what that means. So, the middle ground is finding some balance between the needs and desires of all the players in the, in the industry and negotiating where that balance plays. We're, we're highly amenable to that process.

F. MEYER: It's-- I, I guess-- I brand. We own cattle, we brand everything. But the, the crux of the differences of opinion seem to be between the cow-calf people and the feedlots. I mean, I've had a number of emails that, that have said, well, the feedlots are getting by, you know, too cheap. However, every head that goes through [INAUDIBLE] your testifier's sale barn ends up at a feedlot. I mean, we like to say that Nebraska's number one cattle feeding state in the nation, and we are, and we're all proud of that. So, we're, we're kind of at odds with those two segments, it kind of, kind of seems like, that have-- maybe have different interests. For one, it's-- they pay on their whatever they raise on their ranch or their farm every year in the western part of the state, and the feedlots get cattle from all over the country. So, there's a difference in the dynamics of those two businesses, and we're trying to meld them together in the Brand Committee. It's kind of right in the middle of keeping everybody happy. I was born and raised in Cuming County. A lot of cattle fed up there. So, you don't want to mention this up there, needless to say. So, the, the difference between the

brand area and the non-brand area is history. They've never had it, and--

DUANE GANGWISH: Yes.

F. MEYER: --and they don't want anything to do with it. Just another expense for them. So, I guess back to the middle ground, some of the-- I think Mr. Uden testified that maybe some of the inspections require a cattle coming into a feed yard, and then, number of times they need to be inspected?

DUANE GANGWISH: Well, you've, you've touched upon a point that both of those sectors have immense value of assets standing outside.

F. MEYER: Absolutely.

DUANE GANGWISH: In some of those sectors, those assets are fairly well-confined, and in some of those sectors, as, as Mr. Kemp testified, with 75 miles of borderline fence, you don't know what's going where and who's, who's got it. So, the, the needs of those, the expectations of those two sectors, the-- what the value they see in those two sectors is obviously different, and you've heard many of those, those be expressed here. What I am saying is we're amenable to how do we come to that, that process. I agree with Mr. Uden in the fact that those RFLs, we need to keep that-- those cattle in the inspection system. When we met with the governor back in the summer, we used the term of airport security. If you get on an-- go through airport security in Kearney, Nebraska, you can fly to Dubai or to Tokyo, and you're not going to go through security again. So, how do we-- how do we amend our statutes so that we have the, the statutory authority to enforce such a way? If they're inspected once into the system and then they make it all the way to harvest, that seems a modernization to use some terms. So, how we get there, there's a lot of emotion involved. Senator Storm said is the ag-- the cattle business in Nebraska don't always agree. Well, I have 13 grandchildren and they don't always agree, so. Let alone you put several thousand of us together, we are not of one opinion. So, your job is to decide how the-- we-- how to give us the authority to navigate that world.

IBACH: Thank you. Senator Raybould.

RAYBOULD: Thank you very much. I want to talk about fees, but talk to me about the difference between the electronic inspection fee charge and the physical inspection fee charge. Who makes the decision about which one to charge and when, and--

DUANE GANGWISH: Some of this goes back to an attorney general's opinion where an inspection is an inspection is an inspection. So, we have been operating under that opinion since then, and that's why you see--

RAYBOULD: Yeah.

DUANE GANGWISH: --you see the terminology in statute.

RAYBOULD: Yeah.

DUANE GANGWISH: E-inspection, we call non-visual identifiers. That could be retinal scans, it could be tattoo, it can be DNA, it can be the next thing we haven't dreamed of. There's a company now that is actually developing some facial scanning, facial recognition to do this kind of identification. So, that's non-visual identifiers. That would be an e-inspection. We started down that road with the advent of LB572, and our funds were eliminated-- not eliminated, but we were given the opportunity to spend them away. We started down that process to figure out the process to do e-inspection. We felt like we had a pretty good road map designed, but we had no money to implement that. To your question to one of the previous testifiers, why not use a chip that you put in your cat or dog?

RAYBOULD: Mm-hmm. Yeah.

DUANE GANGWISH: That's prohibited by federal law. That's an adulterated carcass. Because that chip doesn't stay where you put it; it moves around. The, the chip that Mr. Uden referred to is an EID tag, a little round thing that goes in the ear, it's a 15-digit number that we can scan at a short distance.

RAYBOULD: OK. And then, the other thing on the mileage fees versus just a surcharge, does the Brand Committee-- I mean, how did that come about? Do they get together and say, hey, you know, let's take a vote of the board; we're going to switch from the mileage computation to just a surcharge?

DUANE GANGWISH: Our fees are reviewed at every single meeting, which is quarterly. The, the law changed to-- and we act-- the Brand Committee actually brought it to the Legislature to charge a mileage rather than a, than a surcharge. With the advent of LB572, our ability to track and do that accurately and properly was negated.

RAYBOULD: It was what?

DUANE GANGWISH: Negated.

RAYBOULD: OK.

DUANE GANGWISH: And so at that point, we said we don't have the ability to-- the funding to develop the software to try and track that properly. And so, we chose to stay with a surcharge. Were we in violation of the statutes? Yes. We'd addressed this in the conversations regarding LB646, and it was part of that in early conversation. We knew that it was-- that was the case, and so we wanted to change it back to a surcharge. That ultimately didn't become part of LB646. In January of this year, we have implemented a-- I don't want to try and be funny, but a "Fisher-Price method" of calculating mileage, because it was alluded to by a previous testifier. If I go 40 miles and inspect one, and then I go 50 miles and inspect 12, and then I go 220 miles and inspect 400, do I do it by the head? Do I do by the stop? What about the return mileage home? So, there were so many moving parts in this, the policy that we determined to stand on back at our January-- our December meeting was we would charge mileage from the point of origin to the first stop, and that's what they got charged. Miles to the next stop, that's what they got charged. However that happened the rest of the day, the trip home was on us. So, that is the impetus for us to put back on-- we don't have any way to, to measure that. What we do is we put it in the notes; when they fill out their expense reports, they type in the notes, and then someone has to go through and summarize all those notes. It's not in a database, it's not in a field, it's not something that can just be calculated. And so, we're propose-- we've asking to go back to a surcharge.

RAYBOULD: OK. Thank you. I know there are, there are other industries that do it rather successfully and precisely.

DUANE GANGWISH: Well, I invite them to-- I invite them to come and help us, then.

RAYBOULD: OK. That sounds great.

IBACH: Senator Storm?

STORM: Thank you. Thank you for being here today, Mr. Gangwich [SIC]. So, what-- what's the financial status of the Brand Committee right now? Can you tell us? Because in Kearney, I believe this last fall, you kind of hinted at that. So, where-- where's the brand at now? Do you have any numbers or anything you're willing to share?

DUANE GANGWISH: I gave you that just a moment ago. We-- at this point, we're estimating based on history. History may not repeat itself, but based on history, we're anticipating the end that this, this fiscal year at \$228,000 to the positive.

STORM: OK.

DUANE GANGWISH: How we predict that into the following fiscal year is a function of the future of LB646, it's a function of the future of this bill, and what those expenses may be is-- we're yet unknown.

STORM: OK. If nothing changes, though, say we don't do anything, what would that bode for next year? Not this fiscal year, but the next year.

DUANE GANGWISH: I would anticipate if nothing changes-- well, what, what is nothing?

STORM: Well, no fee increases or anything. Say, say we don't come to any kind of agreement in this session.

DUANE GANGWISH: If LB1187 dies and LB646 dies?

STORM: Yeah. What would happen, then, to the Brand Committee?

DUANE GANGWISH: We, we would probably be in that same general area of a quarter million dollars, plus or minus, depending on expenses.

STORM: OK. What about-- so, it's from my understanding that the brand was charging some surcharges and had been for a few years on mileage, and was called on that. Is that correct?

DUANE GANGWISH: I didn't quite hear you.

STORM: So, was there some surcharges that they were billing to some producers on mileage on top of their mileage?

DUANE GANGWISH: Not to my knowledge. It was either-- it was always a surcharge. And I, I would stand to be corrected, but I, I don't, I don't know.

STORM: OK. Because I thought it came to everybody's attention that they would stop charging a surcharge that they weren't supposed to be charging.

DUANE GANGWISH: If, if you're talking about LB572, the intent was-- prior to that we were charging the surcharge, the intent of LB572 was to go to mileage. We never implemented mileage. Never. Until January of this year.

STORM: OK. So, \$6.5 million a year in fees for the brand area collected, correct?

DUANE GANGWISH: Yes, sir. Fiscal year.

STORM: How, how much, how much of that comes from feeders, out of that \$6.5 million? Do you know?

DUANE GANGWISH: That's the fiscal year, sir.

STORM: Right.

DUANE GANGWISH: Approximately, approximately \$1.1 million.

STORM: \$1.1 million? So--

DUANE GANGWISH: It's about-- I think last time I tried to calculate, it was 22 or 23 percent.

STORM: OK. What-- so, how many cattle-- oh, I have it right here. So, in 2025 it looks like they recovered 216 head of cattle that were strays or-- were they stolen and found? Can you tell us on that?

DUANE GANGWISH: If those are the numbers, those are what we provided you, Senator, so.

STORM: So, \$6.5 million to find or locate 216 head of cattle is what I-- is roughly \$30,000 a head, and fees that were paid to recover that many head of cattle. Just not--

DUANE GANGWISH: I would tell you-- I would tell you to try and answer your question, but that goes in waves. OK? This last fall-- I don't have the date specifically-- there was 435 heifers that were taken from an auction market in the state, and they were headed south.

STORM: When was that?

DUANE GANGWISH: This last fall.

STORM: OK.

DUANE GANGWISH: That person was arrested by our brand inspectors. Or, a brand investigator, I'm sorry. Inspectors don't do-- the investigator arrested that person, and those cattle were recovered, and the value of those cattle was \$1.24 million. Another 40 or 50 miles, then I don't know what the outcome would have been. So yes, seasons of life are different. The seasons of lost cattle or stolen cattle, they vary-- they, they vary. I would tell you, anybody who loses one right now, if, if I came into your house and absconded with about \$3,000 worth of your assets, you would be interested in some justice.

STORM: OK.

DUANE GANGWISH: And we are the cheapest form of assurance. We are that third-party assurance of ownership.

STORM: OK. Thank you.

IBACH: Thank you, Senator. Other questions? Senator Hansen.

HANSEN: Thank you. You were touching on the mileage reimbursement part.

DUANE GANGWISH: Mm-hmm.

HANSEN: Once you found out that you were in violation of the law, did you continue afterwards? When it gave-- when it came to a point saying, well, we're not doing this the correct way, like, did you continue doing that?

DUANE GANGWISH: The obvious answer, Senator, is yes.

HANSEN: Who, who made that decision?

DUANE GANGWISH: When we found out we were-- the committee.

HANSEN: And nobody raised concern among the committee? Like, somebody realized we're not following statute, which is the law, so we're just going to continue doing this. Did anybody raise a red flag or contact anybody from the state, or?

DUANE GANGWISH: I, I will take absolute ownership of that, Senator, as Chairman. We had legal counsel present, we had-- at different meetings, we had the Attorney General designee at our meetings. As I said, at every one of our meetings, we reviewed our fees. They're familiar with statute. I will take personal and total ownership of that. I've been chair for the last two-and-a-half years.

HANSEN: That's fine. I'm not here to put blame. I'm just-- more from a clarity standpoint, because I just heard about this maybe, like, a month ago, so I'm just trying to figure out-- I just want to get your perspective, because all I've heard is others'.

DUANE GANGWISH: We knew that it was going on, we knew that we didn't have-- we didn't feel that we had the, the funds or the ability to implement a long-term solution. Our action in our December meeting was to identify a short-term solution until we could start coming into compliance with the statute. And hopefully, with the change in, in LB1187, we can return to the surcharge.

HANSEN: OK. Thank you.

IBACH: Thank you, Senator. Other questions? I just have one. Has anybody asked for a refund? Or is anybody-- is that on anybody's radar?

DUANE GANGWISH: No. I--

IBACH: Do you anticipate anybody asking for a refund?

DUANE GANGWISH: No. I provided to the committee the answers regarding that, and about half of those that were-- I don't

remember the exact number of how many were, who should have been charged-- if it would have been my, like, through our best guess, there was a-- I went through the data, there was 165,000 lines of expense lines, and trying to pull out the information as to who-- how many were surcharged and where the inspections were. It was rather extremely noisy, in terms of data analysis. Close as I could come, there was maybe-- I think I have that somewhere in this book, but I provided that to the committee. But about half of those that were charged or surcharged were overcharged by \$10 or more, and those were-- or \$10 or less. It was about half and half. So, to answer your question directly, we never had anyone ask for a refund on that. There were-- all the rest of those inspections over-- I think it was a three-and-a-half year period that I gave you data for were only charged a \$20 surcharge, and would have-- the mileage would have far exceeded that. So, there were a portion that were overcharged, but it was those that were small mileage amounts were overcharged. Those that had very large mileage that might have been associated with it were only charged \$20.

IBACH: OK. Thank you. Senator Storm.

STORM: One last question. So, do you-- what's the brand spend in legal fees a year? Do you have that number at all.

DUANE GANGWISH: I do not. I, I can get you that number.

STORM: OK.

DUANE GANGWISH: We, we have no fee associated with the attorney general's office. They're our counsel of record--

STORM: Are they? OK.

DUANE GANGWISH: --because we are a quasi-state agency.

STORM: So, they defend you when you go to court?

DUANE GANGWISH: Yes.

STORM: OK.

DUANE GANGWISH: We-- I've, I've been a party a couple of those. Yes, the, the--

STORM: OK.

DUANE GANGWISH: --attorney general defends-- is the attorney of record. We do have a counsel that we do compensate a small amount that helps us with HR and some internal things of that nature.

STORM: OK. Thanks.

IBACH: Thank you. Other questions from the committee? Seeing none. Thank you for being here.

DUANE GANGWISH: You're welcome.

IBACH: Anyone else for LB1187? Proponents for LB1187? Seeing none, we'll go to opponents. Are there any opponents of LB1187? Welcome.

CASSIE LAPASEOTES: Good afternoon, Vice Chair Ibach, and members of the Agricultural [SIC] Committee. My name is Cassie Lapaseotes, C-a-s-s-i-e L-a-p-a-s-e-o-t-e-s. I'm here today on behalf of the Lapaseotes Family Farms and the Nebraska Beef Producers. I just want to go on the record and say that we oppose LB1187. That's really all I have to say for this. We'll be back for-- I'll be back again, so.

IBACH: For the next bill.

CASSIE LAPASEOTES: And we'll be back to the next bill. If you have any questions on this bill, I'd sure be happy to answer.

IBACH: Are there questions from the committee? Seeing none. Thank you for being here.

CASSIE LAPASEOTES: Thank you.

IBACH: Other opponents for LB1187? Anyone else to speak as an opponent? Seeing none. Anyone in the neutral position? Does anybody want to speak on a neutral position for 1187? If not, we will ask Senator DeKay to come back up. And for the record, we had 17 proponent letters, 4 opponent letters, and 2 in the neutral position. Welcome back, Senator DeKay.

DeKAY: Thank you. I think there-- everybody in the room agrees that in some stance, there's the importance of having brand as

an identification marker. How we finance it, how we get there has yet to be seen, but the need for brand is important. We brand, our neighbors brand, and when we round up cattle in the fall, we sort off what's not ours, call them; we either haul them back or they come and get them. Same thing when they round up, get in their corrals. Same process. So, we trust our neighbors, but we also trust the brand as a permanent form of identification. And when there isn't ear tags or some other physical form of identification, we have to rely on brand. A lot of us are in the black Angus industry, and a lot of the composition of cattle look the same, so without a form of permanent identification, that's where we start to run into some problems. Mr. Uden and I do agree, and I feel that there is still a compromise that can work going forward, through everything that's been said over the last couple of years and what's been brought forward, and [INAUDIBLE] yet to come today. So, I'm still playing out to see where we can come up with the best alternative, best option for everybody available. So-- and being in the, in the livestock industry, started out day one on my farm-- or, our farm, when I was a kid. That's what I grew up with. When I graduated from high school, my parents didn't give me a set of suitcases to go off to college and find a job off the ranch. I got five bred heifers to start my foundation herd with. So, cattle is very important to me. And when it comes to the fee caps, at \$1.50, I think that's a good place to start. Number one, it shows that we're working in good faith to be financially prudent, and have-- and also to have the Brand Committee streamline where they can. Giving more money isn't always the answer, giving no money isn't always the answer. Being fiscally responsible should and always be at the forefront of what we intend to do with any committee or any agency that we're working with, and that's what my goal is, to try to work together through all these conversations. So, with that, I'd try to answer any questions.

IBACH: Very good. Are there questions from the committee? I just have one. Can you just satisfy the question that this does not do away with anybody's ability to brand their livestock? Because I think a lot of the, the misinformation out there is that we're trying to take away producers' ability to brand their livestock.

DeKAY: Absolutely. I mean, that's, that's the gist of all these conversations. Number one, I feel brand will be a-- still be a permanent form of identification. How we get there financially and what tools that we utilize to protect our cattle and know

that they are-- there's eyes on cattle in a prudent way is the goal of what I want to do. So, I'm not going to go away from branding, and I don't expect anybody in the room to go away from branding. But how we know that we're getting the best bang for our buck is vitally important, and how we process them, how we use our investigators and how we use our inspectors, and how we use our finances to be as prudently sound as we can to put a lack of financial burden on any sector of the livestock industry, from the cow-calf guy all the way to the finishing feedlots.

IBACH: Thank you. Any other questions from the-- Senator Meyer?

F. MEYER: So, going forward, there's been a couple of references to finding a middle ground, and I wasn't around for the studies last summer. What, what would be a logical path forward to find that middle ground where, I'll just say, feedlots and cow-calf people could, could both operate?

DeKAY: Well, financially-- there's got to be a middle ground financially, where we go and how we are-- how we set up our fee structures, how-- where we can go with feedlots, where cow-calf guys are able to go. But more importantly, the middle ground is knowing that rather it's an inspector of a sale barn and how are we going to finance those inspectors and know that, at some point from birth to harvest, that they are owner-- proof of ownership is identified, whichever sector of the industry we're in.

F. MEYER: So if a-- if the-- going back to the EID tags, if a farmer, say in Howard County, did that to all of his calves when he got ready to sell them in the fall, or say he was going to go to a feedlot in eastern Nebraska. And he was able-- he had the technology to read all of those tags as they-- run them through a chute and read every tag and send that certificate to the Brand Committee, should that be an adequate form of ID that they should accept, in your, in your opinion?

DeKAY: That's a, that's an option. Number one, hot brand is permanent. You're not going to rub it off in a cedar tree. Freeze brands aren't an acceptable form as of right now. Freeze brands aren't an acceptable form of identification. And with EID tags, I see a lot of merit in that, but I also see some problems. We put EID tags in all of our replacement heifers two months ago. We run through them and got them pre-calving shots

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of stuff in them just this past weekend. Out of about 120 of them, we were at least five short. So, I mean, it depends on what part of the state you're in. If you're in the Sandhills where there's a tree every 30 miles, probably going to be an acceptable form. When you're up on the Missouri River breaks, cedar trees every two feet, you might lose some tags, so.

F. MEYER: Thank you.

DeKAY: Yep.

IBACH: Thank you very much. Other questions from the committee? Seeing none. Thank you, Senator DeKay, and that will close our hearing on LB1187. We will welcome Senator DeKay back, and we will open on LB1258.

DeKAY: Let's take a--

IBACH: Oh, you want to take a break?

DeKAY: Let's take a-- let's take a five-minute break to get [INAUDIBLE].

IBACH: OK, we'll take a five-minute break.

[BREAK]

DeKAY: Be seated. [GAVEL] Let's get seated, quiet down. Senator Hansen, you're welcome to open on LB1258.

HANSEN: Thank you, Chair DeKay. I was hoping a lot of the testifiers would have got it out of their system on the last bill, but they're still here, so. All right. Good afternoon, Chair DeKay, and members of the Agriculture Committee. For the record, my name is Ben Hansen-- that's spelled B-e-n H-a-n-s-e-n-- and I'm here today to introduce LB1258. This is my eighth year serving on the Agriculture Committee, and I represent the largest cattle feeding district in the state. Many of the cow-calf producers and feeders in my district operate under a voluntary brand inspection program. They do not deal with mandatory audits, fees, or inspections, and they do-- and they do not want that to change. As a businessman, I struggle with the idea that producers face different rules depending solely on where their operation is located within Nebraska. That makes little sense. It puts some producers at a competitive

disadvantage and sends the wrong message: that Nebraska is a difficult place to do business because the rules change by geography. Agriculture is our state's number one industry. We are proud to rank first or second nationally in cattle on feed. Our policies should reflect that leadership. The primary goal of LB1258 is simple: statewide uniformity. Whether you're a cow-calf, feedlot, or dairy, the rules should be the same and applied consistently across Nebraska. Now, before I read the next part, I want to preface it with the, the fact that this is not an attack on any individual or person, but more the idea of the Brand Committee and the branding region in Nebraska, so I just want to lay that out first because these are, in my opinion-- I've gotten to know a lot of these people in western Nebraska and a lot these producers, and to me, they are honest people; they're hardworking, and they produce for their families and their communities. So, I just want to make sure that I put that out there first, because I do listen to them. But there are several reasons this bill is necessary. First, the Brand Committee has repeatedly told us its budget is not sustainable. This has been an issue for the entire seven years I've served on this committee, and even before that. Second, trust has eroded. Producers have raised concerns about a guilty-until-proven-innocent approach, and the committee has recently been found charging fees that were not authorized to collect. That is unacceptable. We cannot ask producers to fund a system that does not follow the law. Third, increasing fees to prop up a broken system is not the answer. Producers are already facing rising costs and serious economic pressures. More fees only deepen the divide within our industry. LB1258 offers a better path forward. The bill is modeled after Kansas' statewide voluntary system, which has been in place successfully for decades. Senator Storm, who is originally from Kansas, spent considerable time speaking with producers and industry leaders there. We even heard from their livestock association during the interim. What stood out most to me was this: brand inspection simply is not a contentious issue in Kansas. I handed out a letter from the Kansas Livestock Association explaining how divisive it was within a state where some counties have mandatory inspections and others don't. In recent years, it became apparent to the counties who once mandated brand inspection that as the industry grew, inspection service was not providing enough value to those that paid for the service. Mandatory brand inspection was viewed as a significant tax, and, over time, counties voluntarily dropped the mandate. Now, producers are not fighting about it; instead, they're focused on the bigger challenges facing agriculture. That is where Nebraska should be as well. For those

opposing the bill, I would ask you to consider a few questions. Does having different rules across various parts of the state strengthen our industry? Is division healthy for agriculture? And are you comfortable with the current system's reputation, its spending practices, and unauthorized fees? I believe the answer to each of those questions is no. LB1258 maintains the important parts of the program while improving oversight and accountability. The bill allows producers to continue using brand inspection. Does not change your ability to brand or not brand. Keeps brand registration and renewal, and maintains investigators and inspectors. The difference is that the program would move under the Nebraska Department of Agriculture under the leadership of Director Sherry Vinton. With stronger oversight, professional administration, and an advisory committee of stakeholders, we can restore trust and stability. Most importantly, we create a uniform, statewide system that better serves producers and positions in Nebraska to compete nationally and globally. I'd like to direct you to the second page of LB1258, the LB1258 handout I presented. Look at the cost differences between Nebraska and Kansas. Simply raising fees to sustain the current structure is a temporary fix, in my opinion. It's a bandage, not a solution. I handed out Senator Stinner's letter, someone who chaired Appropriations and thoroughly investigated the Brand Committee, reviewing budgets, audits, and operations as well as reports about employee dissatisfaction. High staff turnover and ongoing concerns raised publicly. He states, quote, "producers in central and western Nebraska are shouldering \$6 million plus versus anywhere else in the United States." LB1258 provides a long-term stability and accountability. This committee understands business, economics, and the importance of agriculture. We have an opportunity to move past years of division and focus our time and energy on the bigger issues facing producers. It is time to fix what is not working, it is time to unify the industry, and it is time for a system that is fair, sustainable, and consistent statewide. And I appreciate a lot of the people who are going to be testifying in favor and opposition to this bill afterwards. I think this is some good conversation we need to have. I know sometimes it feels a little redundant; I've been here eight years and we've had this conversation many times. But I think having a serious look at this proposal is something new that I think might lend itself to some productive conversation and see how we can move forward. So, with that, I will respectfully ask for your support of LB1258. Thank you, and I'd be happy to answer questions the best that I can.

