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COMMITTEE ON AGRICULTURE
February 7, 2006
LB 1053, 1081, 1038

The Committee on Agriculture met at 1:30 p.m. on Tuesday, February 7, 2006, in Room 2102 of the State Capitol, Lincoln, Nebraska, for the purpose of conducting a public hearing to consider gubernatorial appointments, and LB 1053, LB 1081, and LB 1038. Senators present: Bob Kremer, Chairperson; Phil Erdman, Vice Chairperson; Carroll Burling; Deb Fischer; Don Preister; and Roger Wehrbein. Senator absent: Ernie Chambers; and Doug Cunningham.

SENATOR KREMER: Well, we will begin our hearings today. I'm Bob Kremer, Chairman of the Agriculture Committee, and I will introduce our members that are here. Senator Fischer from Valentine on my far left; some of others will probably be arriving; Senator Phil Erdman from Bayard is also Vice Chairman of the committee; Nikki Trexel is the committee clerk; on my right is Rick Leonard who is the research analyst for the committee; Senator Burling from Kenesaw is with us. And we will introduce the others as they arrive. And our page is Kallie Schneider, she's a sophomore at UNL. And if you have some material to hand out, why, just hold it up and she will hand it out, or anything else you might need; she's here to help us. A few instructions: If you have a cell phone, please turn it off. That always reminds me I'd better turn mine off. And when you come to testify, get ready and come up to the front row before that, and please fill out the sign-in sheet before you come up and drop it in the box here. I think there's some on the front chair, I think, right there. State your name and spell it so our transcribers can get it correctly. You do not have to repeat something that someone else has already stated. Short testimonies are welcome. But please, if you have new information or something like that, we want to hear that, also. Anything else? We will hear the bills in the order as they're posted out there. First of all we have two gubernatorial confirmations, and then we will go to LB 1053, and then LB 1081, and LB 1038. So at this time I think we'll have John Peetz, if he'll come forward, and he's an appointment to the State Fair Board and I think a reappointment. How many years have you served now, three or two or...

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JOHN PEETZ TO THE
STATE FAIR BOARD

JOHN PEETZ: In calendars year it's three, in real years it may be more than that. (Laughter)

SENATOR KREMER: Okay. Well, please tell us about yourself and some of your goals and your observations of the Fair Board, and thank you for coming today.

JOHN PEETZ: Okay, thank you, Mr. Chairman, members of the committee. My name is Jack Peetz. I guess that's the street name, the original name is...or the given name, legal is John P. Peetz, III. And I'm currently affiliated with Crete Carrier Corporation here in Lincoln, Nebraska, and have been since 1988, and was appointed by the Governor to the State Fair Board approximately three years ago and received the blessing of this committee to proceed to serve on the board. It's been an interesting three years, as you well know. We at one point were financially in dire straits, and with the assistance of the Legislature and the citizens of the state of Nebraska we were fortunate enough to receive a portion of the lottery funds, which is allowing us to attempt to get back on our feet with the repair of buildings, improvement of facilities. And we've got a long ways to go, but we've got a good start. And I'm not here to ask you for money, but if you have any extra laying around, we'd sure be glad to take it and invest it in the State Fair Park. I've enjoyed serving on the board; look forward to an additional three years. And I think that now that we have the lottery funds and hopefully we can attract the private sector to make investments in State Fair Park over the next several years, so we don't always have to look to the public sector for support. Those are things that I think that are on the short-term plan as well as the long-term plan. We're involved with the Antelope Creek Project as well, which is a multiyear project that is involving the city of Lincoln, which affects State Fair Park and will affect essentially the west and the south sides of the park as that project progresses over the next several years. So I think our access to the park, as well as the fringes of the park will be somewhat beautified, and the ability to have ingress and egress to the park will be improved as that project unravels and is developed over the next several years. If you have any questions, I'd be...

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SENATOR KREMER: You are representing the business community of Lincoln, is that correct?

JOHN PEETZ: Yes, Senator.

SENATOR KREMER: Because the...restructuring the board a few years ago, I think has been a real positive approach to have some of the business people from Lincoln and Omaha and other cities.

JOHN PEETZ: I think it's been good. I think we have...Chancellor Perlman is representative on the board, the Arts Council, and then we have four business representatives on the board that are from around the state that has been good. I think the size of the board has been good for us. I'm not familiar with...I know the size of the board before was 29, and I think there was a smaller group than the full 29 that may have managed. But we've got a pretty good group. We have had a pretty good group for the three years I've been on the board, from all across the state. And while we haven't always agreed, we've been very, I think, favorable towards each other's opinions. We have some good conversations, and I think we've all felt when we got done with those conversations we came up with what we thought was a decision that was in the best interest of State Fair Park and the state of Nebraska. So it's been a good mix, and I've enjoyed the people from all across the state that have served on that board.

SENATOR KREMER: One other question. I think we made available a dollar checkoff on the tax returns. Do you...are you familiar with that or know how much money that brought in?

JOHN PEETZ: You know, I'm not exactly sure how much that brought in. I think the first year when we talked about that the estimate was somewhere in the neighborhood of \$43,000 to \$46,000. But we did not get that the first year because we had...the state of Nebraska charged the checkoff for the cost of redoing the tax return to program that ability to check it off on the state tax return. So I think that the first year's funds, and I may need to be corrected on this, but I think the first year's funds on the checkoff went to pay that cost, and a portion of the second year's

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funds, a much smaller portion, so I think we did recognize some revenue from that checkoff last year. And then this, I think, is the third year coming up on the checkoff, and I understand that Senator Cudaback has a bill in to...and others, to continue that, because I think the original bill had a three-year period on there.

SENATOR KREMER: Okay, thank you. Senator Preister has joined us from Omaha, and he has a question; and Senator Wehrbein from Plattsmouth has also joined us. So, Senator Preister.

SENATOR PREISTER: Mr. Peetz, good to see you again.

JOHN PEETZ: Good to see...

SENATOR PREISTER: Seems like only yesterday we were confirming you for the first time in this very room. But then I think it was the Business and Labor Committee rather than the Ag Committee. But good to have you serving. In addition to the restructuring of the Fair Board, we also since then passed the constitutional amendment providing some money to the Fair Board from the lottery. That money has certainly been an infusion into some of the buildings, also into, I think, some of the premiums. Can you comment at all on how that money is being spent?