DeKAY: Thank you. Are there any questions? Senator Kauth.

KAUTH: Thank you, Chair DeKay. Senator Hansen, how many times have the fees been raised, like, in the last 10 years? Is there a pattern, or is it just they run out of money and raise the fees?

HANSEN: It's variable. I think the previous testifiers on the previous bill mentioned that a few times. From my understanding, the last 10 years, maybe twice. But that'd be a question, maybe, to ask the Brand Committee.

KAUTH: Thank you.

DeKAY: Senator Storm.

STORM: Thank you. Thank you, Senator Hansen, for being here. So, you're from the east, your, your district is. You have Cuming County in your district, correct?

HANSEN: Mm-hmm.

STORM: --which is the largest cattle-- has the most feeders anywhere in the state, I believe, correct? In that county?

HANSEN: Yes, that's my understanding.

STORM: And I'm sure you've talked to those guys. What do they think of a mandatory brand system? If that would ever be implemented there, what would be their thoughts on that?

HANSEN: I don't know how, how best to say they would tar and feather me if I ever propose bringing a mandatory brand inspection to Cuming County.

STORM: And why, why is that? What would be the--

HANSEN: Well, to them, they say there's not-- from what I hear, they say that there's not much problem there. They like the way that it is now. They don't want to be able to pay mandatory fees. They like the idea of not having government tell them what to do, the whole "proven guilty until innocent" type approach. So, they're very much happy with the way that it is now.

STORM: OK. Thank you.

DeKAY: Any other questions? I got just a couple for you. So, I think you kind of answered it to me when you said to codify it and take it and put it under the Director of Agriculture. I guess, how, how would the Brand Committee-- you kind answered that a little bit too, but how, how would Brand Committee be constructed going forward, as far as how many investigators, how many inspectors, and how they would be compensated?

HANSEN: Yes, that would be under the direction of the Department of Ag, under the director. But also the director shall appoint a brand recorder, who shall be the administrative head of the division, who ends up kind of figuring out a lot of those aspects of the inspectors, how many, how they're going to, you know, approach this from an administrative standpoint. We're laying the groundworks, but to also allow them to be more specific as needed.

DeKAY: And then, last question I have for you right now is how can producers be reassured that brand will work the way it has for them and they would want it to work going forward?

HANSEN: Well, I think just what you heard from testimony before, you can never be assured of anything, right? I think this is a reasonable solution that also has guardrails in place. It has enforcement, working with local law enforcement and state patrol. You know what I mean? Having it under the Department of Agriculture might lend itself to more efficiency, I think, and hopefully expedite the process whenever there's an investigator that needs to be present. So, without-- with 100 percent certainty, is it going to be exactly the same, or will they have just as much assurance as before? I can't say that.

DeKAY: With-- would there be any guardrails put in place, say, like, with the livestock association, to have an inspector at sale barns across the state when sale [INAUDIBLE] taking place?

HANSEN: Yeah, I know that's similar to what Texas does. I think they have a voluntary system. They contract out their law enforcement as well. But they have-- I believe mandatory at sale barns. Look, this, this bill is not a, a closed book, right? I'm willing to listen and work with anybody who's willing to make this better and see where we can go with this. And so, I'm going to be the first person to say that I don't know as much about the cattle industry as the people behind me. That might be a shock. But I do know policy. I do how efficient government

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works. I feel like that's within my wheelhouse, and so when I see something that can be more efficient, can work better, not just for the state or the government, but also for the producers and the people of Nebraska, I'm going to give it a shot. And I think this is part of that.

DeKAY: I just thought of one more question.

HANSEN: Keep going. This is good.

DeKAY: OK. Just from our standpoint, where our ranch is located and stuff-- when you're talking about putting guardrails in place, say, shipping across state lines up into South Dakota. We work with a producer up there, they buy our cattle. Would we be required to adhere to, say, South Dakota brand laws if we're going across state line? Or how would, how--

HANSEN: I'm unsure about that. I'd have to get back to you on that.

DeKAY: OK. Senator Ibach.

IBACH: Thank you, Mr. Chair. So, I, I just have one question about your approach to the Department of Agriculture oversight. So currently, as a non-code agency-- and we have several of those in our state. As a non-code agency, they don't have the same government oversight. Is it your intention, or do you believe that, as a program under the Department of Agriculture, that they-- like, the state that would have some authority over them? The director would have some authority over them? Do you think that that, that would shift a lot of that responsibility to the department?

HANSEN: Yeah. And then, how department-- how the department "administrates" this, yeah. And then they would rely, in my opinion, maybe more on local law enforcement and also the investigators that they will have. So they kind of might work in conjunction a bit more, and also along with the state patrol, from my understanding. So again, that would be under the discretion of the department director, and then also the brand recorder that they hire.

IBACH: OK. Thank you. Thank you, Mr. Chair.

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Rough Draft

DeKAY: Thank you. Any other questions? Seeing none. Are you going to be present for closing?

HANSEN: No, I'm running out of here. No, yes, I will stick around.

DeKAY: Our first proponent.

CASSIE LAPASEOTES: Chairman DeKay and the members of the Agriculture Committee, my name is Cassie Lapaseotes, C-a-s-s-i-e L-a-p-a-s-e-o-t-e-s, here on behalf of the Nebraska Beef Producers. My family operates both a cow-calf and feedlot operation. And as the next generation in agriculture, my goal is simple: I hope we never have to come before you again for ask for fair and consistent treatment. I think every person in this room can agree on one thing, and that is we must have the ability to brand our cattle for use of permanent identification. If there's any belief that LB1258 does not preserve that right, you have been lied to. Our industry values tradition, legacy, multi-generation operations, and a neighbor's branding where, where we can all enjoy a cold Busch Light. It is the mandatory inspections where we disagree. Previously, we asked to be exempt from the brand inspection area so our cattle feeding operations could be treated the same as operations located in Senator Hansen's district. At first, we thought simply removing registered feedlots from the program would solve our problem, but after stepping back, we realized that only fixes part of a much larger issue. Agriculture is the backbone of Nebraska's economy. We are proud to be the number one in beef production. Yet, cattle feeders, some of which are my partners from out of state, are telling us they hesitate to do business here because of our-- because our regulations are inconsistent and unpredictable when it comes to brand laws. Some have already chosen to send their cattle to other states to avoid the headaches they've experienced in Nebraska. I have personally shared with this committee what it feels like to be targeted and threatened with a felony over cattle we raised, owned, and fed ourselves. Unfortunately, I am not alone. Nearly every person who testifies about problems with the current Brand Committee has had similar experiences. That is not right, and it must change. If we truly value agriculture, the traditions we've built, the way of life that makes Nebraska special, then we must be willing to find a path that unifies us. LB1258 offers that path. It protects, it protects brand inspection for those who want it, preserves producers' ability to brand or not brand

their cattle, and, most importantly, creates a statewide uniformity for our industry that needs to remain competitive and strong. I want to thank Senator Ibach for introducing, introducing the original bill, and Senator Hansen, thank you for your willingness to continue this conversation for approaching this issue from a business and economic perspective. Thank you to the members of this committee who are willing to carefully consider solutions despite strong opinions on all, all sides. I also want to express support for placing the brand inspection program under the oversight of Director Vinton and the Department of Ag. That would change much-needed trust, accountability, and transparency to this system. Finally, I understand how strongly people feel about protecting their livestock, but cattle theft exists in states both with and without brand inspection programs; the difference is how those states balance protection with practicality. Thank you for the opportunity to testify today. I respectfully ask for support of LB1258, and I'm happy to answer any questions.

DeKAY: Are there any questions? We'll start with Senator Storm.

STORM: Thank you. Thank you. Thank you for testifying again. So-- and I'll ask you. I asked other people this question, but you know-- so we're-- I feel as though the state's very much split over this, and-- would you agree with that?

CASSIE LAPASEOTES: Yes.

STORM: So, what-- can you go into a little more detail why you think it's so split? Or do you--

CASSIE LAPASEOTES: In the brand inspection area, between the producer specifically? Or just between the actual line of-- the geographic line of--

STORM: Yeah, I'd be curious to know your take on-- in the brand inspection area, but also statewide.

CASSIE LAPASEOTES: So, the way we look at it and the way we, we-- there's the value to our operation and the amount of money we spend, the amount of time we spend with mandatory inspections and the value that we get in return, zero recorded animals have been recovered in, in registered feedlots since they've existed. And so, when you kind of look at-- when you look at it from a big picture standpoint that-- what's your ROI on having to

mandatory inspect cattle in and out of the state? We're also seeing that we're losing commerce to Nebraska because they simply don't want to deal with the brand laws in our state. When, when I look at that as, as a Nebraskan, I think to unify our state, we want to-- we are number one currently, but what can we do to continue that for the future, and to continue being number one in, in beef in this state?

STORM: Yeah. And one, one more question. So, I-- you talked to probably all the producers out there, feeders, cow-calf people. What's the sentiment when you talk to all those producers out there on this topic? Are they all for it? What's going on? Or do they have issues? Or what-- what's your take?

CASSIE LAPASEOTES: I've, I've seen a silent majority of people who feel that we need to change the current brand laws. Many of them are in favor of a voluntary system. Yes, I understand there are a lot of people that are adamantly opposed to it, but there have been a mass silent majority who would like to see major changes to our current laws today.

STORM: So, so why won't they speak out, in your opinion?

CASSIE LAPASEOTES: You always do this to me.

STORM: You don't have to answer if you don't want to.

CASSIE LAPASEOTES: They-- there-- there's a, there is a fear of retribution. I mean, it's what happens if you speak up. And I-- they just have a fear of speaking up and what will happen, or how they will be treated later on after they do.

STORM: OK. Thank you.

DeKAY: Senator Kauth.

KAUTH: Thank you, Chair DeKay. Well, first of all, especially in light of that, thank you for coming and testifying. That's very helpful.

CASSIE LAPASEOTES: Thank you.

KAUTH: Can you quantify how much, in terms of time and money, you are spending on brand issues? Like, how, how much would it save you to not have to do this, if you chose not to?

CASSIE LAPASEOTES: If we, if we had the option not to? We pay about \$13,000 to the Nebraska-- my family specifically pays about \$13,000 annually to the Brand Committee. We're a small feedlot where we're at. Time-wise, it, it takes probably, between our two feed yards, an hour-and-a-half to-- for our quarterly audits, and then the inspections that we have to have on the feedlots with cattle coming in and out is time consuming. And it, it depends, you know? Is the inspector on time? There's-- are the cattle in the pens? Or they do-- they go in the pen and run them by them? There's times in the summer where they'll show up in the middle of the afternoon, and-- I mean, it just-- it's, it's variable on how it is, or how much actual time is spent, but.

KAUTH: OK. Thank you.

DeKAY: Any other questions? Do you run a cow-calf operation beside your feedlot?

CASSIE LAPASEOTES: Correct, yes.

DeKAY: And in your feedlot, cattle that you purchase to finish, or however your operation works, do you brand those cattle when they come in? Or are they left untouched at point of entry into the feedlot?

CASSIE LAPASEOTES: Cattle that come to the feedlot that go directly to slaughter, we do not put an iron on them.

DeKAY: OK. And you run multiple phases through your background into finishing operation, right? Like from grower to--

CASSIE LAPASEOTES: We-- yes, we, we, we can grow cattle, we'll wean calves, we'll grow calves, take them to grass, bring them back. We'll, we'll bring calves directly into the feedlot and finish them out. All facets of it.

DeKAY: OK. And is that your brand at the top of the letterhead?

CASSIE LAPASEOTES: That's one of them.

DeKAY: OK. Thank you.

CASSIE LAPASEOTES: Thank you.

DeKAY: Any other questions? Seeing none. Next proponent.

CURRY SEXTON: Good afternoon, Chairman DeKay, and members of the Agriculture Committee. My name is Curry Sexton, C-u-r-r-y S-e-x-t-o-n. I'm general counsel for Foote Business Services, which provides services to agribusinesses owned and operated by the Foote family. This includes our feed yard in Imperial, Nebraska, Imperial Beef. I'm here today in support of LB1258, and would like to thank Senator Hansen for sponsoring this bill which aims to bring statewide uniformity to Nebraska's brand inspection program, end division, and strengthen Nebraska's number one ag industry. The Foote family acquired Imperial Beef in 2007. For a period of approximately 20 years, in which we have processed more than 2 million cattle through Imperial Beef, we've not encountered a single issue with cattle theft, the exact thing the Brand Act intended to prevent when it was enacted in 1941. At the same time, despite zero issues with cattle theft, we've incurred hundreds of thousands of dollars in brand fees, and have been forced to commit hundreds if not thousands of man hours to comply-- to compliance with the current brand laws We move approximately 135,000 head of cattle through Imperial Beef annually. Many of them are purchased from ranchers and back--brack-- backgrounders, excuse me, in the state of Nebraska. We annually purchase more than 8 million bushels of corn, 100,000 tons of silage, 100,00 tons of distiller's grain, 15,000 tons of hay, all from local farmers, ranchers, and ag producers. We employ more than 70 hard-working people in the area to make the economy of southwest Nebraska thrive. These are things we'd prefer to focus our energy on, as opposed to spending time and resources complying with the statute intended to protect something that is not at issue at the, at the feed yard level. By way of comparison, we also own and operate four large cattle feed yards in northwest Kansas, as well as multiple large ranches and background yards throughout the state. Kansas, like some of the other top cattle-producing states, has a voluntary brand law system. Brands are registered for five-year periods for, for \$70 a location. Brand inspection is completely voluntary. The Kansas AG's office employs two livestock death investigators, and the state also has six contract inspectors to serve cattle producers on a fee basis as requested. Consistent with our experience in Nebraska, despite the voluntary laws in the state of Kansas, we've not experienced a single instance of cattle theft at our Kansas feed yards, backgrounding yards, ranches, or other locations. It is clear the brand laws in place in Nebraska have no application at the feed yard level. We appreciate your consideration of LB1258, and hope you will adopt

this modernized approach to our brand laws to reduce unnecessary red tape, improve business certainty, and ensure our cattle producers can focus on furthering a significant piece of the Nebraska economy. LB1258 will move us toward a system that treats producers equally while maintaining accountability and trust in our industry. Thank you all for your time. I'd be happy to try and answer any questions that you have.

DeKAY: Thank you. Any-- Senator Storm.

STORM: Thank you. Thank you for being here, Mr. Sexton. I want to ask you first of all-- so, you have a unique position here. You know what goes on to Kansas, what-- and you have how many feed yards in Kansas?

CURRY SEXTON: We have four.

STORM: Four feed yards in Kansas. How many ranches in Kansas?

CURRY SEXTON: Whoo, that's a great question. It would depend on how, how, how you characterize that. But I would say we have-- I'm going to say six or seven ranches in the state of Kansas, and those span from the western part of the state throughout the middle part of state and into the eastern part of the state.

STORM: So, all through the Flint Hills of Kansas.

CURRY SEXTON: All-- most of them are in the Flint Hills of Kansas.

STORM: OK. No theft in Kansas at all, right?

CURRY SEXTON: No theft in Kansas at all, from our, from our perspective.

STORM: OK. Do you know, off the top of your head, what's, what's the Imperial Beef pay a year to the Brand Committee? Do you have any idea?

CURRY SEXTON: I do, I do. So, so, our, our, our registered feedlot fee is, is around \$60,000 a year. And as I understand it-- and, and I am no expert on, on, on Nebraska brand laws. I live in Manhattan, Kansas, so I only deal with this on an as-needed basis or have-to basis. \$60,000 for our registered feedlot fee. I understand that we also pay other fees based on

certain movement within the state of, of cattle. And then, and then you have to account for the soft cost, right? Of, of, you know, the, the labor that goes into ensuring strict compliance with the laws that are in place. I know since, since I've been with the Foote operation, we've, we've added staff--

STORM: Sure.

CURRY SEXTON: --for this purpose. We've hired a full-time veterinarian for-- partially for this purpose, in addition to our group of veterinary consultants. So, there is a-- there is a lot of cost that goes into it. I think that it, it-- since 2007, when the Footes acquired Imperial Beef, I think in, in out-of-pocket costs we've spent north of \$1 million on, on brand fees and compliance with the brand laws.

STORM: So, I got a couple more questions here. So, if, if Footes were going to build a feed yard, would they build it in the brand, or would they built it in Nebraska area?

CURRY SEXTON: They, they probably would not want me to answer this question. I don't know the answer to that, but my expectation would be, just based on our experience, that, that the preference would be in Kansas, if we had to choose.

STORM: OK. One last question. So, you-- you've had some experience with the Brand Committee last year. Do you want to touch on any of that or not?

CURRY SEXTON: I'm happy to. And, and, and we'll echo, you know, what, what Cassie said when she was up here a minute ago. Again, the Footes acquired this feed yard in, in January of 2007. Brad Foote, who I think you all heard from on a similar bill that Senator Ibach brought last year, came and testified before this group. Brad moved from Bucyrus, Kansas, south of Kansas City; his parents shipped him all the way out to Imperial, Nebraska. From, from January of 2007 until April of 2025, we had not a single issue with the brand laws. And I'm not talking about cattle theft. Again, we've never had an issue with cattle theft. I'm talking about issues with, with compliance with the brand laws. Brad Foote testified before this committee, I believe February 11 of last year, sometime in early April of last year, Brad Foote attended a, a meeting at the governor's mansion with, I, I assume, many people in this room on both sides of this, of this particular issue. I, I, I think he-- that meeting was on

perhaps a Wednesday, and the following Monday we received a visit from, from an auditor from the, from the Brand Committee. And we shortly thereafter received our first-ever citation for, for brand law issues for brand law compliance. The allegation was that 251 head of cattle from, I believe, five different lots did not have requisite proof of ownership. We spent six months fighting that one. We, we, we had to hire an attorney-- not myself, somebody, somebody licensed to, to practice law in the state of Nebraska, somebody who deals with these issues-- and spent \$10,000-plus in legal fees fighting that one. We had in, in, in those lot files, each, each of those 251 head-- and I guess I didn't mention the 251 that were cited came with a \$50,200 citation fee charge. Those 251 head had, in some cases, two, three, four instances of proof of ownership; bills of sale, bills of lading, purchase sheets, and-- veterinary inspections, multiple things that satisfied the statute. And it took us six months of, of fighting that one to, to, I guess, convince, you know, some others who were involved that, that it wasn't an appropriate charge. So, that charge was dropped in October, and then, then I guess, not so fortunately, now, now we're, we're battling a different charge on those same 251 head for an allegation that they did not-- they were-- they did not enter the state with a pre-- with a pre-entry health paper. Again, we are still fighting that. We very much contest that. And, and, and that one comes with-- I think there's four charges. There are four misdemeanors attached to that. So, not quite the monetary penalty, but a, a, a misdemeanor, a criminal charge for, for this allegation. So, that's, that's, that's my experience with these, with these brand laws. Again, that's just over the last 10 months. I didn't know a thing about them before this came up. And, and again, I think from the Footes' experience in, in operating feed yards and feed yard in Nebraska for the last nearly 20 years, this was their first true experience or run-in with the brand laws.

STORM: So, I got to follow up on that. So, the first time you have an issue with the Brand Committee, it's a \$50,000 fine?

CURRY SEXTON: That, that was what-- that was what the citation included, correct. \$50,200.

STORM: \$50,000.

CURRY SEXTON: That was \$200-- I'm going to get this wrong. I'm not a math expert. But I believe it was \$200 per head on those 251 head of cattle.

STORM: So, let me get this straight. So, Brad Foote comes and testifies about when did-- modernized or changed something, goes to meets with the governor, the governor had a summit with brand people, feedlot people together, trying to work this out, goes home from that, and within a week he's slapped with a \$50,000 fine?