JOHN PEETZ: Yes, Senator. And thank you for passing that and getting us in the position for the constitutional amendment. We...and I think that, as you recall, there was an amendment to that original bill that required the local jurisdiction where the State Fair was held to also contribute up to 10 percent of that. And so I think the Lancaster County and the city of Lincoln have both contributed on a quarterly basis in order to allow the lottery funds to be released. There are a number of projects that we've used that on. One is that we did not get an allocation from the Legislature for the premiums last year, so we took that...a portion of that money for the premiums. But in addition to that we increased those premiums with the intent of getting more interest from the FFA, the 4-H and the open classes that show at the State Fair. And I think when we...my first year on the board we had the problem where we did not have much money and we owed a lot of money and we did not have premium money. And I

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think the year before that we had received a federal grant of somewhere around \$300,000, and that was a one-year grant that allowed us to pay some premiums. So we did not have the money. And then cancelling the premiums probably sent a negative message to the fair participants that we received some indication that there was a loss of interest because of the premium dollars. And I think it was more of a perception than a reality, in that the premium dollars on a per participant basis are not huge. But the fact that when you show at the fair and you go home and a month or two later you get five to ten dollars, I mean with the ribbon, that's...that means a lot to those who participate. So I think a fair chunk of that, because we doubled the premiums last year, went towards that. We've had some roof repair issues that we've had to undertake this last year. And we had one building that we were not able to use at all because of the condition of the building was...it was unsafe. And we've purchased some additional seating capacity around the State Fair Park. We've had a number of items of equipment that we've had to upgrade and we've tried to get rid of some of the older equipment, consolidate it into a multiuse piece of equipment that we've leased in order to be able to be more efficient. And we've seen some early results in that, in that we've been able to perform some of the cleanup functions as well as the setup functions much quicker than what...and much safer than what we've been able to do in the past. And what we've talked about is going out on our Web site and indicating, to a certain extent, how we're spending that money so that the citizens can log onto that. And it's difficult to allocate every penny because some of it goes for the roof of the administration building, which doesn't seem like a big issue, but we...the first thing we did is we spent a fair amount of money redoing the rest room facilities because we got a lot of feedback from people there that everybody uses those facilities during the fair, but the air movement wasn't good, the toilets and the plumbing in there was not good. So we knew there was one place everybody was going to go during the fair at some point in time, and so we fixed that up and got some good feedback there. And so now we're trying to figure out, okay, what can we do on a smaller basis to take care of these items, but at the same time look at long-term planning to get the buildings back in shape to where we can use them and they can be used year round. A lot of them can't be used year round because of the lack of heating and air

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conditioning and they're old. But they're unique buildings. So you have the tug of war as to whether do you want to restore them or do you want to tear them down? And I think a lot of people identify with some of the older buildings, and so we'll have to cross that bridge when we get to it and see what the dollars allow us to do.

SENATOR PREISTER: Thank you.

SENATOR KREMER: Senator Burling.

SENATOR BURLING: Thank you for that for that update. And continuing on with that, you indicated the turnaround, that the monetary infusion helped the State Fair, and that you accurately said there's probably not any money laying around for some more right away. Were there any policies implemented that were nonmonetary that helped in that turnaround?

JOHN PEETZ: Well, I think almost everything comes back to when it's people oriented. But I think a couple things happened there. I think the enthusiasm of the staff is one thing. Once we got past where Amendment 4 was approved by the citizens, I think...and at that point in time I think right when you were in session two years ago, I think our executive director at that time left for family and business related reasons. And so the staff pulled together really great before we had somebody else. We were in that time period where we couldn't really go out and hire somebody because we didn't know if we were going to be around after the fair. So I think one of the positive things that we saw there that was nonmonetary was that the staff there said, okay, we've got new life. And so they all pulled together to put on the fair two years ago. And then I think that you see a continuation of that this last year, and then when we brought Rick on board as our executive director, he pulled all that together as well and brought his expertise from his prior lives to the State Fair. I think some of the things that we're doing, and they're not...I think they're nonmonetary to the citizens who are participants to the State Fair in that they're...we have expanded the entertainment that is not entertainment that we charge for. And there's a real tug of war in the state...the fair business as to whether you have the big concerts and you charge people, and do you get any return on that? Or do you

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have the free concerts in the open air area where we've had...where you try and bring in different groups, the gospel groups, country western, something for the college children, some things for the family and try and fill that up and get the people into the State Fair Park and support all of your vendors that are there, the food vendors as well as the rest of them that are there for sales? So I think in that respect it costs us to bring those people in, but it doesn't cost the citizens to come in, other than the gate admittance, and then they have a multitude of entertainment options once they get in there, but not everything costs you. So I think the programming is something that we keep trying to work with. But a lot of what we are having to do is, you know, we've got the old benches that aren't safe that we've got to repair, we've got the roof, we had the...if you were out there at all this last year the children's area, where they have the birthing pavilion and the playground, that whole area was redone, sodded, sidewalks in there, lighting. It makes it look like it's in a pretty attractive area. And I think once you do that to different sections of the facility as you move through the time periods and have the available funds to do that, I think you're going to have a lot more people who are going to start showing up and saying, this is a pretty nice place to go. It's a pretty nice place to go right now. It's just a matter of how you get everybody out there. And the weather cooperated fairly well this last year, so that makes a big difference and I think we had one less home football game that drained the facility into the tailgating and the game, the evening games. But I think we're on the right track. It's just going to take us a little time to get there, unless we can get, you know...if we can get the private sector to join in with some investment there, that will get us there much quicker, if we can entice some of the private sector to get involved in some reconstruction and that involves naming rights on buildings and issues like that. I know there's a state statute that controls that on state property, but I think there's some opportunities there if we're able to capture those.

SENATOR KREMER: Okay. Any other questions? Seeing none, thank you, Jack. And there certainly was a different attitude, it seems, this year with everybody that went to the fair, and that's a real plus to get (inaudible).

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JOHN PEETZ: Well, we're glad to see we get real support from you and all of our state senators. So...

SENATOR KREMER: Okay. Thank you for your willingness to serve and thanks for coming.

JOHN PEETZ: No problem, thank you.

SENATOR KREMER: Okay. Anyone wishing to testify in support of Jack Peetz? Opposition? Well, that will close the...oh, neutral? Okay. That will close the hearing on the confirmation of Jack Peetz. And we will open the hearing on Linda Lovgren. Thank you for coming, Linda.

LINDA LOVGREN: Good afternoon.

SENATOR KREMER: Tell us a little bit about yourself and what you see as goals for the State Fair and what you can contribute.

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LINDA LOVGREN: Okay. My name is Linda Lovgren, and I actually grew up as an Iowa farm girl. I was a 12...10-year member of 4-H, so I have a great passion for what I think our young people in 4-H and FFA can learn, in terms of leadership skills and financial skills with the projects that they do. So I'm excited to be a part of the State Fair and have a little background from that perspective. I've been asked to represent the Omaha business community in this appointment. And to that end I am a small business person. I own a marketing, advertising and public relations company in Omaha, and that company I started on my own 28 years ago. I think my 4-H background kind of helped me out there, along with a little loan from my dad. (Laugh) Since then I have been involved in numerous community activities in Omaha. And in 2003 I was chairman of the Greater Omaha Chamber of Commerce. So I've had an opportunity to interface with a lot of the businesses in Omaha. One of my goals would be to get many more of the businesses in the Omaha metropolitan area involved with the State Fair. There are many levels that I think that they could participate in, and I certainly

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would like to see a lot more Omaha residents come to the State Fair and get a broader perspective of Nebraska, which I think they can see when they visit the State Fair, not just entertainment, but agriculture and business. In addition to that, I served two terms on the State 4-H Foundation Board. So I think I have a fairly broad background to bring to the appointment, and I was very excited and honored to be asked by the Governor to take this position on behalf of the Omaha community.

SENATOR KREMER: Thank you. Any questions? Senator Preister.

SENATOR PREISTER: Ms. Lovgren, you have a very impressive resume that was included and certainly a lot of involvement businesswise, but also a lot of volunteer activity.

LINDA LOVGREN: Right.

SENATOR PREISTER: So I think you do have a broad background that would certainly be an enhancement to the Fair Board. I also note that both you and Mr. Peetz knew who your state senator was, so (laughter) I do appreciate that.

LINDA LOVGREN: You are welcome.

SENATOR PREISTER: We sometimes have applicants and they leave that blank, and unfortunately many people confuse state representatives with federal and just don't really know who represents them, so I appreciate that you do. My question is you have your own marketing firm, and I would assume that that would be a real strength on the Fair Board who is looking to market and to promote statewide the attendance and participation in the fair. Is that something that (1) you have time for, and that that's compatible and certainly is one of the reasons, I assume, that you were looked at and tapped once again?

LINDA LOVGREN: (Laugh) Well, I certainly think it's a strength that I can bring to the Fair Board on a volunteer basis. They do have staff who execute the marketing and promotion of the State Fair. But I think I can be of assistance to that. One of the things that I didn't mention is that we worked for, I'm going to say, three or four years as the marketing company hired to do the Douglas County

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Fair. So we have some fair background and experience. And you know while it would certainly be a conflict of interest for us to be doing that on a paid basis here, I'm more than happy to lend our expertise and assistance to those who are working on it. And I do believe we have time to do that. We're committed to it. My staff is aware that I've taken on this appointment with your approval, and so I think we're fine.

SENATOR PREISTER: Okay, thank you.

LINDA LOVGREN: You're very welcome. Thank you, Senator.

SENATOR KREMER: Senator Wehrbein.

SENATOR WEHRBEIN: Glad to have you, Linda.

LINDA LOVGREN: Hello, Senator.

SENATOR WEHRBEIN: Where is...how do you spell your home town?

LINDA LOVGREN: Primghar?

SENATOR WEHRBEIN: Primghar, where is that at?

LINDA LOVGREN: It's north of Cherokee about 50 miles. That's where I was born. My dad grew up in Calumet, which was a really small community, but had championship Iowa basketball teams (laugh), of all things.

SENATOR WEHRBEIN: Okay.

LINDA LOVGREN: But I actually grew up in Lakota, Iowa; it's where I...where my dad farmed for 30 years. And that's just north of Ft. Dodge about 60 miles, almost to the Minnesota border.

SENATOR WEHRBEIN: Okay. I (inaudible)...I don't have any penetrating questions to ask. But I was just interested; I knew you were from Iowa, but I didn't remember where it was at. Thank you.

LINDA LOVGREN: Yes, yes.

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SENATOR KREMER: We're glad you came to the good life, then.
(Laughter)

LINDA LOVGREN: Well, I'm glad I came to it, too.

SENATOR KREMER: Well, you've heard the expression, if you want something to get done, ask a busy person. And I think maybe you're the one that is going to get a lot done, because it looks like you've been a busy person. But one question I'd like to ask and it's been kind of brought to my attention, it seems like sometimes when the fair is on, there are conflicting events going on in Omaha at the same time. I think maybe the...I guess I don't know what, Offutt Air Force...

LINDA LOVGREN: I think you're thinking about River City Roundup.

SENATOR KREMER: Maybe. Was that at the same time? And I know I mentioned something to the Septemberfest...

LINDA LOVGREN: Well, Septemberfest is another one.

SENATOR KREMER: ...to even the tourism group if they would try to coordinate things throughout the state, we could even, you know, spread this out and draw more people to maybe your event in Omaha,...

LINDA LOVGREN: Um-hum.

SENATOR KREMER: ...the River City Roundup. And having them at the same time seems like it could be...is kind of a conflict and maybe depletes from the number that would come to the...

LINDA LOVGREN: I think part of what has happened with Septemberfest, and I'm sure that that's the weekend event that could be in conflict, is that is a labor...essentially a labor-based weekend of events. And because it's in conjunction with Labor Day it happens to, you know, fall where it does in the midst of the State Fair. So I don't know what might happen there, but I would certainly be able to, you know, bring that issue to the attention of the planners and the tourism folks. I know that River City Roundup moved away from the early part of September for that

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very reason to the end of the month, so that it wouldn't conflict with the State Fair.

SENATOR KREMER: Was there something at Offutt Air Force...or was there an open house there or something? I don't remember, but I knew there was an air show.

LINDA LOVGREN: Well, there's an air show in the fall.

SENATOR WEHRBEIN: Which is cancelled this year.

SENATOR KREMER: Was it?

SENATOR WEHRBEIN: They're not having it this year.

LINDA LOVGREN: Oh, is that right? I didn't know that.

SENATOR WEHRBEIN: The runway is all torn up.

LINDA LOVGREN: Oh, that's right, they're renovating. Yeah, in fact, I think they're going to be down for about two years, aren't they, renovating that runway?