CURRY SEXTON: That's, that's what I understand it, correct. And, and, and I-- to echo what Cassie said, we, we battled, we battled over whether to, you know, we-- at one point, we said if this question comes up, you may just say "no comment" not because we don't want to tell the story because we don't think it's important, but again, our experience from 12 months ago was that we, we spoke and we, we advocated for a similar bill and participated in some, some collaboration on that bill, and then we received our first-ever citation. So, trust me when I say we battled over whether or not we speak about this, out of, out of fear of what Cassie said, retribution.

STORM: And I think that's why we have public hearings, so people can get up and speak their mind and talk, and I appreciate that you said that. And-- see, I think that's a major issue. I just-- to me, that's the most disturbing thing I've heard all day, so. Thank you.

CURRY SEXTON: I appreciate the questions.

DeKAY: Senator Kauth, did you have a question? So 2007, the Foote family located a feedlot in Imperial, Nebraska. How about-- ask this question. I'm sorry about that. So, did they know or understand the brand laws in western Nebraska when they purchased that--

CURRY SEXTON: I can't speak to that. I'm sorry.

DeKAY: Well, I guess the follow-up question, you probably can't answer either from being in the Manhattan area, right?

CURRY SEXTON: Correct.

DeKAY: Going almost straight north, they would have been east of the brand line if they would have purchased feedlots in that sector at that time.

CURRY SEXTON: That's-- that, that is correct. And, and my assumption would be-- we, we purchased our first feed yard in, in Hoxie, Kansas in 1997, and then we purchased our second feed yard in Imperial, Nebraska in 2007. I think it was-- I think proximity, geography was the reason that we, we, we selected that location. We've, we've since purchased three more in northwest Kansas. So, my, my perception would be that, that it was-- again, all proximity is why we did that. Also, I think from a, from a cattle feeding perspective, there, there are benefits to feeding in the western part of both states. It's a drier climate, it's a little bit of a higher altitude, less humidity, and so it's easier on the cattle. You don't deal with as much heat loss and things of that nature because we get the drops in temperature overnight. And so-- and I also can't speak to what feed yards came up for sale at any point prior to joining the Footes in October of 2023, so I can't speak to why they made that decision. But again, my perception would be geography. All five of our feed yards are within roughly two hours of each other from Lane County, Kansas, near Dighton-- Lane County Kansas, near Dighton, Kansas all the way up here to Imperial, Nebraska.

DeKAY: Where are any of those feedlots built from ground up, or were they purchased and re-renovated?

CURRY SEXTON: Every single one of them was purchased, added onto, renovated over time.

DeKAY: [INAUDIBLE] I apologize for not have-- are there any other questions from the committee? Senator Ibach.

IBACH: I'll ask one, now that you've called on me. I'll think of something. Well, first of all, thank you, and I would contend with Cuming County that District 44 has the most cattle in feed. But that's still to-be-proven, and my legislative research office can't prove it yet, but I'm on a mission to prove it. Thank you so much for your purchases from local farmers and ranchers. That's a big deal, and sometimes we overlook the fact that feed yards and cow-calf producers employ people, send kids to school, they shop locally. It-- it's an economic boost to all, all, all sectors of the, the locations. Can you speak,

maybe, to growth and how you-- this speaks to my selfish question of passing every other county for cattle, cattle on feed-- can you speak a little bit to the growth in southwest Nebraska and what you anticipate as far as additional numbers maybe coming into our state over the next few years? Especially with the, with the record low amount of cattle on feed right now, and how we anticipate that maybe our state could grow from the cattle industry.

CURRY SEXTON: Yeah. I think-- I'm going to-- I'm going to try to answer that in a couple-- with a couple different answers. And, and so I, I hope I can capture each one of them. I guess to address your initial point-- and I, and I mentioned it in my, in my initial commentary, I don't think you can understate the significance of a large operation, a large ag operation in remote parts of the state, right? The Footes are, are incredibly generous people. I mean, the, the-- I work for three brothers, they're all under the age of 50, they all are obviously very, very successful. And, and, you know, you get this-- you get-- there's, there's some notion out there that, that people in big ag are all about themselves, and I guarantee if you go to any one of the five towns-- there's more than five, because we operate across two states, really three. But if you got to any of the towns that we operate in, there's a significant economy there, and I would, I would tell you that, that our operations are a big, big part of that not only because of what we employ and what we do for the local agriculture economy, but also because of what the Footes give back to, to their local, local-- to their towns. It's not just employing people and buying things from other producers; it's things like making donations to churches and, and, and other businesses in town to keep things afloat. There's a lot that goes into that, and, and, and, and, and I, I think that's very, very important. In terms of, of bringing more cattle to Nebraska, I, I will speak to what Cassie said earlier. I will tell you that since this issue-- since our initial-- since our lone brand issue came up about one year ago, we have had to change the way that we ship cattle. We ship cattle from all across America. We have cattle on feed right now of somewhere around 300,000 head across, again, multiple states. It used to be that, that, you know, because of the collaborative approach to the brand laws, we, we didn't used to-- I don't believe there was a concern about what we ship to Nebraska. Now, there is. We have to be a lot more careful about what we ship to Nebraska, so I just want to make that point. In terms of bringing more to Nebraska, I think there's a couple of things that you can-- you know, that speak to that, I guess from our

perspective. Again, I work for three brothers who are all under the age of 50. We have no intention on slowing down from what I understand, right? We want to-- we want to do-- we want to grow the agriculture economy as a whole, we want to grow our operation as a whole. So-- and that includes our current, our current feed yards, our current footprint. We, we just, we just secured-- I don't think it's a secret-- we just secured a large ranch near Ogallala, Nebraska. So now, our ranching footprint that I mentioned-- that I mentioned-- that, that is mostly throughout the state of Kansas is now in Nebraska in addition to Kansas and Missouri. So, that's going to lead to us bringing more cattle to Nebraska personally. I think cutting red tape is a huge way to help, to help our cattle producers bring more cattle to the state. You've heard it from, now, two of us on this bill, and I think others from the prior bill that people are, are hesitant now to ship cattle into the state because of, of, of some of what's taking place. And so, I think removing red tape and, and, and letting, letting business do-- letting private business operate privately is something that is going to help boost our, our, our cattle industry. And then, I think ultimately, you know, doing what we can as, as, as private, as private businesses and as a, as a state government, though I would say the same for local and federal governments, is doing what can to promote and further more, more privatized production. You know, I think somebody-- I think, Senator Storm, you gave a-- you gave a nice shout-out to, to a gentleman about Sustainable Beef on the last-- on the last bill. Obviously, that's a significant thing for, for southwest Nebraska. That's a, that's a largely producer-owned facility, a smaller facility, but it is something that has no ties to the "Big Four" packers. 60 miles down the road, we just saw a significant closure. Or, I don't think it's happened just yet, I think it'll happen later this year, but we're about to see a significant closure of a large plant operated by one of the "Big Four" packers. So, again-- and, and also in addition to cutting red tape, we have to do what we can to promote and further private economy, private industry, these smaller producer-owned businesses. That, ultimately, is going to benefit our state as well.

IBACH: Thank you. Thank you very much for--

CURRY SEXTON: Thank you.

DeKAY: Any other questions? Seeing none. Thank you.

CURRY SEXTON: Thank you all.

DeKAY: Next proponent.

RYAN ORTNER: Good afternoon, Chairman DeKay, Ag Committee. Thank you for having me. My name is Ryan Ortner, R-y-a-n O-r-t-n-e-r. I am an independent cattle feeder from north-central Nebraska near Long Pine, Nebraska. My wife Kate and I and our eight children relocated to Long Pine, Nebraska in 2017 and purchased a feed yard and farm. We relocated from Kansas, where I also owned a feed yard and sold that feed yard in 2019. In Kansas, for the record, I never stole any cattle. When I moved to Nebraska, I started to pay a fee to the Brand Committee at that time of \$13,500 annually to be a registered feed yard. We have since expanded; it is now \$20,000 a year. I still have not stolen any cattle. I don't believe I've even ever gotten a speeding ticket. In the feed yard and cattle business, your reputation is largely all that you have. If you have a bad reputation or you are less than honest, very quickly, you are out of the business. It is a very small, small world. We buy cattle from mainly northern origin: Montana, South Dakota, North Dakota, Wyoming, eastern South Dakota, eastern Nebraska. We've even ventured off and custom fed a few all the way from Mexico. But we've, we've had cattle come from different areas of brand inspection and non-brand inspection. We maintain files that allow us quarterly to go through our brand inspection audit with very little trouble or no trouble, unless it is something related to the wrong color of a carbon copy in the file because another state has sent us the wrong paperwork. Or, from the state of Wyoming, having a brand inspector put the state seal and emboss a transport copy because he simply was out of title copy brand inspection paperwork. So, my hat's off to my good friends, and I do have good friends that are brand inspectors that visit me, that help me on a daily basis. They have a tough job trying to discern the laws of other states, as well as our own state and compliance with all of those different rules and regulations. We are in full support of LB1258 because we think that there is a much easier path forward, especially where we have come from, a state where it was voluntary to have brand inspection, into a state where is not voluntary. I am for cutting red tape and increasing the efficiency of our industry. That is really all that I've got to say. I appreciate your time and the ability to let me come and testify.

DeKAY: Thank you. Any questions? Senator Storm.

STORM: Yeah. Thank you for coming. So, you said you had a good relationship with your brand inspectors, and that's great.

RYAN ORTNER: Absolutely.

STORM: Have you had any issues with fines or any-- yet?

RYAN ORTNER: We have not had any fines. We did, about three weeks ago, come down and visit with a, a senator, and shortly thereafter, we went through a very deep audit where every, every file was pulled and looked at and scrutinized. Typically, our audits are spot checks and looked at for cattle that are currently in the yard, not every file that is up there. We, we maintain them for years, we never destroy them, just because we, we always want to be able to go back and find those records.

STORM: OK. Who's your state senator?

RYAN ORTNER: Senator Tanya Storer.

STORM: OK. Just curious. And that's the district you live in?

RYAN ORTNER: Correct.

STORM: OK. Thank you.

DeKAY: Any other questions? Senator Holdcroft.

HOLDCROFT: Thank you, Chair. Did you have to fill out a green sheet?

RYAN ORTNER: I did, yes. I'm, I'm kind of new to this.

HOLDCROFT: We wouldn't let you out.

F. MEYER: You're going to get audited.

IBACH: He's a stickler.

RYAN ORTNER: Certainly not a professional politician at all.

HOLDCROFT: That's it.

DeKAY: Any other questions? I have just a couple for you.

RYAN ORTNER: Yes, sir.

DeKAY: You said you met a couple weeks ago, and then you went back and did a deep-dive audit. Was that your own operation that did that audit, or?

RYAN ORTNER: No, it, it was the Brand Committee that came and did that quarterly audit.

DeKAY: OK.

RYAN ORTNER: Correct.

DeKAY: And then, you say you have a good relationship with brand inspectors and you use them quite often. How--

RYAN ORTNER: Required by law to use them, yes sir.

DeKAY: What's that?

RYAN ORTNER: Required by law to use them, yes.

DeKAY: How, how do you see brand inspectors being used in the future through either LB1258 or any other buildups out there?

RYAN ORTNER: Certainly. Well, I, I think there is this divide over value in the brand law, and I think it comes from two different viewpoints-- not opposing, necessarily-- but largely, we're dealing with cattle that are out on the range separated by a four- or five-wire barbed wire fence. Neighbors, "leasers" come and go. They change, correct? And so, the opportunity for those cattle to get intermixed with people that may not know who their neighbor is, is higher. In the feed yard operation, we look at our cattle almost constantly. There's a brief period in the night when it's dark, when we can't see them, but otherwise, someone is there largely 24 hours a day. We have five-rail pipe fences in between them. They still do get mixed up. I don't know how they're able to accomplish it, but they do. But we, we, we pay for that inspection in to ensure that we have the right cattle when they come in. If we run the cattle out to our cornfield right next to the feed yard and then bring them back to the yard again, we pay to inspect them again. If we sell them to any market that is not considered a terminal market, we pay to inspect them out again. If we go to a terminal market, a packer, we do not have to inspect them. So, we, we find a lot of

holes in the system, where we're found to be trustworthy but not trustworthy. When the inspectors come, we've got to prove to them our ownership. I would challenge that most ranchers in Nebraska, if every quarter they had to prove the ownership of their cattle at their main property, would not enjoy the brand laws as they are. If they had to inspect their cattle from a pasture that was five miles from the home place and had to inspect them back into their home place, they would not enjoy the brand laws as they are today, and I think there would be a change very quickly. So, I think that's, that's where we find the separation in value between the registered feed yards and the cow-calf producers.

DeKAY: So, going forward, having brand inspectors financially compensated, how do you-- how do you see a step forward to compensate these brand inspectors to do their job in the, in the world that you described to us? And would that be through a codified agency, or would that be through a fee structure, or how do you see it?

RYAN ORTNER: Well, I, I think LB1258 really allows that path forward because that allows the producer to say "I want to be brand inspected" and for them to be assessed a fee or a charge and allow them to brand inspected. It allows the sale barn to say "I want a brand inspector here, we're going to have one." So, to me, it's really the best of both worlds. It, it takes a mandatory governance away and gives it as an option, and so the number of brand inspectors that's out there will really be determined by who wants them.

DeKAY: Senator Meyer.

F. MEYER: Did, did you say you were an RFL? You're not.

RYAN ORTNER: I am.

F. MEYER: You are a registered feedlot?

RYAN ORTNER: I am. Yes, sir.

F. MEYER: And you still have to-- when they go to a stock field and come back in, you have to have those inspected?

RYAN ORTNER: Yes, sir. That is correct.

F. MEYER: That's--

RYAN ORTNER: If they leave the feed yard premises--

F. MEYER: That's kind of troublesome.

RYAN ORTNER: They have to be inspected back in. Again, I, I would, I would say that would be very similar for a rancher to send them to a pasture away from his home place and need to inspect them back in and prove his ownership once again. And that would not occur very often in the Sandhills of Nebraska on most ranchers' places that I know.

F. MEYER: Even though they-- even though it's all inside the brand inspection area? They're not crossing the brand line.

RYAN ORTNER: No, sir.

F. MEYER: All inside the brand inspection area.

RYAN ORTNER: No, sir, across the road.

F. MEYER: Thank you.

RYAN ORTNER: Yes, sir.

STORM: Quick questions here. Where were you from in Kansas? What feed yard, and where?

RYAN ORTNER: So, I owned-- it was RK Cattle down there as well, but it was the DM&M feed yard prior to my ownership, which would have been Miller and Meyer [PHONETIC] and Dahl [PHONETIC] family that owned that feed yard.

STORM: What county?

RYAN ORTNER: Cimarron, Kansas.

STORM: Cimarron. OK.

RYAN ORTNER: Yes, sir.

STORM: OK. I'm from Scott City, so.

RYAN ORTNER: A lot of, lot of, lot of cattle down there, yes.

STORM: So, let me ask you this, and I'll-- I've asked this to a lot of people. So, you lived in the Kansas world of cattle. Do you think that state's more unified? Do they fight over anything like this in Kansas at all? I mean, or is it pretty unified?

RYAN ORTNER: No, they do not fight over this. They do not.

STORM: So, in Nebraska, it's very much divisive, you'd say?

RYAN ORTNER: Yes, it is very divisive.

STORM: OK. I just-- I like to hear a perspective from a guy who lived in Kansas and up here [INAUDIBLE]. So, thank you.

DeKAY: Senator Ibach.

IBACH: Thank you, Mr. Chair. First of all, thanks for bringing eight kids to Nebraska. We appreciate your, your contribution to our school systems.

RYAN ORTNER: Absolutely.

IBACH: So, help me understand, if, if, if LB1258 was enacted and you woke up tomorrow and said "I no longer have to mandatory inspect in my feedlot,"--

RYAN ORTNER: Mm-hmm.

IBACH: --what in your operation would change? So, regarding paperwork, regarding movement of cattle, how would your operation change if the brand laws, as we know them today, went away?

RYAN ORTNER: Sure. Sure. So, right now, if I sell cattle, number one, to a non-packer, OK? And there, there are guys out there that buy cattle, fat cattle, for different programs, but they aren't considered a-- an end user, so I've got to line up a brand inspector. So, they may call for cattle on a Saturday or a Sunday; I can't deliver because I cannot get a brand inspector there on those days. Or, I'm from Bassett; if Bassett is having a sale that day on Wednesday and they call for cattle, I'm not getting a brand inspector on Wednesday. Especially Tuesday, I should probably back up one day. It's probably Tuesday, the day before. So, that is completely simplified. I would be able to run calves from my feed yard into my processing facility, tag

them to permanently identify those cattle, and then I would be able to move them out of my yard across the road to background those cattle on corn stalks and feed them for two or three months, and then bring them back in and not have to pay to have them brand inspected in again. So, those are, those are two key differences, day one. As far as the paperwork, we will still maintain ownership files, we will make sure that we've got our invoices from either the auction barns or from the individual ranchers and producers that we buy them from so that we've got that trail of ownership and, and show where the funds went--

IBACH: That would be--

RYAN ORTNER: --because we also have investors as well that-- we, we make sure that every penny is accounted for.

IBACH: That's just a smart business practice, though. So, if you're--

RYAN ORTNER: Necessary, if you're going to stay in business, yes ma'am. It's not optional.

IBACH: Yes, thank you. Thank you. Thank you, Mr. Chair.

DeKAY: Senator Meyer.

F. MEYER: Just one more question. So earlier, we had a testifier that talked about a middle ground with the whole brand laws. So, would you think that the-- that inspection going from a corn field lot where hundreds of thousands of cattle are fed over the winter back in your feedlot to be totally unnecessary inspection that could be done away with because ownership didn't change?

RYAN ORTNER: Correct. So, what could be more middle-ground than making it completely optional and allowing the person that wants to have it done, done?

F. MEYER: OK.

DeKAY: Any other questions? Thank you. I will say-- you brought it up. I think Bassett's going to have a very good sale tomorrow, so.

RYAN ORTNER: That usually is how it goes. Yes, sir.

DeKAY: Next proponent.

RYAN ORTNER: Thank you.

DOUG SHEPPERD: Good afternoon, Chairman DeKay, and members of the Agriculture Committee. My name is Doug Shepperd, D-o-u-g S-h-e-p-p-e-r-d. I'm here to testify in support of LB1258. I'd first like to thank Senator Hansen for bringing this to the forefront, because it has been an issue for a long time. First, a little bit about me. I'm a feedlot owner and cow-calf operation and stocker operation. I am in north-central Nebraska up along the South Dakota border, and about, the way the crow flies, about 50 miles from the invisible line that divides the state, so I'm very well aware of what the brand does to us. We're also a commercial feed yard, so we feed cattle for other people in that area. Secondly, I want to state that I'm not here to think that we are going to abolish all brand laws. I'm not. So, I want make that perfectly clear. I'm here to state that with time comes change. And I believe, in this industry, and we lack it a lot, if we can work together, I know we could come up with some better changes the way this laws work that would be beneficial for everybody. Living where I do, in the district I am-- I'm District 43 and Tanya Storer is my representative-- I know the brand issue is very important to a lot of ranchers. We have a cow-calf operation, and we also have an extensive yearling operation that runs into South Dakota and into our home state where we live. So, I understand the concerns that people are afraid that we're going to lose our right to brand. My concern, and it has been for a long time, especially since I've been a commercial feed yard, is the unfair advantage that the feedlots are held to where we live. Obviously-- but that's what everybody's talked about here, so there's no need-- there's no need beating that to death. But the amount of money that we pay-- we're not a large yard compared to some of the other ones; we're a family-owned yard that I started out in the mid '80s. What we get for the money that we pay and the extra work that we have to do is virtually zero. Virtually zero. The bottom line, that, as you can see, without a substantial increase in the brand laws, we know a big share of the money that funds the Brand Committee comes from the registered feed yards. We get that. The 50 cents or whatever is proposed is just kicking the can down the road, and that's basically what we've done in this-- in these hearings in the past. This is the first one I've been to, and I apologize if I'm rambling on here. But, but that's what we've done, is kicked it down the road. Nobody's really

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come up with anything. I think we all know that it costs more to do business every year. We all know how important the cattle feeding industry is to-- wherever, wherever a feed yard is, it creates a lot of boom for the economy, for the area, for the farmers, the people we sell to. I think there's other ways that we can look at this--

DeKAY: Sir, that-- can you wrap up in just a [INAUDIBLE]

DOUG SHEPPERD: I'm just about done here. I [INAUDIBLE] do that. I am, I am informed of a-- we're very much in favor of LB1258. I think it is a step in the right direction. So, if there's any questions, I would try to entertain some if I could.

DeKAY: Senator Kauth.

KAUTH: Thank you, Chair DeKay. Mr. Shepherd, have you discussed this with Senator Storer? She's your senator?

DOUG SHEPPERD: Yes, we did. We met with her approximately two weeks ago here, come down and met her. I had not met her in person before. There was four of us that come down, and her stance is totally different than ours because I'm here more so to represent the feed yard side of it than I am the cow-calf. And she made it very clear, and I, I appreciate that and respect her opinion for that. And we made it clear to her that we were in support of LB1258.

KAUTH: Thank you.

DeKAY: Any other questions? Seeing none. Thank you.

DOUG SHEPPERD: Thank you.

DeKAY: Next proponent.

MARC BRAUN: Good afternoon, "Chairsperson" DeKay, and members of the Agriculture Committee. I'm Marc Braun, M-a-r-c B-r-a-u-n. I'm testifying in support of LB1258 on behalf of Oshkosh Heifer Development in Oshkosh, Nebraska. I am one of the owners and managing partner. There's about eight of us dairymen, all family dairymen from Wisconsin. We take our baby-- our baby calves leave our dairies, go to Kansas to be developed to four months of age, where they then flow back to Oshkosh, Nebraska to be developed, bred, gestated, and then return back to the home

dairies. Cattle never change ownership. A lot of times, our-- anymore, a lot of cross-bred cattle accompany those heifers in the journey to feed in the great environment of western Nebraska. I would like to express significant concern regarding the current brand inspection requirements imposed on heifer development yards and cattle producers in the western part of the state. We strongly support registration of livestock and the protection of those livestock, but the existing system of mandatory in the west and, and, you know, voluntary in the east is just-- the disparity of it makes the competitiveness-- we have yards of competitors of ours on the east side of the line that have an unfair advantage. With that, the current system effectively operates under a voluntary model and an "invental," and those costs are just too high to us. We-- these cattle are never branded. We have full records on them. And yet, we, we take the Brand Committee's brand inspector's three or four hours a week of his time. With that, it's all done on re-- all done on very tied with health records, everything through. Nebraska's cost structure is unsustainable in that, and non-competitive. It needs to be competitive, and I think one of the things that I've heard today-- and I'll skip a lot of this, because it was saying the same things of the people that testified in front of me. But we just strongly support the concept of, of voluntary protection, to get uniform treatment of all cattle, preservation of brand and registration in the "trigidal"-- traditional branding. I totally understand why ranchers who share a fence line with four barbed wires have to have that, all right? So, we have to figure out a way to, to help them get to that in a, in a voluntary way to help them manage those cattle, but that's totally different than what I do. We're open to show any data, we're open show how we do it.