SENATOR WEHRBEIN: I'm not sure how long, but there's an opportunity this year to get some airmen (laugh) come to Lincoln.

LINDA LOVGREN: Okay, all right. We'll work on that. Okay, Senator?

SENATOR KREMER: Well, I can understand if that's in conjunction with Labor Day, and the State Fair is always over Labor Day, too,...

LINDA LOVGREN: Right.

SENATOR KREMER: ...but I thought if we could do anything to help that, I think it would be a plus for both events.

LINDA LOVGREN: Yeah, I know that that was an issue at one time with the River City Roundup event and the ride, the horseback ride across Nebraska, et cetera. They moved that off to the end of the month.

SENATOR KREMER: Okay. Any other questions from the

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committee? Thank you so much, Linda, for coming.

LINDA LOVGREN: You're very welcome.

SENATOR KREMER: And this is your first-time appointment, right?

LINDA LOVGREN: It is, it is.

SENATOR KREMER: You're just beginning, so some new, fresh ideas. Right?

LINDA LOVGREN: Yes, I'm plowing new ground, as they say.

SENATOR KREMER: Okay, great.

LINDA LOVGREN: Thank you.

SENATOR KREMER: Thank you. Anyone wish to testify in support of Linda? Please come forward. Anyone in opposition? Are you testifying...

_____ : I'll speak against her. (Laughter)

SENATOR KREMER: Anyone in opposition? And neutral? Seeing none, that will close the hearing on Linda Lovgren. So thank you so much for coming. And, Senator Hudkins, if you'll come forward and open on LB 1053.

LB 1053

SENATOR HUDKINS: Good afternoon, Senator Kremer and members of the Agriculture Committee. It's been a long time since I've been in this group. I'm Senator Carol Hudkins, and I represent the 21st Legislative District. For your consideration today I have introduced LB 1053. Over the past few years specialty crops have become a larger and larger section of the agricultural business community. The federal government has enacted legislation very similar to this bill, in order to further promote research and development within these products. LB 1053 is recognition of the viability of these endeavors and is designed to provide grant funding to aid in further growth of this sector of production agriculture. Diversity in industry is

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important to the overall economy. That includes diversity, not just between industry segments, but sectors within the industries themselves. There are members of at least one specialty crop sector here today to speak to the committee regarding this bill and how it will affect their particular business. But I would try to answer any questions that you may have. Thank you.

SENATOR KREMER: Okay. Any questions from the committee? I have one. How is this similar to, I think it was LB 71, which was grant money? We had a lot of discussion on last year, and then I think it was amended into LB 90, which was for specialty programs; it wasn't necessarily just crops. And as we had a study last year on rural development, I think Senator Wehrbein was involved in that and maybe some other ones. Of all the programs out there I think there was like, when we got done with the list, 150 of them or something like that. Is this an overlap with any of the other incentive programs?

SENATOR HUDKINS: It could be considered that way, but this was brought to me. And short memories being what they are, we drafted this bill to address the question and the problem presented to us. And if you think that it could be put somewhere else, we would not be opposed to that.

SENATOR KREMER: I think LB...if I remember the numbers right, LB 71 was a grant program, and it was...now I think being administered now through the Department of Economic Development, which was a little bit different. Now this one would be administered through the Department of Ag, is that correct?

SENATOR HUDKINS: Um-hum, that's right.

SENATOR KREMER: Because I think the other one was through Department of Ag, and maybe we brought it over to Economic Development, thinking that maybe they had a little broader access and things like that. So I guess that's the question I had. I don't know. Any other questions? Thank you.

SENATOR HUDKINS: And I will waive closing.

SENATOR KREMER: You'll waive closing? Okay. Anyone wishing to testify in support?

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JIM BALLARD: (Exhibit 1) Senator Kremer, Senators, good afternoon. It's a privilege to be in front of you again this afternoon. My name is Jim Ballard from James Arthur Vineyards in Raymond, Nebraska. B-a-l-l-a-r-d. And today I'm representing the Nebraska Winery and Grape Growers Association and am here in support of LB 1053. Specialty crops are a high value/low acreage crop that make up about 46 percent of U.S. agricultural production and \$43 billion in sales. U.S. specialty crop growers produce most of the vegetables, fruits, nuts, herbs, spices, floral, nursery, landscape, turf and Christmas trees for the American consumer. Here in Nebraska specialty crops have yet to achieve the status seen in other states. In fact, 33 states derive more than 40 percent of their agricultural crop sales from specialty crops. Having said that, specialty crop providers in this state understand that the bulk commodity crops receive the majority of the attention and resources, and deservedly so, because of the economic impact to our state. However, to be frank, I think specialty crops in Nebraska have received a lot of lip service and very little legislative support in terms of resources and funding critical to the success of specialty crop growers. As you all know, by all accounts times are changing in the agricultural industry. Today bulk commodities are not the only crop that come to mind when people think of agriculture. Although again, very important for our state, they are now more than ever sharing the spotlight with specialty crop growers. In many cases out of necessity ag producers have found ways to diversify, much of the time through the implementation of specialty crops, which are becoming more of a contributor to not only the strength of the American, but Nebraska agriculture. Specialty crop growers are faced with a number of challenges. We are comprised of hundreds of relatively small acreage crops, many of which represent perishable products. And just like other farmers and ranchers, specialty crop growers face the risk of their crops being destroyed by pest, disease or natural disaster. Research is vital in helping to find solutions to combat these challenges. Of course, research requires funding. Equally important, specialty crops require a higher percentage of marketing and promotion to be successful because in many cases, we're talking about going right from the farm gate to the consumer. Again, these programs cost money. I believe our specialty crop industry

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merits the attention to help provide these resources. I can only speak to the grape and wine industry and the ways we've tried to support ourselves and grow. This has been done through membership fees, self-taxing on finished products, and if you'll recall, a couple weeks ago we came before this committee with a bill that would...is now being looked at and fine-tuned that would actually add a checkoff program to our growers across the state. There have also been grants applied for at various levels and a few of these have been successful. And these sources have allowed our industry to grow, albeit at a slow pace. And there is much room for expansion. I like to use the analogy that our industry is like a skier trying to make it up to the summit of that mountain, and we'll get there, slowly but surely, step-by-step; but it would be nice if that lift would come by and pick us up and take us up to that peak. And I'm sure that would help things go a little bit faster, and that's what LB 1053 does. It provides an opportunity not only to our industry, but other specialty crop growers who are in similar situations looking for that lift. To be honest, we would love to find some permanent funding for our industry, and we will continue to strive for that scenario to become self-supportive. And as we grow that may happen down the road. However, LB 1053 could provide a mechanism to help keep the ship steaming ahead in the right direction until that happens. As the specialty crop industry continues to be a vital part of our state's agricultural landscape, challenges will continue to mount, and hopefully the state will realize the value of specialty crops and make a long-term effort in securing their future. I ask this committee to look at the \$250,000 that is in LB 1053 as an investment in providing research, marketing and even encouraging new ventures to provide an economic impact in rural areas, help promote ag tourism, and in some cases help keep the stewards of our farmland economically viable. I hope you agree with me that it's time for Nebraska's specialty crop industry to receive the recognition it deserves and more importantly, the help they need to survive and hopefully thrive and face the challenges head on that come with being a diverse, unique and important part of our agricultural community. In conclusion, I would like to thank Senator Hudkins for introducing this bill and for the support she has given to the agriculture industry in our state. And I would be happy to answer any questions. And I do have my testimony here, if you would like to have that.

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SENATOR KREMER: Okay, Kallie will have that. Any questions from the committee?

JIM BALLARD: Yes, sir.

SENATOR KREMER: As I looked over this, it would be a grant limited to \$50,000, but it could be \$50,000 each year for three years? Is that correct?

JIM BALLARD: The way I understand the bill is that each year it would be a one-year grant, and then you could come back and apply for that again. But \$50,000 would be the max.

SENATOR KREMER: At a time, but you could reapply, with the maximum of three years also then, I think it says in there.

JIM BALLARD: Correct, correct.

SENATOR KREMER: What would be some of the projects that you think would be eligible, and what would it be used for?

JIM BALLARD: The definition of specialty crop is taken right from the federal grant block, specialty crop. And so that...the listing that you have in the bill gives us an idea of what the specialty crops are. Again, I can only speak to what our industry could or possibly would use that money for, if available, and award it...it would...

SENATOR KREMER: Okay. But...

JIM BALLARD: Go ahead, I'm sorry.

SENATOR KREMER: No, I'm sorry, I didn't mean to butt in.

JIM BALLARD: Research is vital. We have a crop, as much as many specialty crops, that...being in Nebraska growing grapes, a lot of people think we're crazy. Maybe so, deservedly so, but we're always looking for new varieties that are going to survive our winters, that would be prone to produce well and to produce good table grapes, good wine grapes here in Nebraska. So research, that's just one aspect of it, research possibly on new varieties, research on pest management. We have these little ladybugs that come

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into our vineyards and can wreak havoc on us, and so we're looking at ways to control those. So there is a lot of research that could possibly be done with these dollars. Right now, to be honest, in our industry marketing and promotion is vital, to let people know about our industry, where we're at, what we're doing to educate people on the benefits of growing grapes in Nebraska, the economics of growing grapes in Nebraska, the health benefits of, in moderation, the consumption of wine in Nebraska. So marketing and promotion could be another one of those. You know, there's a lot of different areas that we could strengthen with the dollars that we just can't generate on our own right now internally.

SENATOR KREMER: Okay. Thank you, Jim. Senator Wehrbein.

SENATOR WEHRBEIN: Have you tried applying under the value-added, LB 1348?

JIM BALLARD: Yes, yes we...

SENATOR WEHRBEIN: And you were not able to?

JIM BALLARD: If I remember--I'll have to rack my brain--I know we did receive some grant money from that early on that helped us develop some promotional material, some brochures, things of that nature; helped develop a conference that we now have on a yearly basis that attracts between 300 and 400 participants each spring. That helped us get that off the ground. But, as you all know, grants...we shouldn't rely on grants to help our business grow, but it's a good steppingstone to get to that point. And we did take advantage of some of those early on. If I remember right, there's maybe a \$20,000 grant in there that we were awarded.

SENATOR WEHRBEIN: I would say, and this is just my opinion, but in my mind that wasn't really designed originally to be ongoing, and I hear that distinction here. You're looking at this to maybe be ongoing grants? Would that be accurate or...

JIM BALLARD: The way this is written is a three-year process, I guess, a three-year timetable on this.

SENATOR WEHRBEIN: You could get three years?

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JIM BALLARD: Yes.

SENATOR WEHRBEIN: But you're asking for research and...rather than the one-time launching, you're asking for perhaps ongoing research like,...

JIM BALLARD: Exactly.

SENATOR WEHRBEIN: ...for like a Corn Promotion Board or a Soybean Promotion Board (inaudible)?

JIM BALLARD: I guess you could look at it that way, yeah. It would be, you know, it would be wonderful to have that continue to help specialty crop growers, providers, new ones that come aboard, people that...other organizations such as our association, other industries, you know, if that could continue on. But this is just a step in that direction, I guess.

SENATOR WEHRBEIN: Okay.

JIM BALLARD: And the other grants that you mentioned I think were for value-added. This is more specifically designed just for specialty crops. Value-added encompassed a lot more, if I remember right, with that grant.

SENATOR WEHRBEIN: Well, that's right. And that's...I was trying to think what other specialty crops could be, and I guess that's why you'd want the grants...to somebody's imagination.

JIM BALLARD: Exactly. A good point is, I was on a committee a couple years ago that was organized by Senator...by Congressman Osborne that brought a lot of the specialty crop growers together to discuss insurance needs. For us to find insurance in our industry is tough. We're getting there, but they needed benchmarking, and they needed longevity, and they needed to look at where you'd been seven years ago. And for a lot of specialty crops we don't have a lot of those benchmarks they're looking for. We're very unique for this state in many cases.

SENATOR WEHRBEIN: You mean risk insurance?

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JIM BALLARD: Pardon?

SENATOR WEHRBEIN: Risk insurance?

JIM BALLARD: Exactly. There is insurance out there, but it was not economically feasible for some of us to get into that. And that's what got us thinking about just specialty crops only, because we do face a lot of unique challenges that some others don't.

SENATOR WEHRBEIN: Okay.

SENATOR KREMER: Thank you, Senator Wehrbein. Any other questions? Seeing none, thank you, Jim.

JIM BALLARD: Thank you, Senators.

SENATOR KREMER: Anyone wishing to testify in support? Please come forward.