DeKAY: That's your time, sir.

MARC BRAUN: So, with that, I'd just like to say thank you to Senator Hansen for, for doing this, and I'm open to any questions.

DeKAY: OK, thank you. Senator Kauth.

KAUTH: Thank you, Chair DeKay. I was reading your, your handout, and it says Nebraska is developing a negative reputation. Can you tell me a little bit about that?

MARC BRAUN: I think, I think that was spoke earlier. There's cattlemen that you talked to-- I mean, some of the brand laws, some of the inspections that come in. We're required to have CVIs that-- and to, to get all that coordinated is taking a lot of time. My hard cost for brand inspection is just shy of \$20,000 a year, but my soft costs are-- I don't know how to put a value on it. We have one or two people dedicated to nothing but tying the CVIs to the animal identification, and I have to get them back to the dairy. When those brand papers are received back to dairy in Wisconsin, they're not even opened; they're, they're, they're not of value to them.

KAUTH: So, other states are pointing this out? Are they using it in their marketing? Are they--

MARC BRAUN: I think other dairymen, as you talk to other dairyman, it's just easier to, to move cattle and [INAUDIBLE] we send cattle into Kansas, so we operate under Kansas, Nebraska, Wisconsin.

KAUTH: OK. Thank you.

DeKAY: Senator Raybould.

RAYBOULD: Thank you so much for being here today. In your notes, you say that current mandatory system adds cost without improving protection. Can you elaborate on that?

MARC BRAUN: So, once again, it's-- I write a check for roughly \$20,000, give or take, to the Brand Committee, but I have people creating those lists. For a brand inspector to show up usually on a Sunday afternoon because they do not have time for the rest of the week. We're, we're inspecting 10, 12, 15 loads a week to go out, and there's multiple owners. And so, our staff has listed every owner and every animal. When those cattle go back, they usually go back to their home dairy, but when they came in, they were on multiple CVIs or health inspections proving ownership. So, they have to sort those all out and put them back to the load going out. So, our staff prepares that. Our brand inspector comes and literally looks at our paperwork. Again, to go into the yard to read those tags or look at those cattle would take a day if not more, because there's no brands on them. So, that's the extra cost, is all around getting that ready. Your own state veterinarians who stop commend us, because if they ask us about a calf four years ago, we can go back and tell

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them what load it came on, where it came from, where it went to, everything. We've tried, and I spent a lot of time with two of my staff members going to hearing committees trying to get us onto a similar program as feedlots, but there's nothing that exists for heifer developments. And I do believe that we're never going to surpass cattle feeding, but I do believe that the environment and the feed in this-- the state of Nebraska should welcome them. It-- it's a, it's a huge boon to our local community of Oshkosh and the dollars that it brings in. And so, I think you should figure out how to welcome those heifers. And I don't, I don't go to a kill point or a harvest point, so there was nothing exists for us.

RAYBOULD: OK. Thank you.

DeKAY: Senator Storm.

STORM: Thank you. Thank you for being here. So, I have a very large dairy in my county and-- that I live in, Butler County-- and it's very good size. So, they don't pay anything, and you're paying \$20,000 a year to go up against them? So, I mean--

MARC BRAUN: Our cost.

STORM: Yeah, just your cost. So, I mean, to me that's an unfair trade practice, don't you think?

MARC BRAUN: It's uncomfortable.

STORM: OK. That's all I got. Thank you.

DeKAY: Senator Ibach.

IBACH: Thank you very much. I was just making some notes, too, and I've often said that dairy is so far ahead of the industry in Nebraska because you EID everything and you know everything down to how much milk they're producing and when they move around. And, and Kris Bousquet, your executive director, has really helped me understand that process. Do you-- and I think you touched on it just a little bit, because if you look at where dairies are situated in Nebraska, we have very few in the brand inspection area, and I'm assuming because of the, the conflict between moving in and out. Do you think that exempting the dairies would encourage more dairy locations within the brand inspection area? I mean, would you be interested in

expanding your operation within the brand inspection area if we exempted dairies?

MARC BRAUN: I think we're here-- I think we're here because of the area and the locations. I think coming up with a solution on brand inspections, brand inspection is just going to make it easier for us to come. Why dairy cattle aren't in western Nebraska and the eastern part of Colorado has probably more to do with milk markets than it does brand inspection. But every time you put a hurdle in front of us-- we're working on tighter and tighter margins, so the less hurdles you have, the more you will attract. As he said, he has dairies, I, I know who he's referring to. They don't-- they bring heifers in just like we do, and they don't have to do all of those same costs. So, we're unique, we're more unique than the, than the feedlot side or even the cow-calf sector. But these are owned-- these families own that calf from the day it's born till it's returned back to their dairy. Not only do we have identification on it, we literally have a DNA snippet from every single heifer. So, if we lost all identification, we would be able to prove it through a DNA snippet. Now, I'm not saying-- I'm not condoning that; that's not something that's even practical for the beef industry. But it is hard to pay that money and to do that when we've already done it tenfold on this side. That's why I would like to see it voluntary. But I totally understand the rest of the industry.

IBACH: That DNA piece is expensive. I know that. But-- OK. Thank you very much.

DeKAY: Senator Meyer.

F. MEYER: So, I'm-- I guess I'm going to broach another topic that's really growing in the, in the beef industry, and that's beef-on-dairy crosses that come into Nebraska from other states who have no brand laws, or obviously come from dairies using beef bulls. And so, again, the same issue that we've talked about with the other bill previously, we have all these cattle coming into Nebraska where we have ethanol byproducts, we have corn, we have water, and all of that. None of those are branded. I'm quite sure when they come to Nebraska from Minnesota, Wisconsin, Michigan, wherever, none of them have a brand. So, when they came in and they go to the feedlot-- not, not your operation, but other commercial feedlots, but you're familiar with, with the dairy industry. Can you see that being a real

hindrance as we go down the road? Because I know there's a big feedlot in southwest Nebraska, that that's going to feed exclusively beef-on-dairy, like, 150,000 head [INAUDIBLE] capacity. So, is this going to be another hindrance that we're throwing up to have all those inspected?

MARC BRAUN: Again, I think cattle are going to come to us in Nebraska for a lot of economic reasons, but it is a hurdle, and every hurdle you can, can lower or remove just makes cattle flow. We've fed 10,000-20,000 of those for the last 7 to 10 years, so I'm very familiar with that. Those steers are flowing in with our heifers; they do not have a brand on them. They, once again, have DNA snippets, they have full identifications. We actually commingle up to 8 or 9 farms into one pen of cattle that moves on. We don't need brands to identify them; we have them identified, and we can trace 60-some thousand cattle back to, to tell you where everyone was at. Every one has a CVI that comes in, every one is kept separate.

F. MEYER: So, from what I know about that industry, the vast majority of those are killed in Kansas. One, one or two packing plants in Kansas, the beef-on-dairies.

MARC BRAUN: The majority of ours, half and half. Half were going into Kansas, half of them going into Lexington.

F. MEYER: OK.

MARC BRAUN: They started going to Dakota City now in the last couple weeks.

F. MEYER: OK, OK. All right, thank you.

DeKAY: Any other questions? Seeing none. Thank you.

MARC BRAUN: Thank you.

DeKAY: Next, next proponent. While that person's coming up, could I have a show of hands who's going to still testify as a proponent on that? One? OK. Thank you. Two.

JACK MOSIER: Senator DeKay and the rest of the committee, my name is Jack, J-a-c-k, Mosier, M-o-s-i-e-r. I'm a cow-calf producer who lives in Spalding, Nebraska, in Senator Meyer's area, and I live four miles into the brand area. And I have a

benefit, because I can get a grazing permit to go to Boone County, which is the adjoining county that's not in the brand area. And we're able to-- so, I'm able to graze the ground that my father acquired in the '50s on both sides of the line with some benefits there. Yet a producer from Boone County can't come to Spalding, Nebraska and graze his cows without brand inspection going back home. It's kind of been a, a fallacy all these years, and it's a-- so, if we could streamline the brand laws, it'd certainly been a-- be beneficial to the cattlemen of Nebraska, especially those of us that are right on the line. Any questions?

DeKAY: Any questions?

IBACH: I'll ask one.

DeKAY: Senator Ibach.

IBACH: I hate to let you go that [INAUDIBLE].

JACK MOSIER: OK.

IBACH: Senator Dorn has told me a similar story because he takes his cattle back and forth, too. So, I'll use the same scenario on you. So, if we-- if LB1258 was enacted, how would you change your operation? How would it change your operation?

JACK MOSIER: It-- in my case, it wouldn't change very much--

IBACH: OK.

JACK MOSIER: --because we're-- we pay our \$15 extra fee and we're able to go graze whatever ground we specified. Now, note, we do list every property that we own or rent, both inside and outside the brand area. But if a group of corn stalks would become available over by Albion, Nebraska-- and I've got 700 mother cows, I could, I could rapidly go in there if somebody had some corn go down. When I would bring those cows home, or when I would take those cows out of the brand area, I would have to have all those cows brand inspected, go over there, graze those stalks, and then bring them back. And so, it's a-- and that's just, I mean, 15 miles down the road. And yet, I could send those same cows to Big Springs, Nebraska and not have to go through any inspection because they would have stayed within the brand area.

IBACH: Thank you.

JACK MOSIER: OK.

DeKAY: Senator Storm.

STORM: Thank you. Thank you for being here. So, have you ever had any cattle stolen?

JACK MOSIER: I've been home-- I've been part of the operation physically and, and the selection part for over 50 years. We haven't recovered an animal.

STORM: But you've had some stolen? Or taken? Or [INAUDIBLE]

JACK MOSIER: You know, there's always an animal that shows up missing.

STORM: Right.

JACK MOSIER: I've told the brand inspector at some points in times, they-- I've never had one recovered. It doesn't mean that the animal didn't die somewhere.

STORM: Right.

JACK MOSIER: And-- but we didn't find a carcass along the way. Dad, before I was part of the operation, he was a veterinarian. He had lost a, lost a heifer, and 12 years later, she showed up in the neighbor's call group, and the man said that, "well, I bought her in Iowa." And Dad did get the check for \$200, but that doesn't quite match our yearly brand inspection fees.

DeKAY: Any other questions? Did you have to pay capital gains on that cow, then? Or?

JACK MOSIER: You know, I, I don't know what they did. I, I think that's probably a grey area.

DeKAY: I'm sorry, just--

JACK MOSIER: I'd have to ask your banker.

DeKAY: Thank you for being here.

JACK MOSIER: I-- I'll, I'll mention that I do know Senator DeKay and, and his brother, so. Thank you.

DeKAY: Next proponent.

RANDAL RATHE: Good afternoon. Thank you, Chairman DeKay, fellow members of the Ag Committee. My name is Randal Rathe, spelled R-a-n-d-a-l R-a-t-h-e. I also am from north central Nebraska. We have a cow-calf operation. Our main function is a feedlot. We have a 13,000-head yard, licensed. I, I can speed things up very quickly by just mirroring everything that has been said already from northwest Nebraska. It's, it's the same thing. We're here today in, in support of LB1258. It seems redundant, as they've said before, to take cattle that we have on pasture, brand inspect them into the yard, brand inspect them back out of the yard to go to stocks, and then have to brand them again-- or, brand inspect them again to come back into the yard. We have calves that we buy from sale barns, private treaty as well, that we brand inspect, obviously. They go to a backgrounding yard, ownership does not change, and then we need to brand inspect those to come back into the yard yet again. Once again, redundancy. So, the fee is enough of the problem, but it's the soft cost, it's the time. We have two secretaries, one of which mostly does paperwork. Paperwork and more paperwork. And we also get audited every quarter, and we have to prove that every animal in our yard is ours. And it is-- they go through it with a fine-tooth comb, and if you're off one head, you get 10 days to make it correct. And if you don't get it correct, it's not "Well, you know, it's OK." You know, you're just, you're just the neighbor rancher over here. So you've got 10 days, and if you don't get it corrected, we'll be back more than likely with an inspector. Well, I've got all the paperwork I do. Errors happen sometimes, from the sale barn. Head count's off, somebody writes down the wrong number, so now I have to prove it. So, long story short, that is my stance. And-- cut it short here, it looks like I'm out of time. But any questions you have, I'll be more than happy to try to answer them.

DeKAY: Thank you. Any-- Senator Storm?

STORM: Thank you. Thank you for being here.

RANDAL RATHE: Yes, sir.

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STORM: So, have you had-- in your experience with the Brand Committee, have you had any issues? I've asked just about everybody. Is it-- or has it been pretty good for you?

RANDAL RATHE: Pretty good. Recently, I was in the group that came down and talked to Senator Storer, and we also were audited. The whole cluster of us that came down, I'm sure along with other people, were audited then. They came in-- it, it seems very unlikely that it takes three hours to go through to find brand papers when you have specific files for brand papers, health papers, so on and so forth. And they go through every file, every file. There's-- you've got this many files, she's there for three hours doing it. We don't move that many cattle in and out in that amount of time. It's not a spot-check; it's, it's a very thorough audit. And I, I don't know, obviously I'm on both sides there, but I would think that if they come to your kitchen table, it's a lot quicker. Obviously not the head count, but a lot of times when you walk in, I'm, I'm having to prove that I'm legal. And I grew up on the farm, on the ranch, and I'm going to say more than likely, if somebody came in and treated my dad like that when I was a kid, he'd be escorted out of the house. And I'll just leave it at that.

STORM: So, the, the climate's kind of changed, as far as how they're treating you?

RANDAL RATHE: It is changing. It is changing.

STORM: Why do you think that is?

RANDAL RATHE: Pressure, I think. I think they have to, in my opinion, justify it. I think that the brand inspection has a place. I am not against brand inspection at a time. I'm not against branding. We brand everything we put out on pasture. I think that's a great thing; I've done it since I was a kid, I think it's going to be a Nebraska thing that needs to continue. I think it's the way it's handled, the way that it's tracked that is the problem. You know, we, we have to do the redundancy and everything there. It just needs changed. It needs changed, and I guess that's why I'm here. I don't like speaking in public. I usually say something that comes back and bites me in the tail. But I think that this is something that needs done, and, and maybe this is too far. I don't know. But if I don't try to make it go this way, there's no way we're going to get to the middle.

STORM: Well-- and one more question. So, I keep hearing "compromise." Compromise in this, where, where can we do this, where can do that? Do you think there's a compromise, or do you think you go full voluntary and do it that way?

RANDAL RATHE: I, I, I think there could possibly be a compromise. I would like to see full voluntary. I really have a hard time being Nebraskan and knowing as soon as I go across that imaginary line, they have rights that I don't, and I have things I have to live by that they don't. You know, it-- it's-- it should be an even playing field. And as the gentleman said earlier, about the, the sale barns, it's voluntary. If I was a sale barn owner and I wanted to relieve it, guess what? It's not a surprise. Bassett has a sale on Wednesdays. Hey, I need a brand inspector for Wednesday. It's covered. Those things can be all taken care of. Everything can be worked out.

STORM: OK. Thank you.

DeKAY: Thank you. Any other questions? Seeing none. Thank you.

RANDAL RATHE: Thank you very much. Appreciate your time.

DeKAY: Next proponent.

CONOR DWYER: Chairman DeKay, members of the Ag Committee, my name is Conor Dwyer, C-o-n-o-r D-w-y-e-r. I'm from Bridgeport, Nebraska. First of all, I'd like to thank the Ag Committee for taking the time to listen to our testimonies today. I would just like to reiterate some points that my peers have already touched on. To tell you a little bit about myself, I own and operate two commercial feed yards located in Bridgeport. I'm also partner on a large cow herd, and we also turn out yearlings on summer pasture across several western states. We feed cattle year-round for customers as well as ourselves. Both my customers and I procure cattle from across the United States as well as Canada and Mexico. The current brand laws in Nebraska significantly reduce our ability to do business in this state. I've had several customers take cattle they have bought or raised to another location or a different state only because they're worried about staying in compliance with Nebraska brand laws; only for simplicity reasons, not because we can't offer them competitive cattle feeding opportunities. I want you all to take a moment to think about this. Think about the economic impact that has-- that this has, not only on my business, but on our

entire state. Think about what one load of cattle does to distribute money across Nebraska. The truck driver that would have hauled the cattle is out a paycheck; the farmers that would have sold us the feed for these cattle are out a paycheck; the employees that would have taken care of the cattle will be-- this continues to go on, possibly-- out of a paycheck; the truck drivers that would have hauled the feed in, out of a paycheck. Et cetera, et cetera. You guys get the point. I, I encourage you to take an honest hard look at the economic impact the cattle industry has on this state. Do we really jeopardize commerce over these brand laws? This is a financial risk that I believe we just cannot afford. The Brand Committee has targeted producers and has made it so difficult to do business in this state where there is mandatory inspection that is now leaving Nebraska. That is business we may never get back. When the Brand Committee threatens to not let us ship cattle ready to slaughter because of honest, small, miniscule paperwork errors, it severely affects bottom lines. This is a challenging business where success is often measured in pennies, not, not in dollars. When unnecessary challenges stand in our way, people walk away from this state. I think we can all agree integrity is not an issue among cattlemen and women in Nebraska. I am, I am, however, beginning to question the integrity of the Brand Committee. Why do we continue to pay this brand tax when no stolen cattle have been found? I will leave you with a quote from my grandfather that has always stuck with me. He owned a Buick dealership in Boston on a road that was lined from top to bottom with other dealerships. He told me, if you want to be the person that gets the business, sell the best product and make it easy to do business with you. We know Nebraska raises the best beef in the world, but are we making it easy to do business with us? The brand laws that we are currently trying to operate under do the exact opposite of that. My name is Conor Dwyer, and I am in support of LB1258. Thank you for your time. I would be happy to answer any questions.

DeKAY: Senator Kauth.

KAUTH: Thank you, Chair DeKay. So Mr. Dwyer, your last statement really kind of caught my attention. You're questioning the integrity of the Brand Committee? Can you tell me a little bit more about that?

CONOR DWYER: Yeah, you know, the-- where they're overcharging people for mileage, for one. But also just the way that they

handle business with us, and the way that we feel targeted. You know, tomorrow's actually my quarterly audit, and my wife's pretty anxious about it. And I actually questioned whether I should even come in here today and, and make my testimony, just because I don't want her life to be hell tomorrow.

KAUTH: Thank you very much for coming in. I appreciate it.

CONOR DWYER: Yes, ma'am.

DeKAY: Thank you. Any other questions? Senator Ibach.

IBACH: I'll ask one. Are you from Boston?

CONOR DWYER: Yes, ma'am, originally.

IBACH: And what brought you to Nebraska.

CONOR DWYER: It's a long story, but--

IBACH: You wanted to own a feedlot.

CONOR DWYER: Yes, ma'am. I-- yeah, I wanted to-- yeah, exactly. I wanted to be sitting here doing this.

IBACH: Well--

CONOR DWYER: No, I just-- I went to Wyo-- I went to Arizona when I was 13 and then went to college in Laramie, and got started in the cattle business and thought there was a future in feeding cattle in western Nebraska, so I moved out here.

IBACH: Wow. Well, thank you for doing that. We talk about brain drain all the time. And whenever we can secure young cattlemen coming into our state, that's a really big deal. So, thank you doing that.

CONOR DWYER: Yes, ma'am.

IBACH: Thank you.

DeKAY: Thank you. One point. According to your testimony, I think it was a Buick that brought him to Nebraska. Anyway. Any other questions? Seeing none. Any other proponents? Could I have

a show of hands of who's going to testify in opposition? Let's take five-minute break, and we'll start at 20 after exactly.

[BREAK]

DeKAY: OK, here we go. I'm taking your-- our first testifier in opposition.

DUANE GANGWISH: I'm the first target.

DeKAY: Go ahead.

DUANE GANGWISH: Chairman DeKay and members of the Ag Committee-- and for the record, my name is Duane Gangwish, D-u-a-n-e G-a-n-g-w-i-s-h. As you know, I serve as the chair of the Brand Committee, and I'm here in opposition of LB1258. I'm going to abbreviate my, my written testimony for the fact that you-- you're going to hear much more. You don't need to hear me say it again. I would like the opportunity to address some of the questions that have been raised. The mission of the Nebraska Brand Committee remains the same today as it was when the agency was established in 1941: to protect brand and livestock owners from livestock theft through established brand recording, brand inspection, and livestock theft investigation. That mission connects us to the public and private entities that have safeguarded Nebraska's cattle industry since 1955, far before Nebraska was even a state. LB1258 proposes a sweeping, and, in many respects, existential restructuring of Nebraska's brand law. Rather than focus on the individual provisions of the bill, I'll address some of the broader themes cited. You have, or I've passed out, letters of support of our opposition to LB1258; these are from county sheriffs, Gage County, Nebraska and Yuma County, Colorado; a couple sale barns in Idaho; the Idaho Brand Board; the New Mexico Livestock Board; Livestock Services of Saskatchewan, Canada; Livestock Identification Services of Alberta, Canada; the Western Livestock Rural Enforcement Association; and lastly, and maybe most impressively, the Royal Canadian Mounted Police. These organizations represent significant expertise in livestock identification and theft prevention, and their concerns deserve serious consideration. Much of the-- much of the discussion around LB1258 is centered on the modernization, and the Brand Committee takes pride in looking forward and remain committed to improving these steps and processes to protect the-- Nebraska's cattle industry. In response to the concerns raised during the debate on LB646, the

follow-- and the following October 7th interim hearing, the committee developed a broad set of proposed statutory changes to the Livestock Brand Act to address many of the things that have been stated and you've heard. These revisions were substantive and responsive, and they included clarifying acceptable evidence of ownership, eliminating excess inspections for movements between registered feedlots and their affiliated grow yards based on newly-defined qualifications, and exploring potential exemptions of portions of the dairy industry, and modifying fees and caps, among other things. The committee also addressed other issues.