JOHN FISCHBACH: (Exhibit 2) Good afternoon, Senator Kremer, senators of the Agriculture Committee. My name is John Fischbach; that's spelled F-i-s-c-h-b-a-c-h. I'm here in favor of LB 1053. I got some literature to hand out. One part of the bill I was reading up on was on the funding of this, and you got to that, partially. Another part of it, I guess, is to...the possibility of the Department of Agriculture going for commodity fees or commodity checkoff fees. And what's going around is a report I did, or I got on the Internet this morning and pulled up the different dry crop checkoff fees that are available. And I suggest that, you know, maybe a two percent; the Department of Agriculture can request of those boards money from their checkoff fees, and it comes up to about \$155,000 plus the additional \$250 per...\$250,000 per year from the appropriations, from the state. And to Senator Wehrbein's question on specialty crops, that would be also available to request grants for this...on this fund, tree nuts. We have a Cyril Bish Northern Pecan research being done on the University of Nebraska East Campus. One topic was floral culture. Currently, we can grow...any of you who have received flower bouquets from your spouses or given flowers to your spouses, a lot of time babies breath is put into the those flower arrangements with like...with roses. And babies breath does grow in Nebraska, so that would be an industry that could

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request a grant from this fund. I think that's all I have at this time, plus I...go ahead.

SENATOR KREMER: Okay, any questions for John? Senator Wehrbein.

SENATOR WEHRBEIN: I'm trying to follow here. The front page says "suggest two percent."

JOHN FISCHBACH: Yeah.

SENATOR WEHRBEIN: Is that for grapes? Was that...well, it's 2 percent on...

JOHN FISCHBACH: No, that was just...I was...I just took that...the total checkoff fees that were collected, \$7 million, and 2 percent of \$7 million is about \$154,536. I don't know if that was...

SENATOR WEHRBEIN: It's not related to what you're talking about?

JOHN FISCHBACH: It was...that \$154,000 in Section 10 of the bill.

SENATOR WEHRBEIN: Oh, okay.

JOHN FISCHBACH: Shall seek money from sources including but not limited to federal funds, commodity checkoff funds, private donations and private grants.

SENATOR WEHRBEIN: What...your...you have a checkoff for what now?

JOHN FISCHBACH: We have a checkoff right now for the wineries. We're in the process of trying to get...

SENATOR WEHRBEIN: Well, and how much...how many dollars is that?

JOHN FISCHBACH: That generates about \$5,000 a year.

SENATOR WEHRBEIN: And the one you're asking for would generate how much? I can't...

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JOHN FISCHBACH: The grapes was going to be probably another \$2,500.

SENATOR WEHRBEIN: Okay. So it's fairly modest, based on the value of your crop, compared to...

JOHN FISCHBACH: Yeah, and you know, that could be included on this, you know, the Department of Ag could ask the Nebraska Grape and Winery Board if they would, you know, donate 2 percent of their...or whatever amount of money the Department of Ag would go for, to the...to this LB 1053.

SENATOR WEHRBEIN: Thank you.

JOHN FISCHBACH: (Laugh) I'm confused, yeah.

SENATOR KREMER: Senator Erdman.

SENATOR ERDMAN: John, just for my clarification, maybe for the benefit of the group, the Dry Bean Commission Fiscal Report probably wasn't on a Web site, but the dry bean growers would be eligible under LB 1053 as a specialty crop because it is a vegetable.

JOHN FISCHBACH: Right.

SENATOR ERDMAN: So, under the scenario you pointed out where maybe the wine growers would be giving 2 percent, the dry bean growers would also be giving that 2 percent, which may not be applicable to the corn and other ones, depending upon how the definition is. But I was just pointing that out. And I know that from previous testimony that specialty crops in Nebraska have received much lip service. At least in our area we've had at least \$150,000 for a dry bean co-op; \$150,000 for a sugar beet co-op; we've got around \$75,000 for an alfalfa co-op and things like that.

JOHN FISCHBACH: Right.

SENATOR ERDMAN: So at least in my neck of the woods, \$400,000 probably isn't lip service, it just may not be to the right specific areas. But I do appreciate your willingness to be here and to share your perspective on LB 1053.

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JOHN FISCHBACH: Yeah, I just pulled up those three that I could think of, and I didn't know if the alfalfa had a checkoff, either.

SENATOR ERDMAN: I don't know how that works, either. But...

JOHN FISCHBACH: I know the dry beans did, but they just didn't have anything on their Web site.

SENATOR ERDMAN: Okay, thank you.

SENATOR KREMER: Any other questions? Thank you, John. Thank you, Senator Erdman. I remembered your name. Anyone wishing... anyone else wishing to testify in support? Let me see any other... how many testifiers do we have in support? Any opposition? Okay.

JOHN HANSEN: Senator Kremer, members of the committee, for the record my name is John K. Hansen, H-a-n-s-e-n. I'm president of Nebraska Farmers Union and appear before you today as their president and also their lobbyist. As we work on farm policy and we look at different kinds of ways and things that we can do to try to diversify the existing agricultural base and find ways for profitability and economic sustainability of family farm agriculture, we're doing a lot more different kinds of things. At the national level and at the state level this fits within the framework of that. We think it's a good effort. We're struggling, as you know if you read the papers, to be able to continue to find the necessary funding to support the existing commodity programs; so we're continually looking for ways to continue to do that and also at the same time find new and different kinds of specialty crops and alternative crops that are more economically beneficial than raising \$1.86 corn. So as we look at this, we like the idea and we like the thought of putting it in the Department of Ag so that they've got a tool in their toolbox to help an emerging crop. And, Senator Erdman, I can't imagine that sending that much money out to western Nebraska could possibly be a mistake when you're about the business of trying to help support emerging crops. We have helped, tried to help also some of the edible peas folks and some of the other, you know, different kinds of things from forestry and new uses for trees, all those different kinds of things. So if anything, I might

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look at this and ask the question, does this list of specialty items, is this broad enough? Or, you know, do we dare broaden it just a bit to look at...the president brought up, I think, a very...one of our long-standing new ideas that we've had for a long time that we think that the ethanol industry to be looking at, not only switch grass, but other kinds of things to power ethanol plants. So I'm not sure whether we've got some of those kinds of things maybe adequately covered or not as we look in that area. But this is a good idea, and we thank Senator Hudkins for bringing it forward. The only other thing that kind of struck me a bit as I read this bill was that while we're listing cooperatives as a part of the list of things that we would be wanting to do is to support cooperative activity, which should be on the list, that especially with small emerging crops or entities that the number of producers are so small to start with that I was a little bit worried that maybe some of the language, for example number 5 on page 3, where grants shall not be used to replace other funding for the administrative support of the eligible entity, the administrative support of the project, the administrative costs relating to the planning of the project--and then this is the part that I wondered a bit about--or any activity primarily designed to contribute to a single business, enterprise or individual. And there's also similar language on the...on page 6, starting in line 7. And I understand from a grant standpoint, where you'd want some of that in there, but I want to make sure that the language itself wasn't in conflict with the idea of supporting a beginning or emerging cooperative that would be helping develop the market or the growing of a new crop in a particular community. And so I...maybe that's just an unwarranted concern on my part. But that was...we like the idea of the bill; we think it's a...it would be a good tool for the Nebraska Department of Agriculture to have in their toolbox, to help us diversify production agriculture. Thank you.