DeKAY: Any questions?

F. MEYER: So, how many of those suggestions have been incorporated into either one of these laws?

DUANE GANGWISH: Despite those efforts, there was no follow-up communication or inquiry from legislators or their staff regarding these proposals.

F. MEYER: Did you inquire with them, if, if you could propose a bill? Because there's numerous state agencies that bring bills to state senators to be introduced.

DUANE GANGWISH: Yes, we did. Yes, we did. In fact, we provided the written, in bill format, those suggested changes.

F. MEYER: So, what were those changes?

DUANE GANGWISH: They were extensive, and you don't want to hear all of them right now.

F. MEYER: Well,--

DUANE GANGWISH: But they were--

F. MEYER: I guess the ones that are troublesome are the ones with the re-inspection from the cornfield into the feedlots, because the ownership doesn't change. To me, that's one that you ought to do on your own. It shouldn't take an act of the Legislature to do things like that. If you want to keep--

DUANE GANGWISH: That's something I'd like to address specifically. I'm an employee of an RFL. We put out 3,000 to

4,000 head of cattle. And what we do, those cattle are brought in, they're cleaned up, they're sorted, vaccinated, et cetera, et cetera, turned out onto cover crops. There's no inspection at that time. It's not required. So, I'd say there's an opportunity for some education, but there's no inspection required into the RFL at that time because they're not staying for finish. They can go back out to cover crops, corn stalks, whatever. When they come back from those corn stalks or cover crops, now they're in the RFL, and their next destination is harvest. That's when they're inspected. So, I think there's some opportunity for education; there's potentially some misunderstanding, but there's not a double-inspection.

F. MEYER: So, are they inspected against at, at harvest?

DUANE GANGWISH: They can go to harvest without inspection if you're a registered feedlot. One of the gentlemen talked about going to a market other than terminal market. Yankton is a terminal market; there's no inspection for an RFL shipping to Yankton. Bassett is not a terminal market, so there would be an inspection in that case.

F. MEYER: OK. Thanks.

DeKAY: Any other questions? So, over the last year and a half, two years, we've seen numerous bills come forward on this. I guess, from my perspective, what I talked about earlier today is, is there a significant path forward that can be reached by all parties, or-- to address these issues to keep brand viable and financially sound?

DUANE GANGWISH: My opinion is absolutely yes, Senator. One of the questions that we talk about in our extensive time of working on the e-inspection process was Marc Braun's specific situation. That's the low-hanging fruit that could potentially be e-inspection, because you have cattle moving out of Wisconsin, which is a mandatory EID state, into Kansas on a health paper. And they come from Kansas to Nebraska on a health paper because they're not-- they'd have to be brand-inspected in, but they're moving on a health paper, a CVI. But that would be the perfect opportunity for e-inspection. What we have, historically, over the last 5, 6, 15 years, is filing lawsuits, throwing, throwing bills to eliminate the Brand Committee, or, or do this or do that. And we've had very little opportunity to sit down and actually have that conversation. On the Brand

Committee, I represent the RFLs. Statutorily, one of the members of the Brand Committee has to be from an RFL. I have never had an RFL come to me or come to the Brand Committee and ask for any of these changes. So, is there opportunity for, for middle ground? Is there opportunity for modernization? Is there any opportunity for communication? You betcha. Where do we start? Well, after-- maybe after this meeting, we start now. There's not been a lot of communication; there's been a lot of this. There is a lot innuendo today about when RFLs are inspected based on some event with a lawmaker. I have a list of all of the citations and the inspections given in the last two years, and none of them line up with that. All of those audits have to be scheduled ahead of time. So, if it's anecdotal or incidental that it happened just after a meeting, I can understand the frustration. But our people schedule those activities ahead of time. So, I think there's-- yes, there's opportunity for communication and modernization.

DeKAY: If we're talking in order of compromise-- and basically to get to the root of the problem, if we're talking the order of a compromise, how do we alleviate what maybe RFLs and feedlots want as far as fees?

DUANE GANGWISH: Mm-hmm.

DeKAY: How can we streamline the Brand Committee with a new-- possibly lack of revenue coming in to keep them effective in doing the job that-- what people that want brand want it to do for them?

DUANE GANGWISH: You know, the, the-- we've had a, had a system in place for 85 years, and it has been over-- more than, more than effective in self-governing itself. Somebody asked about the fees, or rather fast increase. Just in 1971 was when the fees were 50 cents, and here we are how many decades later, and they're \$1.10. That's not a rapid change. If you bought a car or a pickup over that time frame, it's probably triple. So, we've been very responsible, "fudiciarily." So, I think there's opportunities for that. If there's the opportunity for feedlots, the RFLs, to pay less, I told you in my previous testimony we're very amenable to that. Let's, let's find a negotiated solution and find it. Are all of my friends going behind me going to agree to that, that they think that's the best idea? No. Are they all going to agree on the fee that's a-- potentially agreed upon? No, they're not going to like that. But taking and

throwing the baby out with the bathwater, and say we just-- we're going to do away with-- well, I'm not-- we're not doing away with anything other than we're going to make the brand inspection voluntary, then I, I see nothing but potential fraud in that. I hear my friends from Kansas talk about this. The Kansas Legislature right now has a bill before them to increase the, the, the penalties for felony theft of cattle. South Dakota has been a divided state for a great time, and there's a bill in South Dakota's legislature right now to unify that [INAUDIBLE] brand across the entire state. So, our discussions are, are relevant in real time, and how we go about it is the challenge that I see before us, that we can't continue throwing rocks and lobbing stuff at each other. We've had an excellent conversation with the dairy association about finding a potential solution to address the very thing that Mr. Braun talked about, those heifer development facilities. Talked to their executive director today and said we'd like to continue that conversation and see how we can come up with that. So, yes, this is a day of negotiation and compromise. I think LB1258 is by no means a solution to the problem that we have facing us.

DeKAY: All right. Thank you. Senator Storm?

STORM: We've got a few questions here. Thank you. Thank you for coming back. So, this is what I can't wrap my mind around, and I, and I want to know how you reconcile this in your mind. So, eastern one-third of the state has what Kansas has, has this-- eastern one-third of the state has LB1258, correct? Is that right?

DUANE GANGWISH: No, that's not correct. Eastern one-third of the state does not have what Kansas has.

STORM: Well, I mean they have a voluntary--

DUANE GANGWISH: The state statutes for the brand-- Livestock Brand Act apply to the entire state. What is not in the eastern third is an inspection.

STORM: OK, so they have voluntary inspection.

DUANE GANGWISH: No.

STORM: Well--

DUANE GANGWISH: They can-- I'm sorry. They can request. They can request.

STORM: Well, that's what, that's what I'm saying. You can request and go into the eastern part of the state. So they do have a voluntary system, correct?

DUANE GANGWISH: Yes.

STORM: OK. So how do you get from two-thirds of the state has to pay all these fees, do all these audits, got to pay when my cows go in the cornfield, back to the corn field, go back and forth, and then the guy right across the line doesn't have to do any of that? That's what I can't reconcile, how we can sit here and say we're going to make this two-thirds of the state do this and this one-third doesn't. That's, that's the uniformity of this whole issue that, from day one, when I started to look at this-- how do you reconcile that?

DUANE GANGWISH: It-- it's very simple to reconcile, Senator, and I, I apologize maybe if I'm being overly blunt.

STORM: It's fine.

DUANE GANGWISH: This legislative body, in the '40s, decided to give the counties the authority to decide.

STORM: Sure.

DUANE GANGWISH: Those counties decided. And since 1941, this legislative body has crafted the statutes that apply to those that decided. That's the reconciliation. I can, I can pretend I want to live in another county that doesn't have the school taxes that I live in, but this is where I live. Not here, but--

STORM: Yeah.

DUANE GANGWISH: I, I don't get to choose to, to pay to be a part of something else because that's not where I'm at.

STORM: Right, but--

DUANE GANGWISH: But if this body chooses to change that,--

STORM: Right.

DUANE GANGWISH: --that's what this bill does, and I'm nearly here.

STORM: Right, but every school-- every county pays school taxes, just some more than others.

DUANE GANGWISH: Sure.

STORM: But I'm just saying, so you got a whole segment of this industry in the east that doesn't pay for anything, and they don't want to pay for it. So, that's the-- that's what's hard for me to-- from day one, that's what I've never been able to-- how do you reconcile it? Because that's the-- that's-- right there's a rift. If my business-- I have a business, and if I had competitors west of me, or if I was paying stuff in the east and the west wasn't, that would be a-- just a whole bunch of anxiety amongst the industry, I think.

DUANE GANGWISH: I think it's a relevant question. I don't think it's a question that gets decided today. You, you all are going to have opportunity, if this bill moves forward, to debate that more. What I would address with this-- these high fees, these high costs, OK? Previous testifiers said that cattle have not come to Nebraska because of the high cost. I won't, I won't go to in depth to try and detail the whole thing, but the difference in grain basis between the central Platte Valley and the panhandle of Texas is generally in the fifty cents to a dollar. It's been a lot higher. Now, what that calculates, it's per bushel, so that's anywhere from fifty to a hundred dollars a head advantage to feed cattle in Nebraska versus the high plains of Texas. You know? Because we get a little between the, between the panhandle and here, there's other feed yards. You know? The Foote family does have some feed yards there, but they also are exposed to that grain basis difference, and we're talking tens of dollars per head, and here we're arguing over a dollar.

STORM: I don't think it's so much the money. It is to some, but I think it's the regulation. I think it's the audits. I think it's having to have another staff, a lady in your office to do the paperwork. I think it's sitting there and having a guy walk into your office, you know, and say let's see your papers, prove that these are your-- that's what I've heard. But I got one more question. You made it sound like there's-- hasn't been much dialogue on this. Last year, we went back and forth and back and forth, and Senator Ibach went back and forth with the

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cattlemen's association, with other groups, and there was a meeting at the governor's mansion with the governor, and you were probably there.

DUANE GANGWISH: I was there.

STORM: And the feeders were there, and there's been a lot of dialogue on this, back and forth. It, it just seems like there's a great divide here of, of-- well, that's just my take on it, I guess. And, and this-- you know, Ibach's-- Senator Ibach's bill got to Final Reading last year, and there was an amendment put on it at the last second, and then that was pulled back. So, we were this close to maybe some type of a compromise last year, and then an amendment showed up on her, on her bill, and then that was-- pulled it all off, so. So, I, I think there's been a lot of dialogue, which-- and I think this is good, to have this dialogue, but--

DUANE GANGWISH: I, I would agree in part with you, Senator. There's been a lot of talking. There hasn't been a lot of communication.

STORM: OK. Fair enough. Thanks.

DeKAY: Any other questions? Thank youse.

DUANE GANGWISH: Thank you.

DeKAY: Next opponent.

DON HENERY: My name is Don Henery, D-o-n H-e-n-e-r-y. I'm the Knox County Sheriff. I've noticed this division too, and I work for both the producers and for the feedlots when it comes to stolen cattle. I've done that for 40 years with the Brand Committee. We've recovered a lot of stolen critters over the years, some in Iowa, some in South Dakota, some as far away as Oklahoma. One case you can ask me about on your time, not mine, I actually recovered inside the brand area at a sale barn. Interesting case. My concern is this bill will push unfunded mandates down on the county. You're going to take an organization that doesn't use any state funding right now, you're going to absorb it into a state organization, which is going to take taxpayers' money, and then you're going to have the county sheriffs do duties that the Brand Committee is doing right now. We also have tax restrictions. Where are we supposed

to get the extra manpower, the extra money? The answer to our taxpayers has to be something other than we're the redheaded stepchild, so we get last place again. You have to take us in consideration. Granted, there's only 60-some sheriffs in the brand area that I'm aware of; we all have the same problems, we all the same causes. I do want to point out also that while I don't have any livestock right now, I was a cow-calf producer for a number of years, too. I have a very good knowledge of the industry. Somewhere, my mom's got a picture of me sitting on a cow when I was a lot smaller than I am now, so the cattle go way back with me, too. I think I've said pretty much everything I need to say. I'm going to open it up to questions. Like I said, I can start you off on the case. I got a little time. The case where the sale barn was in the brand area, we solved that case. We, we-- the cattle were sold, but interestingly enough, you say, well how could that happen when that sale barn is in the brand area? The answer is simple: they were stolen from a feedlot, they didn't have to have brands on them. And-- not the feedlot's problem, but that's how it happened. It was actually an employee of the feedlot who reported dead cow and then took dead cow as live critters to a sale barn and sold non-branded livestock. So, with that-- oh, one more thing. I can't keep my big mouth shut. Y'all are worried, and you all have said the feedlots have extra expense. Well, ask yourselves where the largest feedlot in Nebraska was built and started running in September of 2024. The answer is Benkelman, Nebraska, in the brand area. It didn't scare them boys one bit. And I hope I didn't upset any of the feedlot people behind me. I could feel some daggers, but it's the truth.

DeKAY: Thank you. Senator Storm.

STORM: Thank you. Thank you for being here. So, do you help-- when the brand inspectors have an issue, you'll help them?

DON HENERY: I will.

STORM: Go out that-- so, do you bill them for that? Does a, does a county sheriff bill them for--

DON HENERY: No. No, but we're also saving money because we're not sending deputies, putting guys on overtime.

STORM: All right.

DON HENERY: It's not taking me away from the office. So, we're actually saving money. We're not billing money, we're saving money. And they come and testify, they give expert witness--

STORM: Sure.

DON HENERY: --not only that, on orders of delivery from courts, they've helped us on that. On divorce cases, they helped us on that, where we've got orders of division, we've got writs of restitution. They-- them boys help a lot on a lot of that stuff.

STORM: OK. And I got one more question, and maybe this is better for a brand inspector or investigator that's going to testify. So, does the brand-- they have law enforcement capabilities, correct?

DON HENERY: They're state deputy sheriffs to the best of my knowledge.

STORM: Right. So, they can write-- can they write tickets for things that don't deal with cattle? Can a brand Inspector give out a DUI?

DON HENERY: I don't know the answer to that, but I do know the answer that a game warden can, and do a boating DUI, too. But you'll have to ask them about the DUI.

STORM: So, they can do tickets and they can write-- or they can do fine-- assess fines, and then they can write a ticket.

DON HENERY: If it's a waiver of offense. A lot of the theft cases, you've got to remember, are misdemeanors, which you-- on a misdemeanor, most times you have to appear in court.

STORM: Yeah.

DON HENERY: So, I'm not aware of what livestock case would be an infraction rather than a misdemeanor. Infractions, most generally can be used-- can be "waivered."

STORM: Yeah. OK, I'll ask them. Thank you.

DON HENERY: You bet.

DeKAY: Senator Ibach.

IBACH: Thank you very much, Mr. Chair. So, thank you for your service. County sheriffs are good people. So, if there was a way for us to take what you're suggesting today and reimburse the county sheriff's department for their time to execute any brand inspection duties, would that offset your opinion as far as being opposed to it?

DON HENERY: Do you want to know the truth? I'm very skeptical, because the state has offered us prisoner reimbursement over the years.

IBACH: That's my bill.

DON HENERY: And then, the Appropriations Committee didn't appropriate the money, so again, the redhead stepchild took the back seat because there's no money to pay him for the bill that they authorized to do.

IBACH: Yeah.

DON HENERY: And, and so that's a real problem, ma'am. I'm not, not trying to offend you,--

IBACH: No, no, no. But--

DON HENERY: I'm just trying to tell the truth. It's happened before.

IBACH: But if there was, in statute, a, a-- if we put in law that we had to reimburse you for fees that you had based on brand inspection duty or brand recovery duties, you, you actually-- you obviously have the authority. I'm, I'm guessing some producers call you before they call the brand inspector.

DON HENERY: They do. Yes.

IBACH: So, if you're the first call anyway, maybe we could eliminate some duplication, is what I'm saying.

DON HENERY: I'd love to think in the perfect world that'd be true, ma'am.

IBACH: OK.

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DON HENERY: But, but I just am hesitant. And there's a manpower issue, too.

IBACH: OK.

DON HENERY: Even Omaha Police Department right now is short on officers.

IBACH: Yep.

DON HENERY: It's across, it's across the state. It's the rural areas, it's the metro area. We're all short. Those guys do a fantastic job. Don't take them away from their jobs, I beg you.

IBACH: OK. Perfect. That's what I-- that was the question. Thank you very much.

DON HENERY: Yes, ma'am.

DeKAY: Senator Raybould.

RAYBOULD: Thank you, Sheriff Henery. I, I concur with your concern about getting re-- the-- getting reimbursed, even if it's written in law. We have a track record in the state of Nebraska of just ignoring that law and, and just dealing with our budget crisis in the best way we know, and that means sweeping funds, negating the bill that you just sent us. So, I, I hear your concerns.

DON HENERY: Thank you.

RAYBOULD: And I appreciate your coming to testify.

DON HENERY: Thank you.

DeKAY: Thank you. Any other questions? Seeing none. Thank you.

DON HENERY: My colleague.

BRENT DEIBLER: Afternoon. My name is Brent Deibler, B-r-e-n-t D-e-i-b-l-e-r. I'm the Brown County Sheriff, Ainsworth, Nebraska. I'm here today to oppose LB1258. The Nebraska Brand Committee is already established state entity that handles all proof and transfers of ownership. The Brand Committee investigates any disputes between cattle producers, claims of ownership, and the

stray cattle that have been brought in question. The Brand Committee has a large database of categorized brands that are maintained by the Alliance office. All brand inspectors and criminal investigators use this database daily to maintain integrity of cattlemen's proof of ownership throughout the entire state. Without mandatory local inspections done on farms, ranches, sale barns, meat lockers, feed yards and kill plants, this established safeguard would no longer be in place to stop intentional theft or deception. If the Nebraska Brand Committee is dismantled by LB1258, all the estray cases will fall into the sheriff's offices to conduct. Estray cases may start in a local county, but once the investigation starts, the case may lead to multiple other counties, or go outside of the state of Nebraska. The sheriff's office would need access to the Brand Committee's database of brands to track and prove proof of ownership to properly work the estray cases to its fullest. This would be a significant cost to the sheriff's office budget. Most deputies would need extensive training in handling livestock, reading brands, and the use of Brand Committee's database of brands. Local sheriff's offices would need to-- an issued iPad or portable laptop computer that the brand inspectors and criminal investigators use currently. Who's going to be responsible for updating the system and maintaining it? Without local inspections to prove proof of ownership, there will be a guaranteed rise in theft, especially with today's prices of cattle being sold. Local sheriff's office will need to have-- to take on more criminal investigations without the existing safeguards of the inspections that are already in place. These investigations not only stay in-county, but will travel out of the county and out of state, same as the estray cases. All this will be a significant cost to sheriff's budget; that will be a burden put on local county commissioners asking for more funds to cover an already-rising cost of law enforcement needs. In closing, if LB1258 passes, the integrity of proof of ownership will diminish significantly for Nebraska cattle. The local sheriff's offices will be burdened with significant cost and use of manpower to work investigations that are already being done by the Nebraska Brand Committee. Thank you. I'm willing to take any questions.

DeKAY: Thank you. Are there any questions? Senator Storm.

STORM: Yeah, thank you for being here. So, last year, I think the brand said they had 216 estrays. I think there's 45 counties in the brand area. So, that's four, four strays per county. So,

you're saying that'd be a significant cost for a sheriff to help with?

BRENT DEIBLER: No, I said possibly could be.

STORM: Possibly.

BRENT DEIBLER: Current, current-- can I give you a couple of examples?

STORM: Sure.

BRENT DEIBLER: Currently, we have a brand inspector who lives in Brown County. He works the Bassett sale barn, whatever surrounding counties [INAUDIBLE] for sure what he covers.

STORM: Yeah.

BRENT DEIBLER: If we have a question of ownership, we have cattle out regularly, the deputies or myself get dispatched to put back in. Or they're a, they're problem critter, we call on that brand inspector, give him a picture of the brand or ask him proof of ownership, he looks that up for us. We rely on them to help us find out who owns this critter so we can easily get this taken care of, versus you start calling and calling and calling, asking numerous producers, and nobody claims it, or what color is the ear tag, or can you read the-- you know, can you read the brand? Well, if you grew up on a ranch such as I did, and have been a producer, that task can be handled.

STORM: Right.

BRENT DEIBLER: We have deputies stationed all over in the Brand Committee [SIC] who unfortunately know nothing about livestock. So, I know myself and numerous other sheriffs do rely heavily on the brand inspectors and investigators to help us, you know, take care of things in a timely fashion.

STORM: But if we went with LB1258, you'd still have investigators. I think the bill says up to four investigators for the state. And you'd still have some-- obviously, you'd have some inspectors around because on voluntary, there'd be some people who'd want to have their cattle still inspected. And a-- and sale barn would probably maybe want to have an inspector there. So, this--

BRENT DEIBLER: Did you say would or wouldn't?

STORM: Would.

BRENT DEIBLER: OK.

STORM: If that was a sale barn in the Sandhills and we went to this, I'd probably have a-- I'd probably have an inspector there. So, I mean, this doesn't do away with the whole system.

BRENT DEIBLER: That's-- my concern is that we would have access to brand inspectors that are stationed throughout Nebraska that-- I understand the criminal investigators' number stays the same.

STORM: Right.

BRENT DEIBLER: The brand inspectors would be a significant hindrance of not-- of us not having access to them.

STORM: Right. You'd have-- you'd still have some inspectors, though, too.

BRENT DEIBLER: OK.

STORM: I think-- it doesn't take it all away.

BRENT DEIBLER: OK.

STORM: So. OK. Thank you.

BRENT DEIBLER: Thank you.