SENATOR KREMER: Any questions of Mr. Hansen? There are some grants available to cooperatives right now, I think, in organizing specialty crops. Is that not true, on state level and federal probably?

JOHN HANSEN: Yes, there are.

SENATOR KREMER: And I think LB 71, which was LB 90, I think

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it ended up last year,...

JOHN HANSEN: Right.

SENATOR KREMER: ...is eligible, cooperatives are eligible for that, I think, aren't they?

JOHN HANSEN: Yes, they are. And you know, the trick always is you're trying to help producers find grants that fit their needs, is to find enough support, enough financial base. And it sometimes gets to be where you've got a lot of interest, but the base of producers is small enough that it's hard to put together, you know, enough money out of enough pockets to put together a viable kind of...really, what is the administrative or the organizational base to try to get the enterprise going forward. And so sometimes you have a particular enterprise that just doesn't quite fit the criteria of the next one. And so having something like this, I view as kind of a...if I'm thinking about it right would give the Department of Ag a tool to use when the other tools didn't really fit or work. And I would see going to those other...you know, we put on cooperative economic development, rural development workshops. And so we just list all the different sources of money and you'd want to go to the bigger and the federal pools first, depending on what your guidelines are and what your resources are and the size and the scope of your operation, and then keep working down. And I would view this as kind of a win; you've got a good project, but it doesn't fit the other sources first.

SENATOR KREMER: If you have ten specialty crop individuals growing specialty crops and only one gets the grant, is that kind of a disadvantage to the other ones?

JOHN HANSEN: It is, and that's why I think you need the language about any one individual. And yet...so from our standpoint we would rather support the...make sure that we're supporting the cooperative activity which gives a variety of individuals, at different sizes, the opportunity to participate in that activity.

SENATOR KREMER: Okay, thank you, John. Any other questions? Seeing none, thank you.

JOHN HANSEN: Thank you very much.

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SENATOR KREMER: (Exhibits 3 and 4) Anyone else wishing to testify in support? Opposition? In neutral? Seeing none...oh, we do have some letters to be introduced into the record in support--from Ken Winston from the Sierra Club. I guess that's in support; are they all support? And from the Center for Rural Affairs in support of LB 1053. That will close the hearing on LB 1053. And I will introduce LB 1081, so I'll turn the chair over to Senator Erdman.

SENATOR ERDMAN: Thank you, Mr. Chairman. Can I see a show of hands of those who wish to testify on LB 1081? I see one. Okay.

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SENATOR KREMER: Looks like everybody is leaving, huh?

SENATOR ERDMAN: Not everybody, we're still here.

SENATOR KREMER: Not everybody, okay. Thank you, Senator Erdman, members of the committee. LB 1081 is a fairly simple bill. It would authorize the limited right of entry to weed control authorities to facilitate control projects targeting specific weeds. Currently, the weed control authorities can't enter onto private property, but they have to give notice to those individuals that they're going to enter onto the property. And if they find any invasive or noxious weed, then they have to notify the landowner that he needs to clean that up; and if he doesn't, they can come in and do it and charge the landowner. And the only variance from that is Dodge County, and I think it states that any county of over 300,000 population can use a different procedure, and that is that they can put a notice in a general publication, I think is the way it puts it, for four consecutive weeks, but they have to specify the weed that they're going after, where it's going to be located, when they start and when...the time duration to complete the project. And this expands it over to the other counties that they can do the same thing; that they can...if they're going after a specific noxious weed or invasive weed that they can put a notice in the paper for four consecutive weeks stating what weed that they're going after, the time that it's going to take them to do it, where the location

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is. And the thought behind this is that some of these weeds that are consuming so much water in our streams, I think, loose...what's it...how's it...saltcedar is one, loose leaf stripe and a couple other ones, I think there's a river reed or something like that that consumes so much water, and if they would...the authorities would be going down the river trying to contain that weed, you'd have so many different landowners, how do you give each one a notice that they're going to be on their property to do that? Along with that it says that they cannot be fined or held liable for any weeds that are on their property if they do it in this manner and charge for that, unless they would be...something that they would be given a notice after that, and that they would have to clean it up. And then at that time there could be some penalties, but not when they just do this--when general notice is posted and they go onto their property, and to clean up these weeds. And it's very important that we do it in a proactive manner, before we get such an infestation of these weeds that it causes a lot of damage. So any questions you might have?

SENATOR ERDMAN: Thank you, Senator Kremer. Senator Wehrbein has a question.

SENATOR WEHRBEIN: I'm just going to correct the record. You said, Dodge County; I think you meant Douglas.

SENATOR KREMER: I did mean Douglas County; I'm sorry.

SENATOR WEHRBEIN: It's only for the record.

SENATOR KREMER: Yeah. Well, I saw Rick's mouth move and so I'm not responsible; (laughter) so Douglas County, I think that's right, where there it's almost impossible to notify every owner of the property that they're going to enter. So this is the same thought; but it's expanded just for a specific purpose, specific time and the duration of that time.

SENATOR ERDMAN: Okay, thank you, Senator Wehrbein. Any further questions for Senator Kremer? I see none. We'll now take proponent testimony. Those in favor of LB 1081 please come forward.

RUSSELL SHULTZ: (Exhibit 5) Senator Kremer, committee, I'm

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Russell Shultz. I'm with Lancaster County Weed Control.

SENATOR ERDMAN: Russell, can you spell your name for us, please.

RUSSELL SHULTZ: Shultz...or Russell is R-u-s-s-e-l-l; Shultz, S-h-u-l-t-z.

SENATOR ERDMAN: Thank you.