DeKAY: Thank you. Any other questions? Seeing none. Next opponent

MATT BLACKFORD: Chairman DeKay and other members of the Agriculture Committee, my name is Matt Blackford, M-a-t-t B-l-a-c-k-f-o-r-d. I'm a cow-calf producer from southern Cherry County near the small town and community of Brownlee. And I'm, and I'm currently serving as the chair for the brand and property rights committee of the Nebraska Cattlemen's board of directors. I would I'd like to thank you for the opportunity to testify today in opposition of LB1258. Nebraska livestock owners started recording their brands with their county register of deeds as

far back as 1856. That was 12 years before Nebraska Cattlemen-- or, before Nebraska became a state. For 43 years, each county held these records; then in 1899, the Secretary of State started the first statewide recording of brand registrations. It was not until 1941 when each county at the local government level had the choice to be in the brand inspection area when it was established, or not be in the brand inspection area. This is why the brand boundary line closely follows county lines. From 1941 to 1993, the brand inspection area boundaries were amended and changed 16 times by the state legislation, but it was at the local county government level that these decisions were made, and the petition-- and were petitioned to the state for the boundaries to change. This decision to be part of the brand inspection area has always been decided by local county governments. It should be, and should not be changed by the state Legislature's choice for this decision by moving to a state voluntary system. This is why the Nebraska Cattlemen stand in opposition of LB1258.

DeKAY: Thank you. Any questions? Seeing none. Thank you. Next opponent.

SPIKE JORDAN: Good afternoon, Senators. Again, my name is Spike Jordan, S-p-i-k-e J-o-r-d-a-n. I'm taking a piece of sage advice from Senator Brewer's former LA, Tony Baker: stick to the three Bs: be brief, be brilliant, be gone. So, hopefully I can hit two out of three. First, this is Nebraska's evergreen ouroboros. If you don't know what that is, it's a snake that's eating its own tail. There's no start to this argument, and I don't think we're-- any of us are going to get to the end of it anytime soon. Second, they call Missouri the show-me state, but in Missouri, you don't have to show title to livestock, and because of that, every fifth animal in the state of Missouri is, is likely stolen. Is that a true fact or not? I don't know. They don't brand inspections. So, in Nebraska, however, possession is not nine-tenths of the law; you need to actually prove that you have the title to livestock you're trying to sell or otherwise dispose of. Brand inspection is a title inspection. The exact same thing happens when you go to transfer a vehicle, a house, or any other kind of property. And I don't know if any of you have bought a vehicle or a house or any other kind of a property here lately, but even if I'm charged \$2 to transfer a \$2,000 asset, that's a pretty cheap financial transaction to procure a financial and legal instrument. Third, a registered brand is evidence of ownership, and you're making a claim when you apply

that brand to the hide of an animal. That's-- in Latin, they call that prima facie. That mark doesn't mean much until a disinterested third party is there to acknowledge your claim. That's the trust but verify thing I was talking about last time I was before this body. If you blow up the mandate to prove that you own that, you have rendered that mark worthless. The thieves aren't going to turn themselves in after they stole those cattle and submit them to a brand inspection. Fourth, you can't prove a negative. Sure, they can say that no stolen cattle show up at registered feedlots, and that's kind of a pointless statement. Does that mean stolen cattle won't show up when we stop checking for them? Ladies and gentlemen, I live in-- I'm fortunate to live in a town where I don't have to lock my vehicle or the front door of my house, and even then, I'm still not quite convinced that I have that much faith in human beings. And finally, we left a hand grenade cooking on the floor of the Legislature, and Senator Ibach's LB646 is still on Select File. The governor has appointed a group of cattlemen and women to the Brand Committee, and they need to be equipped with the means and the resources to protect our state's number-one industry. Doing away with the whole thing is not the solution, in my opinion. And I'd be happy to answer any questions you might have.

DeKAY: Thank you. Any questions?

SPIKE JORDAN: Be brief, be brilliant, be gone.

SETH HANNA: Chairman DeKay and members of the Agriculture Committee, thank you for your time today. For the record, my name is Seth Hanna, S-e-t-h H-a-n-n-a. I'm here representing myself and Nebraska Farm Bureau in opposition to LB1258. Our member-developed policy at Nebraska Farm Bureau is in, is in support of the Brand Committee, the Livestock Brand Act, and their contribution to the industry. Transitioning to a statewide voluntary inspection system as proposed by LB1258 decimates the brand program as it has stood for 85 years. The Brand Act addresses challenges and needs in the same way today as it did then, preserving the livelihoods of Nebraska's farmers and ranchers with protections that are necessary to disdain-- sustain our livelihoods. In 1941, the Fifty-Fifth Nebraska Legislature drafted, debated, and passed LB275, creating the Nebraska Brand Committee. Among the senators who sponsored LB275 was my great-great-grandfather, Don E. Hanna Sr., so it's my honor today that I can be here to help continue his work and defend his legacy by opposing a bill that would end the brand

inspection program as we know it. Beef cattle are the backbone of Nebraska's agriculture. According to the 2022 USDA NASS census, Nebraska is home to four of America's top 10 beef cow counties: number seven, Lincoln; number three, Custer; number two, Holt; and my home, Cherry County, the number-one beef cow county in America. Something these four counties have in common is that they all lie within Nebraska's brand inspection area. In fact, over 75 percent of Nebraska's beef cow inventory reside inside the brand area, where we rely on mandatory brand inspection. The Brand Committee does more than inspect and investigate cattle; they legitimize the concept of livestock as private property. Stated in another way, without mandatory brand inspection, the property rights of cattle cannot be guaranteed. LB1258 would revoke the mandatory inspection of livestock and therefore undermine the property rights of Nebraska farmers and ranchers. Logistically, it just isn't feasible to keep an eye on all our own cattle all the time. Pastures in western Nebraska can span over two square miles or more. To check one such pasture, it would take four people horseback all afternoon to gather, sort, and then count the bunch to ensure none were missing. And Senator Storm, I believe this answers your question a little bit. The same-- this scenario, it highlights the difference between eastern and western Nebraska: it, it-- the, the scale of the amount of land we're working on. And, and that's a major reason why we still rely on the mandatory inspection process, just like my great-great-grandfather did 85 years ago. I ask that you oppose LB1258, keep the brand inspection program mandatory, and allow the Brand Committee to function as it does today. I thank you all for listening to my testimony today and share my experiences. I'm happy to answer any of your questions.

DeKAY: Thank you for being here. Any questions? Senator Kauth?

KAUTH: Not a question, just a comment. That is so cool that your great-great-grandpa was a senator. Very, very neat. Thanks for sharing that.

SETH HANNA: Yeah. Thank you. Thank you.

STORM: Is his picture outside in the hallway?

SETH HANNA: You know, I don't know.

KAUTH: It is.

SETH HANNA: I would assume so.

STORM: You have to go check it out.

SETH HANNA: I'll have to go find it. Thank you for bringing that up.

DeKAY: Senator Ibach.

IBACH: Thank you, Mr. Chair. So, in your testimony-- and I do not take this negatively-- you say that the property rights of cattle owners cannot be guaranteed.

SETH HANNA: Sure.

IBACH: How are they guaranteed outside the brand inspection area?

SETH HANNA: How are they? Well, so I don't feel like they confidently are, necessarily. It-- so, they would be guaranteed by the brand inspection. I mean, the, the Brand Committee works to ensure that right outside of it. But the, the argument I'm trying to make is that the mandatory inspection, right, is, is what-- the mandatory part of it is what helps us, or what ensures that private property right. So, I'm not getting myself inspected because I'm worried about whether my cattle are in my bunch; I'm getting everybody else's cattle inspected to make sure that my cattle aren't in their bunches. So, that's why I feel the mandatory is, is something that's very important, and, and I would love to have eastern Nebraskans see that it's really important to keep everybody else around you accountable. And I think that's part of the reason why, like-- you know, Mr. Blackford earlier, he's a neighbor of mine. We have no issues with cattle going back and forth.

IBACH: Mm-hmm.

SETH HANNA: We're very good friends. My neighbor Katie that I spoke of earlier, we have no issues with each other because we know that we can't get away with it, right? And we don't want to get away with it because we don't want somebody else to get way with it. But it-- they're just-- they're worth too much right now. They're-- and so, that's what I'd like to say.

IBACH: OK. Thank you.

DeKAY: Thank you. Appreciate you being here today. Next opponent.

IBACH: We're going to have to start giving numbers.

STEVE SCHOLZ: Good evening, Chairman DeKay, and fellow Ag Committee. My name is Steve Scholz, S-t-e-v-e S-c-h-o-l-z. My family and I built a feed yard in 2009 near North Platte. We currently have a capacity of about 39,000 head, and we run about 13,000 mother cows in four to five states. We've been a registered brand-inspected feed yard since we started, running cattle in other states where no brand laws existed in past years. We've since then consolidated in South Dakota, Wyoming, Colorado, and Nebraska, where there's current brand law framework. You can do an internet search of livestock theft in surrounding states that don't have brand laws, immediately see why it's a problem if you don't brand laws in the cattle industry. Just last week, you have a bill introduced in Kansas to increase penalties for livestock theft from a misdemeanor to a felony after a rash of thefts in the last year. Travel to these other states, you'll find gates that are padlocked shut, which is not a common sight on Nebraska ranches. Almost all the other states report a large uptick in thefts in the last year because of the increase of valuation of livestock. We also employ H-2A workers from other countries where theft and murder to farm owners is a common and everyday occurrence because there is no framework for protection of personal property rights. Those possibilities exist where people start taking the protection of their assets into their own hands, and people are injured or even killed when they're guilty or not. When theft of livestock is on the rise, I feel this is a terrible time to lessen restrictions on the current system. Granted, I'm first to admit that the current brand inspection framework is not a guarantee that cattle will never go missing. No system is ever perfect. We can argue that the Nebraska State Patrol should be defunded because they don't catch every single traffic violator, but if you want a trial run of what happens with no brand inspection, maybe give all the state law enforcement a two-week vacation at the same time and let's see what happens. If the fear of getting caught-- it's the fear of getting caught that keeps us obeying the law. Everyone would like to assume that their neighbor would do the right thing and return stray livestock, but the reality is, the dominant factor is, no one wants to be in the news with "cattle thief" labeled under their picture. I've seen arguments that feed yards like mine want to

do away with current brand inspection because of cost. A yard my size will generate probably over \$200 million in gross sales in one year, and pay \$35,000 brand inspection fees. Almost all these yards pass on the brand inspection to the owner. I think that's a cost that's pretty negligible and easy to defend because I think it's worthwhile to every cattle owner. We've all seen the great cattle feeding Ponzi schemes go down in the last 20, 30 years. Almost all of these incurred in states with no brand laws. Likely a brand inspector had been another person that could have sounded an alarm that something just didn't feel right in those situations and minimized some of those huge losses in the past. I've talked to mid-sized banking institutions that say they will show reservation in current lending capacity to customers without a brand law framework similar to our existing structure. They cite difficulty in financing family operations where there's multiple lenders involved between family members.

DeKAY: Can you wrap it up in just a [INAUDIBLE]

STEVE SCHOLZ: Yeah. The reality in agriculture is our operations are consolidating every day in every facet of our industry. High prices are encouraging older operators to exit, and those same high prices are a barrier to younger operators trying to enter the business. Operations similar to mine are vertically integrating with ranches and grow yards in an attempt to control inventory management. Without some form of brand inspection, the risk runs high that stray cattle will not be returned to their rightful owner.

DeKAY: With that, let's see if there's any questions, now. Thank you. Any questions? How much, how much left do you have in your testimony?

STEVE SCHOLZ: Not much.

DeKAY: If you want to wrap it up, go ahead.

STEVE SCHOLZ: OK. The consolidation of operations leaves the possibilities that stray animals are not identified by employees of these operations in the same manner as would be if an owner was involved in direct day-to-day management of smaller operations. Likely, these employees may or may not be immigrant labor paid hourly, and have no direct consequence in making sure that all incoming cattle are of correct ownership. I feel this

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is very important to keep current brand laws intact, to protect the largest industry of the state. Costs should be shared equally among producers with equal protection.

DeKAY: Thank you. Any other questions? Thank you for being here. Next opponent.

ROLAND Paddock: Thank you, Senator DeKay, and the Ag Committee. My name is Roland Paddock, R-o-l-a-n-d P-a-d-d-o-c-k. I am the Secretary/Treasurer for Independent Cattlemen of Nebraska. I speak in what they have relayed to me, and for the board. Here we are again, discussing brand laws. The definition of insanity is doing the same thing over and expecting a different result. We've got cattlemen coming to testify for brand laws, we've got senators introducing bills to eliminate safeguards to prevent cattle-- I don't know who's the more insane. I do want to compliment you, Senators. It's a tough job. I've been a county commissioner, and I know the, the pressures and the, and the deals you're under. I believe that this is a bad bill, this LB1258, this voluntary inspection. So, I want to take this a little different direction and say the brand deal, and has been mentioned before, is a private property inspection. So, let's take a car dealer. They've got to provide the VIN number, the title, proof that the-- that car is what it is, that it's not a worse title. You take that car to get it titled; the sheriff comes out, got to inspect that car, make sure that the VIN number matches everything, then you get a title. You've got Realtors that transfer private property. That, that property has to go through a title inspection to make sure that it's whose it is, that you own that, there are no encumbrances on it. It's an inspection. Bankers are the same way; they get audited to make sure-- better get on my notes here-- to make sure that your property and money isn't stolen or mismanaged. So, while they say the audits are an inconvenience, it's a, it's a, it's a cost of doing it. It just isn't good for business. It wastes the time of our employees. We're all honest, we don't need to dishonest-- are the car dealers going to say, we get all these new cars. We don't handle used cars, give us a break. We don't need to do that. Are the realtors going to say, this is an unnecessary expense to prove that this property is whose it is? That's what this brand inspection is about: making sure that when you sell cattle, you own them. And so, if we go to voluntary--

DeKAY: Can you wrap it up in just a sentence?

ROLAND PADDOCK: If we go to voluntary, what's to keep these other guys from coming in and putting a burden on your back saying make it voluntary for us?

DeKAY: Senator Storm.

STORM: Thank you. Thank you for being here. So, I understand the private property ownership argument. I keep hearing that, and I think that's really important and you made the analogy the sheriff coming out to look at your vehicle, checking your VIN number. But has he come out four times in one year to look that car and say "I'm just checking to make sure it's your car again?" That's what feeders are up against here.

ROLAND PADDOCK: They, they turn that lot two-and-a-half times a year, they can. So, essentially, it's less than four times a year. They're expecting different cattle every time they [INAUDIBLE].

STORM: Right, but they're still repeatedly have to prove that it's their property [INAUDIBLE] so I don't understand that.

ROLAND PADDOCK: My, my, my suggestion is that we have more inspection than less. I think we got started getting in trouble when we went to the registered feedlots. The closer that inspection is to when the transaction expires between two people, the better the inspection is. Not four months before, when something else can happen. Liens can be put on, and other things can happen. Inspect those cattle out. Eliminate this registered feedlot deal and just inspect them all. We didn't have trouble before that. I think we're going in the wrong direction.

STORM: So, you want more-- you want more inspections?

ROLAND PADDOCK: The feed yards wouldn't have those audits if they were inspected out. They complain about the inconvenience of, of this deal, but yet they've decided to put their feed yard in the brand inspection area. The new one being built was just talked about, they're coming in there. I think Mr. Gangwish talked about the difference in the corn price, the advantages they have of being in the brand inspection area. We got water, we got feed, the climate works for it. So, they've got advantages of being in the brand inspection area.

STORM: OK. Thanks.

DeKAY: Any other questions? Seeing none. Thank you.

ROLAND PADDOCK: Thank you.

DeKAY: Next opponent.

GREG KOINZAN: Excuse me. My name's Greg Koinzan. I'm from Tilden, Nebraska. I'm here to testify against LB1258.

DeKAY: Could you spell your name for the record?

GREG KOINZAN: Sure. K-o-i-n-z-a-n. Koinzan.

DeKAY: First name, too.

GREG KOINZAN: Greg, G-r-e-g. I came at a behest of my longtime friend, Link Thompson from Gordon, Nebraska, who is a lifelong rancher and horse trader, and he's helped me make my cattle dreams come true over the years, so I came as a personal favor to him. I was hesitant about stating my qualifications until I heard the people that were for this bill state theirs. I've worked-- I grew up in the sale barns. I've worked at sale barns in both sides of the brand inspection area. I'm-- I attended UNL. I was on the livestock judging team at UNL, I'm an auctioneer. My family owns feedlots on both sides of the line. Our feedlot at Ewing that is in the brand inspection area, the old Hobbs lot, is within four miles of the line. I know the-- I don't know the logistics. To my fam-- I came here at behest of my friend. To, to us, this is a property rights issue and nothing more. The other thing is the exchange with Mr. Meyer and the representative from LMA was fascinating for me, when Fred said about the slicks and the LMA representative hesitated, and then he went back to the basics. You need to ask a brand man. That's the perfect answer to a great question. The brand man's the referee at all these sale barns. They're the cop, they're the firemen. When you have trouble, what do you do? You go talk to a cop because you trust them. They're the referee. One of, one of the problems we have in this is the brand, first of all-- well, there's two things. I think the LMA needs to grow-- have a bigger role in selecting the Brand Committee. And the second thing, the stuff I can't afford, the inspection fee-- \$250,000 for a load of feeder cattle, and we had a room full of people that were not polite enough to stay to listen to the testimony

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that can't afford a dollar a head? I invite this committee to ask me what my family does in their feedlot in the brand-- in the brand area. Thank you.

DeKAY: Any questions?

STORM: I actually have one. The question I have on, on-- for you on this is-- I just lost the train of thought there. I did have a good one, but-- I'm OK. I lost it.

GREG KOINZAN: We pay the inspection fee, and my fee-- my family pays the fee. We choose to pay the dollar a head. It's a property rights issue. Just like these other fellas, I didn't want my wife to go through the audit. So you know what? I paid the dollar fee, head fee, because we can afford it. These fat cattle are \$4,000 a head. OK? A feeder cow is \$3,000. A feeder steer is \$3,000 a head. We can afford to pay the referee to give us title to our livestock so my neighbor doesn't accuse me of being a thief. I go to 13 sales a week to buy these animals. I want a brand clearance for, for my animals that say I bought them. I don't want to go uptown in Bassett and have some rancher say, you got a cow with my brand on it without being able to say, you know, I've got a clearance for that cow. Good fences make good neighbors, and I want to be a good neighbor. And I want to be around a long time, and I think this is beneath the people that came here and said they can't afford the dollar a head. And then, they sit here and tell you how many feedlots they own, how many ranches they have, and how many states they're in. And then they just can't-- they can't pony up and pay the dollar.

DeKAY: [INAUDIBLE] just wrap-- Senator Storm has a--

STORM: I remembered my question. So, LB1258 doesn't do it. You could still have-- its voluntary inspection. So, if I'm a-- if I'm a sale barn in, in western Nebraska, you could still have a brand inspector stand there and inspect cattle, and just have a fee passed on to the people that buy cattle there. In fact, I think it'd be a great marketing idea if-- that's what I would do if we went to voluntary.

GREG KOINZAN: You, you should buy a sale barn.

STORM: What's that?

GREG KOINZAN: I'll, I'll try to--

STORM: But I'm just saying. But you, you don't-- you can choose to still do this.

GREG KOINZAN: I think Mr. Blackford said it right. I think Mister Hanna said it, and they're both very good ranchers--

STORM: Yeah.

GREG KOINZAN: --and they are very polite. And the reason honest people are honest is because the law enforcement keeps them honest. The reason? Good-- I'm going to say it one more time, I'm going to say it slower. Good fences make good neighbors. And that's what Mr. Hanna and Mr. Blackburn [SIC] and Rusty Kemp said, all of them. It's something that their grandfather taught them. They're honest because the brand inspection committee is here as a deterrent. Can the brand inspection committee work better? Yes. Is there some compromises? Absolutely. I just don't buy this stuff that we can't afford the dollar a head and that we don't need to have title. It's just not that big a deal. Well, it's a real big deal for my family, and it's real big deal for the people we feed for. And the senator from-- that's always interested in this electric ID stuff, we do that too at my feedlot. I'm versed in that too. But the old rules that your grandpa taught you kind of still, still, still mean something to some of us.

DeKAY: Thank you. Any other questions? Seeing none. Thank you. Next opponent.

GEORGE COOKSLEY: Busy place today. Chairman DeKay and members of the Agricultural Committee [SIC], my name is George Cooksley, G-e-o-r-g-e C-o-o-k-s-l-e-y, and I am part of the family ranching operation from Anselmo. I am past president of Nebraska Cattlemen, and I'm here today on behalf of Nebraska Cattlemen in opposition to LB1258. While Nebraska Cattlemen supports modernization of the brand system, improved technology, and better management and greater accountability, LB1258 does not accomplish any of these objectives. The brand inspection area in Nebraska was not drawn by accident or convenience; it reflects the realities of livestock movement and risk. It reflects generations of producers working together to protect their property and prevent theft. LB1258 would undo that history and dramatically change brand inspection in Nebraska with a single

policy shift. Moving to a voluntary statewide system would weaken the protections that producers in the brand area rely on every day. It would create an uncertainty in livestock transactions, undermine the clarity that inspection provides, and erode the value of a system that has served Nebraska well for more than a century. A core principle of our grassroots development policy is the brand system must remain overseen by an independent committee of producers. That structure keeps the system grounded in the needs of the people who use it. LB1258 moves that in the opposite direction by moving the committee under the direction and control of the Nebraska Department of Agriculture, reducing the independent oversight of the various system producers have built and maintained. We are not here to defend past mismanagement or to deny the need for improvement; Nebraska Cattleman has been clear that modernization is essential to strengthen the brand system, not weaken or replace it. LB1258 would fundamentally alter a system that protects producers and supports efficient commerce, and reflects decades of producer-driven work. As a personal note, I would say that as I started my introduction, I said that I was part of a family operation. I am the fourth generation; fifth and sixth generations are on the ranch today. We feel strongly in the importance of the brand inspection and how important it is to the long-term viability of our operation. It is imperative that the two sides of this discussion come together now in an open and honest manner and resolve the divide that exists today. For these reasons, I respectfully oppose LB1258, and be glad to answer questions.

DeKAY: Thank you. Any questions? Senator Ibach.

IBACH: Hello.

GEORGE COOKSLEY: Uh-oh.

IBACH: Don't run. I just want to say that I appreciate cattlemen because they have come to the table time and time and time again. And you're one of the reasons, because when we were in Kearney, you said we don't agree, but we, we agreed to disagree on this approach. On any approach. But I think that you and your organization have really done a remarkable job at saying we can't support that, we can support that, we can't. So, I think your policy-- I think you've all followed your policy to a tee, and last year, we did come to a compromise that I think could have worked. But since it didn't, this is kind of where we're

at. So, I would just encourage you to continue the conversation and continue the dialogue, because I do think that you and your organization have a lot of integrity and are willing to work toward a compromise. So, I really don't have a question other than we have a TC brand too, so maybe we could come to terms and compromise on the TC brand.

GEORGE COOKSLEY: Well, I would say, Senator, that is absolutely the best question I've ever been asked. And I think the other thing that-- within that that we all have to remember, a number of the proponents of this bill that came up and talked are friends. And we have agreed to disagree on this. Where we need to get is to the point where we agree that we have to work towards an end solution, and I think that needs to be sooner rather than later.

IBACH: Great. Thank you very much. Thank you, Mr. Chair.

DeKAY: And yes, it's a compromise on your brand. Would it be safe to say that you would be willing to put your brand on her cattle?

GEORGE COOKSLEY: For a fee, yes.

DeKAY: Thank you for being here today. Any other questions? Next opponent.

TRENT LOOS: Trent Loos again, T-r-e-n-t L-o-o-s, Sherman County, Nebraska. I just feel compelled to share some things. I do media every day, and I started doing media because I wanted people to understand the real story behind where food comes from and who produces it. And I just wanted to clarify a few facts. I am adamantly opposed to government mandates in any way, shape, or form. But I, I dislike more when policy picks winners and losers, and that's why I oppose LB1258. I see this picking winners and loser. With all of that said, on February 12, 2026, the Department of Justice posted on their page-- and anybody can look this up-- five federal indictments for cattle fraud totaling \$220 million. None of those are from Nebraska. With that said, I just have to comment on the ROI, on the number of cases that are involved in what we spend. I don't believe any sheriff's department or city police actually want more crime so that they can spay-- say they spend less money per crime. That makes no sense to me. This is about deterrence. Property tax is something that every single day somebody tells me, I maybe can't

move to Nebraska. Not once have I had anybody tell me the brand inspection situation, and I talk to people in about 20 states every day. Senator Hansen, I looked up some data specifically for you. In 2020, Kansas had 6.8 million head of cattle. In 2026, Kansas has 5.85 million head of cattle. In 2020, Nebraska had 6.6 million head of cattle; today, we have 1.5 million more than the state of Kansas, which is evidenced by some of the testifiers in front of me who knowingly moved from Kansas to a brand inspection area in the great beef state of Nebraska. We are the beef state of this entire nation because of the resources that we have, and I hope that we spend adequate amount of time on protecting those resources, particularly water, where we lead the nation in 91% of our water coming from groundwater. We have got a water war coming, and I hope we can spend our time most wisely in a way to enhance and not restrict the citizens of the great state of Nebraska. This is the Agricultural Committee. Senator Storm, the reason that you are seeking unity is that culture is what we're talking about. And even though we are one state and all maybe cheer for one team on Saturday, culture in the western half is different than the eastern half, and that is what we're experiencing.

DeKAY: That's your time.

TRENT LOOS: I'm, I'm aware.

DeKAY: Thank you. Any questions?

TRENT LOOS: Thank you.

DeKAY: Thank you. Next opponent.

BRYCE DIBBERN: Hi, my name is Bryce Dibbern. Senator DeKay, members of the Ag Committee, thank you. My name is Bryce Dibbern, B-r-y-c-e D-i-b-b-e-r-n, and I'm the executive director of the Nebraska Livestock Markets Association. I want to start off with saying the livestock markets do appreciate the feed yards and the role that they have in this industry. They really mean a lot to them, and they appreciate their participation in the markets and purchasing cattle from the producers that they're selling for. Number two, I wanted to state this industry is not nearly as divided as you guys-- some of you have been referencing all day. There is a lot more unity than you're giving it credit. On certain issues that people care about, it may seem that way, but this industry, this industry as producers

really does band together on most issues. Nebraska Livestock Markets Association opposes LB1258, which would abolish the Nebraska Brand Committee and replace mandatory brand inspection with a voluntary system under the Department of Ag. Mandatory brand inspection in western Nebraska remains essential to protect livestock producers' market integrity. It delivers reliable independent verification of ownership, which ensures rightful owners that they receive the payment, deters theft, and prevents unauthorized sale in a region with a high volume of cattle. Now, I'm going to get into some numbers that I think is really important. I stated this earlier, I want to hit it again. There are 20 livestock markets that operate within the brand inspection area. Last year-- I'm using last year's numbers, not today's, not this year's high numbers, but last year's numbers-- there was 1,416,200 head of cattle sold at those 20 markets last year. The average price of them cattle was \$2,400 to \$2,500, and the number I'm going to use is the, the lower number of the two, \$2,400 a head. That's, that's from baby calves to cull cows, feeder cattle, and everything in between. We're lumping them all together. Head count divided by the average price with total gross dollars. That's representing approximately \$3.4 billion of cattle, only in the western side of the state of Nebraska. So, huge numbers. Mandatory inspection provides an indispensable second objective review of cattle to sales, building confidence for the sellers and the buyers. Removing this requirement would shift an entire burden of the ownership determination to the market operators, substantially increasing operational risks and liabilities in these high-volume facilities. Nebraska Brand Committee right now is fully self-sustaining; they're funded solely by the fees from the producers that they pay. No state general funds are used. Shifting duties to the Department of Ag under a voluntary system would likely create significant new state costs, potentially millions of dollars annually for the administration, enforcement, and the theft investigations. This contradicts legislative priorities for the fiscal responsibility in avoiding added taxpayer dollars. I see the red light. I have a little more, but I'll take questions. I think you guys get the point of where we're at, but the numbers is where I want you guys to, to stick on here.

DeKAY: OK, we'll see if there's any questions. Any questions? Senator Ibach?

IBACH: I'll ask one. I keep looking at Senator Raybould, and she's not there. I think these numbers are very impressive, and

I don't, I don't doubt that we will grow those numbers and the amount. I just caution us, as corn was \$7 seven years ago, too, and it's not anymore. So, I'm not saying that what goes up must come down, but I also think that to say that, that producers or feedlots can't afford it-- yes, they can, but I think we're missing the point of why.

BRYCE DIBBERN: Yeah.

IBACH: And so, I, I don't object to your numbers at all. I hope, as a producer myself, these numbers don't go down. I know we're growing our herd, we're keeping all our heifers, we're trying to do the right thing as well. But I just-- I want to caution us that, that yes, these numbers are accurate, and I agree with them. But the, the why is a little bit different than what's in these numbers.

BRYCE DIBBERN: Yeah. I--

IBACH: Does that make sense?

BRYCE DIBBERN: Yeah, I wasn't stating those numbers to say that that's why we can afford it, why it's no big deal. I was stating then those, those numbers to explain the importance of the program of how many dollars it's representing.

IBACH: Yes. Yeah.

BRYCE DIBBERN: Even if the numbers go down, it's still these producers' livelihoods. That's the reason for the numbers.

IBACH: I agree, and if you ask me personally, we shouldn't exempt sale barns, because if cattle are stolen and going to-- are going to be sold, they will be sold in a sale barn. And so, I agree 100% with what your messaging is.

BRYCE DIBBERN: Can I make one statement on the exemption?

IBACH: Sure, sure. Yep.

BRYCE DIBBERN: So, I did talk with all the markets in the, in the brand inspection area, and the discussion on exemptions was discussed. I know it's not in this policy. The market owners understand that a duplicate inspection in the feed yard space

probably isn't necessary, and it seems like a no-brainer to not have to do that.

IBACH: Well--

BRYCE DIBBERN: The livestock market side of things are, are willing to do some negotiation to make this program what it needs to be, but I do think it needs to, to be a little more openly discussed amongst industry in a group. And invite them all, and three or four members-- or, not necessarily members, but just people from each of these organizations to come together and find some solutions that work. But we don't believe eliminating it, turning it into voluntary is the right decision.

IBACH: I think that's our goal too. Thank you.

DeKAY: Senator Meyer.

F. MEYER: A quick question. So, the, the, the differences between the barns in the inspection area and the ones not in-- the ones that are in the brand inspection area, your brand inspectors, they can guarantee ownership of those livestock-- of that livestock, so when your yards write the check to the owners of that yard, you can get-- as a, as a barn owner, you could guarantee that the title has passed correctly. So, for the 15 barns that are not in the area, how do those owners guarantee passage of ownership on those cattle? Because you have different security interests, I'll just say, at that point on [INAUDIBLE] cattle.

BRYCE DIBBERN: Yeah. It's a good question. It's, it's a lot easier for the markets in the western side of the state to determine rightful ownership than it is in the east.

F. MEYER: [INAUDIBLE]

BRYCE DIBBERN: The guys in the east-- the guys in the east are, are kind of at the mercy of the person selling, that they're being honest and upfront and, and doing their job. And if somebody calls in and says "we think something's stolen," at that point, they're going to get an investigator involved.

F. MEYER: So, have there been many instances at those barns?

BRYCE DIBBERN: Oh, there's-- yeah, there's instances all the time. We get calls from both sides of it.

F. MEYER: Both sides.

BRYCE DIBBERN: Both sides, but yes, there are lots of instances that happen.

F. MEYER: So, for the yards in, in the brand inspection area, they have a certain level of comfort knowing that the brand inspection has cleared ownership of those cattle when they're-- go through the barn and to the new owners.

BRYCE DIBBERN: I'm sorry, I'm just damaging your mic, here.

F. MEYER: There's a \$100 fine for breaking the microphone.

BRYCE DIBBERN: Yeah, I fixed it, so maybe only \$50. That was one of the main reasons the markets really-- on the market side. Now, the markets speak on two different levels. They, one, speak for the producers they sell for, and on the other side, they also speak for themselves and what they do in their operation. And yes, for the markets, they really fought for the fact of those guys are-- the ones that are guaranteeing those cattle are, the people that are getting paid are getting paid for the right cattle.

F. MEYER: Thank you.

BRYCE DIBBERN: That was important to them.

DeKAY: Thank you. Any other questions? Real quick, that wouldn't be a fine, that would just be a fee. For--

BRYCE DIBBERN: Just a fee.

DeKAY: But--

BRYCE DIBBERN: As long as it's \$1.50.

DeKAY: The other, the other more important question-- and I couldn't ask this earlier because I couldn't ask. But you got 15 sale barns on the east side of the line. What's the number a head that-- you, you talked about 1.4 million or whatever on the

west side of line. What's the amount of cattle that run through the eastern barns?

BRYCE DIBBERN: I have those numbers in a document, but I didn't bring them prepared because I didn't think we were talking about those numbers. But I will say it is significantly less than the western side.

DeKAY: OK. Well, if you could--

BRYCE DIBBERN: And I can get those numbers to you at a later time, but I don't have them on paper, so I can't, I can't truthfully say. But I do know it's less.

DeKAY: That's fine. If you could send them, that would be great. I appreciate it.

BRYCE DIBBERN: You bet.

DeKAY: Anything-- seeing none.

BRYCE DIBBERN: Thank you.

DeKAY: Next opponent.

RUSTY KEMP: Hello. Appreciate you letting me speak to you again. I'm Rusty Kemp, R-u-s-t-y K-e-m-p, Chairman DeKay, members of the Ag Committee. Senator Kauth, my great-grandfather was not a senator. The Kemps were mainly bootleggers, but we consider that--

KAUTH: That's good, too.

RUSTY KEMP: --we consider that value-added agriculture, pre-ethanol. So--

KAUTH: Probably a lot more fun.

RUSTY KEMP: Yeah. So, I don't think anybody would disagree with me that why, why we have the brand regulations in the first place, why they were established in 1941, is enough people were behaving badly for a long enough period of time that some good people got together and figured out a way to address it. Can anybody dispute that? Now, I would argue that human nature has not changed since 1941. If you look to Eastern Europe right now,

I think that would corroborate that. So, what I would ask you to, to, to think about-- because there seems to be some eagerness to, to drastically change our, our brand statutes, break things up-- what if we get that wrong? Where do we go? Do we start over? And some of these feedlot guys made a-- made some good points. A lot of these laws are, are not germane to them, they don't apply to them. But what I've got a problem with is you seem to be trying to throw the cow-calf sector into a situation that doesn't apply to us. I mean, we, we need the mandatory inspection because we need the third-party verification. It only works if everybody's getting their cattle inspected. So, on that, I'd be happy to take any questions, if anybody has them.

DeKAY: Any questions? Seeing none. Thank you.

RUSTY KEMP: Thank, thank you.

DeKAY: Next opponent.

KATIE KELLER: Chairman DeKay and members of the Agriculture Committee, my name is Katie Keller, K-a-t-i-e K-e-l-l-e-r, and I am the president of the Thomas County Farm Bureau, as well as a rare first-generation rancher raising cattle in the Sandhills of Nebraska. I'm here to testify on behalf of myself and my family in opposition of LB1258. My livelihood depends on the health of my cattle, the success of herd development, the beef market, and the security of my family's investment. For this last element, the Nebraska Brand Committee is a major component in, in making sure the security of our family's investment is protected. The first year I purchased my own cattle, I turned a deaf ear to all those who told me that if I don't own or inherit the land, I would never succeed. I married a fifth-generation rancher from the Sandhills who had a similar work ethic since he will not inherit land either. This means that our cattle tend to graze on different summer pasture every year, leaving us to not always know who the neighbors are. The Brand Committee gives us peace of mind through their protection and regulations that if our cattle were to get mixed up or stolen, we would be notified, and the responsible party would not be cashing in on our livelihood. It is very important to allow those involved in the day-to-day of the cattle industry to rely on the services and protection of the Brand Act as it stands today. With all due respect, the Department of Agriculture already has a full plate trying to figure out how to sustainably fund what they've most recently

stuck the cow-calf producer with, i.e., the EID tags. Here's a scenario-- this is not the one I wrote in my testimony-- let's say you had too much to drink at the bar. You're heading home, and up to your right, you see "voluntary breathalyzer ahead." What do you do? Do you say, "Hey, I'm going to stop over there and potentially go to jail?" Or do you revert and go around? Because it's voluntary, and you know that you are breaking the law. This is not only about theft. Yes, the crime rate may be low, but why would it make sense to pull something that is keeping that crime rate low? I would like to pose a couple questions. In this new LB1258, what happens if the fee income decreases due to the lack of those choosing to be inspected? Since it is now under the Department of Agriculture, does that turn into a taxpayer having to fund this new system, now that it is not a non-code agency? And I also just want to reiterate that the main issues isn't just straight-up theft, but it's feedlots who also own cow-calf that graze in the brand area, who then need to be held accountable for when they go to gather their--

DeKAY: Could you wrap up real quick?

KATIE KELLER: Yes. When they go to gather their cattle, that they have their own cattle and not a neighbor's. So, I would like to thank everyone on the committee for listening to the testimony, and I would open up to questions.

DeKAY: Thank you. Are there any questions? Senator Ibach.

IBACH: Thank you for coming in today, and you're another shining example of a young person engaging in agriculture, so I appreciate that. Thank you. Can you, can you just state again why your comment on the EIDs and the Department of Ag slapping those on us?

KATIE KELLER: Yes.

IBACH: Can you expand on that?

KATIE KELLER: Do you really want me to?

IBACH: I do.

KATIE KELLER: OK. So, the Department of Agriculture, the EID was obviously a very hot topic. The point was to create traceability and ownership.

IBACH: Mm-hmm.

KATIE KELLER: This was supposed to be funded by the Department of Agriculture to cow-calf producers that were putting EID tags in breedable females. That did not happen because they did not do their research on how many head veterinarians in our area would-- normally, brucellosis Banks tag in one year. So, I used to work for a veterinarian in Valentine; he receives 2,000 EID tags a year from the state. He puts in normally 6,000 metal tags for Banks tagging. So then, that got stuck on the cow-calf producer who did not agree to this mandate, so now we're paying an extra \$3.50 cents a head for something that the government told us we have to do. So, I argue--

IBACH: I would disagree with you, because it's a federal program for tracing [INAUDIBLE]. But--

KATIE KELLER: You-- OK. OK, OK. Right, but, but we are being-- it was told to us that that would be provided to the veterinarians, but they didn't provide enough. So then, the veterinarian's are passing down that cost to us.

IBACH: We should talk afterwards.

KATIE KELLER: OK, because yeah, there's a-- I, I am also a semen sales representative, so-- I'm sure no one else in this room can say that. But I work with a lot of ranchers in multiple counties, so it's just interesting to talk to those different ranchers to see what they're dealing with on different levels.

DeKAY: OK. Thank you.

KATIE KELLER: Thank you.

DeKAY: Next opponent.

LEVI FISHER: Well, I was going to say good afternoon. Order.

DeKAY: OK, go ahead.

LEVI FISHER: Good evening, Chairman and senators. Thank you for staying so late to listen to the testimony. My name is Levi Fisher L-e-v-i F-i-s-h-e-r. I've been an ag lender in Nebraska for the past 25 years, and currently serve as the community bank president of Equitable Bank in North Platte I'm also

representing the Nebraska Independent Community Bankers in their opposition of LB1258. In my banking role, I currently oversee about \$150 million in cattle loans. The current brand structure has provided a high level of comfort for lenders that rely on cattle as their primary collateral and source of repayment, and I fear that some of the proposed changes will destroy the confidence that lenders have in cattle lending in Nebraska and make credit harder to obtain for producers. As stated earlier, the livestock industry in Nebraska is a \$1.5 billion industry; it needs to be regulated as such. As a banker, I'm very familiar with regulations and the expenses of audit, and compliance personnel needed to remain in compliance. You can even draw some parallels between the banking and cattle feeding industries. For example, a \$500 million bank would be equivalent of total assets to about 100,000-head feedlot. A bank that size would pay about \$400,000 annually in FDINC [SIC] insurance and regulatory fees, whereas that feedlot, we'd heard, pays about \$60,000. You know, you asked for the why, you know, and, you know, the feedlots are saying, what, what is their benefit? As a bank, I can say, what's the benefit to me? You know, how many people have we stopped, how many employees have we stopped from stealing banks with regulations? That's a really hard number to answer, but those regulations are there to protect our customers and provide confidence in the banking system, and the same could be said for the cattle feeding industry. There needs to be some regulation to protect the confidence that the lenders and the customers have built in the cattle feeding. You know, we've talked about the prices. Now's not the time to deregulate the industry. Making the brand system voluntary or exempting large feedlots, it, it could be detrimental when this market does have a correction. The large feedlots are arguing that they're being forced to pay multiple inspections of their own cattle, when in fact the cattle are only required to be inspected upon entrance into a finishing yard. They pay an additional fee that allows them to ship their cattle from the feed yard to a terminal slaughter facility at any time with no additional inspection. This is a separate service and benefit from the actual inspection, and should not be confused with the brand inspection. You know, as, as the cattle feeding industry continues to grow in the western half of the United States, these, these feed yards are continuing to purchase, you know, large ranches and more farm ground, and increases the likelihood of that cattle-- of their cattle being commingled, and the necessity for those cattle to be inspected coming into the yard. There's value in having an agency whose primary function is to protect the ownership of these cattle, deter theft, and help

prosecute anyone found in violation of the laws. So, with that, I'll take any questions.

DeKAY: Senator Storm.

STORM: Thank you. Thank you, Levi, for coming here. So, I, I have a question. So, I understand the comfort as a banker you want to have, more proof of ownership. How, how do bankers, independent bankers in the eastern part of the state, loan on any cattle? Because they don't have that.

LEVI FISHER: No, that's a good question. I think the primary answer to that's going to be the risk/reward. You know, I think when you look at the number, you know, the size of the operation, the complexity of the operations in western Nebraska versus eastern Nebraska, in western Nebraska, we need that little bit more reassurance that there is somebody keeping an eye on that, you know, based on all the testimony that we've heard. You know, eastern Nebraska, you know, they do feed a lot of cattle, but it's going to be smaller feedlots, probably-- you know, there's not as many cattle around, so the likelihood is less in eastern Nebraska than it is western.

STORM: Except, like, Cuming County, West Point, where you're from. Lot of cattle there.

LEVI FISHER: Yeah, correct. But the, the difference in geographic-- you know, I mean, there's not a lot of barbed wire fence in Cuming County. You know, I'm assuming that--

STORM: It's, it's feeders. It's feedlots.

LEVI FISHER: But, you know, probably not a lot of barbed-wire fences like in the backgrounding yards. I'm assuming most of its permanent fences.

STORM: OK. Thanks.

DeKAY: Any other questions? So, when you're working with your-- just a second. When you're working with customers and doing property statements, does that help you, when you're making loans, what are-- operating loans and stuff-- that give you peace of mind, regardless if it's a feedlot operator or a cow-calf guy, to know that those numbers are protected because of the inspections that have been done?

LEVI FISHER: Oh yeah, absolutely. You know, included in the back here is our inspection report, and one of the questions on that inspection report is how are these cattle identified? How are they branded? And I've got an example of a customer I just went did an inspection. It was in a backgrounding yard, and there are cattle that he owned individually, there are customer cattle, and there are cattle that he owns in a partnership. And the cattle that are owned in a partnership are branded differently. That partner-- those partnership cattle, there's a brand that is registered to both partners in that partnership. So, when those cattle are sold, both names will appear on the proceeds check, along with mine as the lienholder. So, yeah, it, it-- it's huge.

DeKAY: So, it would help you-- give you peace of mind to know that somebody is not misrepresenting the ownership of those cattle.

LEVI FISHER: Yeah. You know, especially when you run into, like, some of the mixed families that you'll have dad has a brand, kid has a brand, mom has a brand. And then, sometimes there'll be an LLC or some things like that. So, part of my responsibility as a lender is to make sure that when they fill out that property statement, that they have the assets that they are-- that we're verifying the assets they're claiming they do have, and the brand is an integral part of ensuring that.

DeKAY: OK, thank you. Any other--

STORM: Got one more question.

DeKAY: Senator Storm.

STORM: OK. So, you don't have to brand your cattle in western Nebraska, right?

LEVI FISHER: Correct.

STORM: Or in the state. So, do you loan money on cattle that's not branded?

LEVI FISHER: I-- no. I, I, I-- that's not in a-- I mean, it's not in our policy that says we wouldn't, but I don't have any instances of anybody that, that doesn't.

STORM: OK, so all your customers brand their cattle?

LEVI FISHER: Correct.

STORM: OK. All right.

DeKAY: Any other questions? Seeing none. Thank you. Next opponent.

ROB STAR: Good afternoon, Chairman DeKay, and members of the Ag Committee. My name is Rob Star, R-o-b S-t-a-r. Thank you for the opportunity to speak with you today in opposition to LB1258. I'm a fifth-generation rancher along with, along with my brother outside of Hershey, where we run a cow-calf backgrounding feeder and a registered feedlot operate-- registered RFL feedlot operation. Our home-raised cattle do not leave the inspection area, and are only inspected one time coming into our RFL lot for an inspection fee, along with other purchased feeder cattle. There is a quarterly audit for the RFL at a one-time capacity rate. The RFL system is very flexible and allows us to ship cattle when we need to on short notice without having to call an inspector, or leave-- or when the cattle are leaving the feedlot. It allows us to keep up with the speed of commerce. And outside of the feed yard, when we're running our cow-calf and feeder on expensive pastures with numerous cattle in multiple, multiple areas of the county with numerous neighbors, the brand inspection system is a very vital part to our operation and to the return of cattle. Thank you. With that, I'll take questions.

DeKAY: Any questions? Seeing none. Thank you.

ROB STAR: I-- could I add one thing? [INAUDIBLE]

DeKAY: No questions to the committee.

ROB STAR: OK.

DeKAY: Next opponent.

ERIC HANSEN: Good evening, Chairman DeKay, and members of the Ag Committee. Thank you all for your patience and, and durability here this evening. My name is Eric Hansen, E-r-i-c H-a-n-s-e-n. I am a fifth-generation rancher managing the Hansen 77 Ranch in the Sandhills in Lincoln County. Our 77 brand is the fourth brand ever registered in the state of Nebraska, and it's the oldest brand that's still in the same family. Our family has and will always take great pride in this mark, its history, its

integrity, and the cattle that carry it. I'm here today to speak in opposition of LB1258 and the creation of a voluntary brand system. Every year, I retrieve cattle back from my neighbors, which is not unusual in our part of the state. There isn't a brand inspector involved in these moments, and there doesn't need to be. We sort cattle by the brands that are on their hides. No estray report is filed, no paperwork is generated, and no one questions ownership, but we do get our cattle back. The system works because it is universal, predictable, and trusted. When the system becomes voluntary, that foundation shifts. If some cattle are branded and some are not, or if some are inspected and others are not, we trust-- we, we trust, we rely on-- becomes-- the trust we rely on becomes harder to maintain. Voluntary participation introduces doubt into a system that has always depended on clarity. Brand inspection is not a burden for producers like me; it is a service that protects the value of the cattle I raise. It ensures that when animals change hands, ownership is verified and documented, and it gives law enforcement a clear, enforceable tool when theft or dispute occurs. LB1258 removes that consistency; it creates a patchwork where the rules depend on who opts in, who opts out. That is not modernization, it is unpredictability. A voluntary brand system weakens the protections Nebraska producers have relied on for more than a century. It introduces doubt where we need clarity, and it risks replacing trusted universal system with one that is inconsistent and unreliable. I want to be clear: I am not opposed to improving the brand system. I support the modernization that strengthens accountability, increases efficiency, and ensures the Brand Committee can continue doing its job well. For these reasons, I respectfully urge the committee to oppose LB1258. Thank you for your time and your commitment to the Nebraska cattle industry.

DeKAY: Thank you. Are there any questions? Senator Storm.

STORM: Just a quick one here, thanks. So, you're a cow-calf guy?

ERIC HANSEN: Yes.

STORM: Where, where were you out of?

ERIC HANSEN: We're based in Lincoln County. North Platte.

STORM: OK. OK. Thanks. I just missed that.

DeKAY: Any question--

ERIC HANSEN: You got me in the hot seat, Senator Ibach.

IBACH: I know, I'm trying to think.

ERIC HANSEN: Come on.

DeKAY: I, I got-- while she's thinking, I'll have a question for you. What's your brand again? Of what, 77?

ERIC HANSEN: 77.

DeKAY: I know the origins of the Four Sixes Ranch in Texas. Is there any connection that way or not?

ERIC HANSEN: No, it's because my great-great-great-grandpa-- great-great-- started ranching in 1877.

DeKAY: OK.

IBACH: I can ask one.

DeKAY: OK.

IBACH: If you're going to force me to ask a question. No, I fairly can't. I think it's been answered already. I would just salute you and say thank you for being an excellent producer in Lincoln County. I put a lot of stock in your opinion, and so I think you have a great legacy and a great heritage. So, keep doing what you're doing.

ERIC HANSEN: Thank you. I think you have my phone number.

IBACH: I do. Speed, speed dial.

DeKAY: Thank you. Next opponent.

MARIE FARR: So, I'm going to skip over a couple deals where it's already been repeated. [INAUDIBLE]

DeKAY: Go ahead and sit down and state your name, please.

MARIE FARR: OK. I'm sorry.

DeKAY: Thank you.

MARIE FARR: OK. Good evening, Chairman DeKay and members of the Agriculture Committee. My name is Marie Farr, M-a-r-i-e F-a-r-r, from Moorefield. My husband, son, and myself have a farm-ranch operation in southern Lincoln County. After this bill was introduced, I contacted the Nebraska Department of Ag, along with talking to a local sheriff about this, and they knew nothing about this bill. How do you plan on passing this off to the local law enforcement, giving them the training and the resources they need? Many of our local law-enforcement agencies are already understaffed and underfunded. Because of the Department of Agriculture is an umbrella for multiple agencies with mandatory inspections, please help us understand why livestock inspection is not also a mandatory agency. As beef producers, we have the right to know how you plan to protect our industry. I talked to a few brand inspectors in my area about how many stray cattle they look at in a given year. Numbers varied by location. One said an average of 10 to 15 a month; another who is close to the Kansas border gave me a higher number of 70. About 10 come from Kansas. One in the southwest portion of the state set said around 50 strays a year. Due to our terrain where we live, it is not possible to get an accurate count while they are in summer pastures. We count them when they go out to grass, and in the fall when we bring them home. As a rule, cattle are going to get mixed up, and the producers rely upon the inspectors to ensure cattle get back to their rightful owners. Is it fair to dump the responsibility of this on local law enforcement? Feedlots complain now about the audits the Nebraska Brand Committee do, but they are really going to complain if this bill passes when the Department of Ag, local sheriff, and the State Patrol show up at their feedlot and look for cattle that could be stolen, especially in the heat of the summer. It was mentioned last year that senators are tired of having the Nebraska Brand Committee in peer-- appear in front of them every year. As a producer, it is our duty to come in front of you to support the Nebraska Brand Committee and legislation concerning our industry. We already have in place an agency that helps protect livestock producers from the theft of livestock. Thank you.

DeKAY: Thank you. Any questions? Seeing none. Thank you. Next opponent.

MICAELA WUEHLER: Good late afternoon, Senator DeKay. Thank you for chairing this committee. I am Micaela Wuehler, M-i-c-a-e-l-a W-u-e-h-l-e-r. I am a Nebraska cow-calf producer, and also a Lincoln County Commissioner. I prepared quite a lengthy statement. I'm going to-- everybody that's come before me has said everything pretty much that I was going to say, so I'm going to spare reading it word-for-word. You can read it at your leisure. But I am going to start with, you know, the Nebraska-- cattle theft is not a relic of the past; it's a modern, organized, costly crime. My husband and I are small producers. When you're selling less than a hundred head every year, one or two gone missing really impacts our bottom line. We have had the brand inspector contact us from our local sale barn with a calf brought in from a, a neighbor that didn't realize it was in with their herd. We did not realize it was missing yet. We have had the brand inspector call us from a butcher shop. Somebody had one of our strays and was going to take it to butcher, and was caught there. So, the brand inspection does work. It, it eliminates theft. The one going to the butcher's shop was absolutely theft. It may have gone wandering, but it had our brand on it. It's pretty easy to look that up and give us a call. So, with that said, instead of asking owners if there's theft from the feedlots, maybe we should be asking the employees, because I-- I've heard from some of the feedlots in our area that cattle do go missing from them, too. So, the Nebraska cattle industry is not just an economic engine; it's a cultural foundation, a generational livelihood, and a point of pride in our state. I have a real concern about if our brand inspectors are eliminated and that burden is transferred to the county sheriff's department. They are already understaffed, overworked, and the counties do not need one more unfunded mandate to bear the burden of. I proudly represent most of the cattlemen that are sitting here and have testified today, and we all know that when the counties take on yet another unfunded mandate, it's going to be the taxpayer that pays through that-- for that through increased property taxes. One other thing I'd like to add is my son lived in Longford, Kansas for a very long period of time after he got out of the Army. When we would go to visit him--

DeKAY: Can you wrap up real quick?

MICAELA WUEHLER: Yes. When we would go to visit him, he would tell us not to drive through his area with an empty stock trailer because they self-enforce cattle rustling in Kansas.

DeKAY: OK. Thank you.

MICHAELA WUEHLER: That's all I have.

DeKAY: Thank you. Any questions? No questions, but I, I got to say this. It-- for the one that was stolen in the butcher shop, it should be a compliment to the quality of your beef.

MICHAELA WUEHLER: We took it home and ate it.

DeKAY: Next opponent.

AL DAVIS: Good evening. You've all been very patient. Al Davis, A-l D-a-v-i-s, and I want to thank you all for sitting through all this. I said you guys aren't on the Judiciary Committee, or you're not on the Revenue Committee, but you're having a Revenue/Judiciary night tonight, so my sympathy to you. I-- so, I had written testimony, and I decided to just scrap that and just sit down and visit a little bit. But we heard a lot of things today from the registered feedlots that really bothered me, because-- first of all, let's say this: there are a lot of feedlots that are not in the registered program. So, we have this group of feedlots that are coming in complaining about all the paperwork and all the other things that go with it. So, let's talk about what they do have from that. So, their fees, by the time you turn that lot, are-- instead of being a dollar, which is what it is for other, other folks, it amounts to about 40 cents a head. They are able to ship cattle at any time of day without an inspection. They can do it at night. We can't do-- we can't ship cattle after dark. They can ship cattle any time without an inspector. They don't have to have a man standing in an alley watching every animal go by to see if they're branded or if they match. That's a choice they don't have to put up with. So, they have significant benefits already. And when they tell us how difficult the paperwork is and how hard it is, and it's such a horrible consumer of my time, I'm thinking, well, you know, you're saving a fortune by not-- by being a registered feedlot, and you have all these perks. So, why don't you just hire a staffer to do your paperwork, and then you're not going to have trouble when the audits take place? I also have to really question what some of the claims that were made by the folks who were opposed to this-- or, in favor of this bill. I don't think the Brand Committee is vindictive, I don't think any of the staff are convict-- vindictive. In large part, they're just great people who, who do a real service to us in western

Nebraska. The brand is an essential part of, of our lifestyle and our livelihood in, in rural Nebraska. You've heard people say this before: it keeps honest people honest, good fences, good neighbors. You may have seen me get up and leave when Mr. Koinzan in came in or was leaving. I went out to talk to him in the hall because when I was introducing a bill to which would make the whole state in the brand area, we had a hearing in West Point. Mr. Koinzan came. He was running the Norfolk sale barn at the time, and he told a story about a gentleman who stole 20 head of cattle from a feedlot in the eastern part of the state and took them to the Norfolk barn, and sold-- and wanted to sell them there. Greg recognized him, and so stopped that. But there's-- but had-- there was no brand inspector there, so that would have gone forward if he hadn't been alert to it. Tremendous amount of benefit to the brand. We don't want to get rid of it. Making it voluntary will ultimately kill it in the long run, and we will see an increase in thefts. Thank you.

DeKAY: Thank you. Are there any questions?

AL DAVIS: Thank you.

DeKAY: Seeing none. Thank you.

AL DAVIS: Did I say Farmer's Union also? Farmer Union and cattle-- and ICON.

DeKAY: All right. Thank you. [INAUDIBLE] be noted.

JON CANNON: Good evening, Chair DeKay, members of the Agriculture Committee. My name is Jon Cannon, J-o-n C-a-n-n-o-n. I'm the executive director of the Nebraska Association of County Officials, also known as NACO, here to testify today in respectful opposition to LB1258. Appreciate Senator Hansen bringing the bill. This is a conversation that we have to have. And no matter how many times we have it, I, I, I think it's important and it's imperative for the Agricultural [SIC] Committee to, to hear all the arguments that are being made on both sides, because this is something that affects us as a state and, and reflects our heritage as a state. I also want to thank Spike Jordan, VSO that's very active at, at NACO, and Micaela Wuehler who just testified two testifiers before me. She's also on the NACO board. She was too polite to mention that, so I hope I do a good job; make sure you give me a good grade, please. And I also want mention Sheriff Henery's testimony, and actually, I,

I appreciated his testimony except for when he referred to the counties as a redheaded stepchild. I have red hair, I'm not a stepchild, but gosh, that, that kind of puts us in a little bit of a funny position. But what Sheriff Henery had, had to say, substantively though, there is a cost that's associated with this. And, and what this would-- bill would do is it would have that cost go to the eastern two-third-- or, the western two-thirds of the state. Sheriffs would have to be trained, their deputies would have be trained. There's a lot of resources they'd have to have made available to them, and that cost is primarily why NACO has taken a position of opposition. And it's not just the sheriffs. Sheriffs and treasurers would have a responsibility to handle estrays. And so because of that, you know-- again, we appreciate the intent behind the bill, we appreciate the conversation; we'll continue to have it. With that, I-- the hour is late, so I'm happy to take any questions you may have.

DeKAY: Thank you. Senator Storm.

STORM: Yep. Thank you for being here. So, does NACO advocate for a statewide mandatory brand inspection?

JON CANNON: I'm going to get myself in trouble no matter, matter how I answer that, Senator. I-- when my board meets and takes a position, I will gladly tell you what that is.

STORM: OK.

JON CANNON: But until then, we do not have that position.

STORM: OK.

DeKAY: Thank you. Senator Ibach.

IBACH: I just can't resist.

JON CANNON: Oh no.

IBACH: How do you handle east-- the eastern third of the state, the counties, how do they handle calls for theft? If somebody from Wisner calls and says "I think I have the six cattle stolen," they're going to call the sheriff.

JON CANNON: Sure. And I think Sheriff Henery, who's the Knox County Sheriff, he has to deal with, with estrays, and, and I, I, I think he answered way better than I could. It's, it's, it's an issue that he has to deal with, and, and it's-- there's a cost associated with it. And I, I think he indicated that his preference would be, you know, that, that, that he was in the-- you know, like, his entire county was in the brand inspection area.

IBACH: OK. Thank you.

JON CANNON: Yes ma'am, thank you.

DeKAY: Thank you.

JON CANNON: Yes, sir. Thank you.

DeKAY: I'm glad you clarified you had red hair.

JON CANNON: I'm sorry?

DeKAY: I'm glad you clarified that you had red hair.

JON CANNON: Man, I'll tell you what, I-- Senator-- I mean, I started losing it. The only reason I have a goatee is so I can prove to people I actually am a redhead.

DeKAY: Thank you. Any other opponents?

RYAN McINTOSH: Good evening, Chair DeKay, members of the committee. My name is Ryan McIntosh, R-y-a-n M-c-I-n-t-o-s-h, and I appear before you today on behalf of the Nebraska Bankers Association in opposition to LB1258. Notably, the NBA took a neutral stance on LB646 last year, indicating that some changes to the system and a reason-- are reasonable and open for discussion. The NBA acknowledges that existing fee structure is due for review and adjustment. The current fees may not be fairly distributed among producers, and reform is needed. The NBA also recognized that other aspects of the law may require modernization to meet contemporary industry needs. While the NBA acknowledges the existing problems, LB1258 is viewed as an extreme solution. Rather than targeting specific shortcomings for reform and modernization, LB1258 proposes abolishing the mandatory inspection altogether, risking the elimination of long-standing procedures and protections for Nebraska livestock

producers and the Nebraska banks that stand behind those producers. While the NBA was neutral on previous, more major reform efforts, the NBA cannot support LB1258, and we would encourage you to not advance the bill. Thank you.

DeKAY: Thank you. Any questions? Senator Storm?

STORM: Thank you. I've got to ask a question too. So, do the bankers-- do you guys support statewide mandatory brand inspection?

RYAN McINTOSH: No.

STORM: Why not?

RYAN McINTOSH: What's, what's in place now seems to be working fine for our banks that lend in the brand area, lend in the-- in-- not in the brand area. Many of our member banks lend in-- on, on both sides, the brand area. It's just a factor that they consider.

STORM: Right. So, it's working good in the east side of the state, too?

RYAN McINTOSH: Yes.

STORM: OK. Thanks.

DeKAY: Any other questions? Seeing none. Thank you.

RYAN McINTOSH: Thank you.

DeKAY: Any other opponents? Seeing none. Anybody testifying in the neutral position? Seeing none. As Senator Hansen comes up to close, the positions comment for hearing, for the record. There were-- on LB1258, there were 18 proponents, 160 opponents, and 2 in the neutral position.

HANSEN: Thank you, Chair DeKay. I think I can get breakfast soon. I haven't eaten yet. Thank you again, for everyone who came out today and shared their comments, and thanks to my colleagues on this committee and to those who co-sponsored this bill. As somebody mentioned earlier, this is an emotional issue. I feel there has been a lot of misinformation and scare tactics at times, at times. We're all here because we have one thing in

common: we know that agriculture is the lifeblood of the state's economy. It is who we are, and it is why Nebraska and Nebraskans are so special. As I shared in my opening, this is my eighth year on the Ag Committee. I have sat through many brand inspection hearings. I represent one of the largest cattle feeding districts in the state, and I understand the impact Nebraska agriculture has on the state's economy. So, here's what I do know. As a businessman, I care about less regulation and lower taxes. It is also no secret that the current brand inspection program is in financial crisis. Doing nothing means the entire program goes away, and I'm fairly certain most of the people in this room believe in protecting our livestock. There are two proposals before this committee. LB1187, as proposed by the Brand Committee, would increase fees by over 30 percent on producers in central and western Nebraska who already pay over \$6 million more a year than other producers inside and outside the state. It does nothing to end the division or bring statewide uniformity. How does this help strengthen Nebraska agriculture? Why would we put more money into a system that puts more burden on producers? And how high are we willing to go on these fees until it's too much for them to take? I encourage you to read the letter from former State Senator and Appropriations Chair John Stinner; his predictions came true. LB1258 is a solution. It provides statewide uniformity. It is about ending this division that weakens our ag sector. It is about lowering costs for producers, removing a mandate, and focusing instead on investigation and prosecution of criminals. We have Nebraska cow-calf, feedlot, and dairy producers that own land and cattle in other states, including Kansas. We compete with other states including Kansas, Texas, and Oklahoma. We have heard direct testimony that Nebraska is getting a bad reputation. The laws are confusing, not applied uniformly, and it is more difficult and expensive to do business in Nebraska. As was shared today, Nebraska is losing cattle and customers to other states. This is real, and this should concern us all. Now, my favorite topic, let's talk about "big ag." Last I knew, agriculture in Neb-- is Nebraska's number one industry. It is a huge industry that impacts every person in this state. We are proud of our number-one ranking in cattle feeding, we are of our cow-calf producers who provide the cattle to our number-one-ranked industry. All producers are important to our ag economy. That includes big ones, medium-sized ones, and small ones. All of them. Now, if you want to talk about corporatization of Nebraska agriculture, I'll stand right next to you and fight that all day long. Now, if you want to talk about outside industries and people buying up Nebraska ag land, I will be right there next to you to fight

with you again. All of these producers are the lifeblood of many of our rural communities. Many times, they are the largest employers, they produce millions in cattle, millions of bushels of grain, buy equipment, help keep small businesses alive, and give a great deal back to their local communities. They pay payroll taxes, income, sales tax, and, in my opinion, too much property taxes. So, let's stop the quote-unquote "big ag" rhetoric and work together to grow Nebraska. We are blessed to have water, a great climate, and an abundance of cattle and grain. We are fortunate to have people invest in a plant like Sustainable Beef in North Platte. Ask Lexington about the devastation that community is feeling after the loss of a packer, not to mention the impact it's having on Nebraska's ag economy. Bottom line, my message today is that we can't take anything for granted. The competition has never been more fierce, which is why LB1258 is a solution that will strengthen Nebraska. Finally, I want to give a shout-out to my colleagues on this committee. Chairman DeKay, I know you're in a tough spot and that your district is half-in and half-out of the brand area, and your leadership has never been more important. Senator Ibach, you and your family live agriculture. I am grateful for your leadership, passion, and courage in taking on an issue that most want to hide from. You do so because you know how important ag is to us and the next generation. And lastly, I want to give a shout-out to my staff because they've had to take a barrage of phone calls the last few days, many from people who are very belligerent, swearing, and very disrespectful to these young, young ladies. So, I apologize to them for that. So, my goal is to solve this issue once and for all so this committee can focus its energies on many more major issues confronting agriculture. Thank you, Chair DeKay.

DeKAY: Thank you. Are there any questions? Would you give a shout out to all of our staffs? Because we've all--

HANSEN: Yes, of course. And if I can, can I bring up one thing real quick?

DeKAY: Go ahead.

HANSEN: I know, I know we're ready to head out here. I think some of the proponents did mention that there is a-- they feel a silent majority in western Nebraska, and I would have to concur. I think-- we've had phone calls, I've talked to many people in person, we've got emails from many people who think in western

Nebraska, what-- that we are on the right track, but they can't say anything, for whatever reason. And somebody brought up the fact that Kansas has decreased in cattle the last four years. There are some who are attributing that to the closure of the border in Mexico, of why they have decreased more than Nebraska has. And I got to do one more thing, just because I love analogies. Somebody used the idea of a breathalyzer. Who would volunteer to go through a breathalyzer if they've been drinking? The Brand Committee, mandatory Brand Committee is the same as you drinking-- or, not drinking, and you have to call a police officer before you can open your car to drive away. I don't think that's right.

DeKAY: Thank you. Any questions? Seeing none. That ends the hearing on LB1258, and that ends our hearings for today. Thank you for--