RUSSELL SHULTZ: I am representing Lancaster County and the Nebraska Weed Control Association. Prior to purple loosestrife in 2001, and saltcedar in 2005 being designated Nebraska noxious weeds, the designated noxious weeds were agricultural or economic weeds that impacted agriculture production. Purple loosestrife and saltcedar are environmental weeds impacting riparian areas. This has required us to become more familiar with riparian impacts in order to convince landowners of the desirability to control these and other riparian plant invaders that are impacting the beneficial uses for these areas, as well as having impacts on public benefits such as water supplies, wildlife, recreation, threatened and endangered species, flooding and plant diversity. Lancaster County Control Authority is a part of the Lower Platte Weed Management Area, a ten-county cooperative effort that began in 2002 to address the beginning infestations of purple loosestrife along the Lower Platte River and its tributaries. Since this time we have found a rapidly increasing infestation of phragmites and scattered infestations of saltcedar. Weed management areas have also been formed upstream on the Platte, Niobrara and Missouri Rivers to fight these plants invading riparian areas. There are now solid stands of phragmites along both banks of the Platte River from Lexington to North Platte. Purple loosestrife has formed dense stands along the lower Niobrara River and the Central Platte River. Saltcedar seedlings are so thick above the receding water lines of Harlan County Lake and Lake McConaughy it looks like it was seeded with a drill. Based upon what we have seen, it is a given that much of our river system vegetation will be taken over by these nonnative invading plants, if immediate actions are not taken. Studies have shown that these invading plants are probably using twice as much water as plants they are crowding out. The nine weed management areas across the state are interested in dealing with these

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plants invading riparian areas. The weed management areas have brought a cross section of partners together to strengthen the effort. But there are several issues and challenges that are still limiting our efforts. One of those is the lack of physical and monetary resources of the counties and the individual landowners. A major challenge is the responsibility and ownership of the streambeds. Many land titles and most county assessors do not show ownership to the center of streams, even though the Nebraska law stipulates that the owner of the stream bank is also the owner of the streambed to the center of the stream. As a result, most streambed ownership has not been precisely determined, resulting in questionable or unknown ownerships. There are many riparian landowners that are not accepting their ownership responsibilities or are hesitant about spending money on control of these areas that they do not realize an economic return. Normally when it is necessary to become more forceful with a reluctant landowner, an individual notice is served and control work is done and billed to the landowner if they do not comply with the notice. The Nebraska Noxious Weed Control Act states that whenever a weed control authority finds it necessary to secure more prompt action, individual notices are to be served on the owner of record. So the point here is that when there is no owner of record, as is the case in most streambeds, it's not possible to send individual notice. So it leaves us in limbo as to taking care of that problem if the individual is reluctant to do so on their own. Now I'd like to refer to the pictures here quickly. There's two pictures there. First, the one on top is Kearney County. The Kearney County Assessor there has identified some of the ownerships to the center of the stream; to the right of the picture that parcel has not. And the bottom picture shows Dawson and Phelps Counties, and they have not identified the ownership to the center of the stream. And I would also like to point out those streambeds are able to support these invading riparian areas completely across the streambed, because it's dry. I mean, these are excellent areas for these types of weeds to get started in, and they are getting started in those areas. On the plus side, invasive plant concerns at the federal and state level are resulting in increased funding resources being available. The National Fish and Wildlife Foundation has provided grants to four of the weed management areas. In our Lower Platte Weed Management Area we received over \$40,000 in 2003, and then

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also (inaudible) in 2004. The Nebraska Department of Agriculture just awarded eight grants funded by the Nebraska Environmental Trust. The federal-level Noxious Weed Control and Eradication Act of 2004 was passed, but has not been funded yet. The Natural Resources Conservation Service has just announced two grant programs that can be used for invasive plant control efforts, and there is interest in the state to apply for those grants. The Legislature may also--I'm saying this, hopefully this is true--may also see fit to fund vegetation removal projects as a cost-effective way to reduce water depletion. So the key points here for this amendment is in focused eradication programs, the multiple publication of general notice increases awareness and a sense of landowner responsibility, and are more likely to carry out the voluntary compliance. It would allow for timely control, if needed, to carry out an eradication program. If we are in a situation where, as we are in these plants, where they expand rapidly, if we take care of 50 percent of them and leave 50 percent go, we're really not accomplishing a whole lot. And the point I already made that...where the ownership is nebulous in the streambeds, this helps us out. And the other thing is if there are funds available through these grants and other grants, it will facilitate us carrying out a funded program of that type. Now Bob Ellis is here today, of Douglas County, and he has a similar type provision in the existing law; in fact, it's a little bit more than this. So, if I might, I'd like Bob to kind of say how that works for him.

SENATOR ERDMAN: Thank you, Mr. Shultz. Hold on a second. Are there any questions for Russell? Senator Wehrbein.

SENATOR WEHRBEIN: The reason the streambed ownership is ambiguous is because, even though it says to the center of the stream or the streamline, threadline, is that that varies. I'm not quite clear as to why properties wouldn't butt each other, but you can't find the line, the center line. Would that be right?

RUSSELL SHULTZ: Well, you know, the thing is it now has to be surveyed to be exact. And you can see those lines there, they're not all parallel and what not. These lines evidently were surveyed. And there are some rules of survey that surveyors use to identify that. And so precisely where the thread is is one issue; precisely what angle it takes

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from the bank is another issue; and so a professional land surveyor has to make the exact determination. Well, we can get, you know, a rough idea where it is at, but it's not going to be exact.

SENATOR WEHRBEIN: I can see where the threadline would move, but what you're saying, there really is some land that's in limbo, that no one claims in that area, apparently.

RUSSELL SHULTZ: Yeah. Well, you know, for example, and I don't know why, but the state of Wyoming owns this one parcel of land here in Kearney County, purchased that and I don't know why. But...so when they wanted to buy it, they came and buy it so they could find a buyer, so okay, I have some money, I can get...hire a surveyor and I can get this surveyed. So if he's going to give a good price for it, I'll sell it. And it happened in Butler County, these people started wanting to buy the Platte River system, and so they identified all the ownership in the entire Butler County because the county assessors see that it was an opportunity for revenue, so they could get taxes from it. And so as people start buying this land, it's going to start being identified. But most of the area, most of the river is not identified precisely with a surveyed line.

SENATOR WEHRBEIN: Even though...I don't want to run this into the ground, but there's obviously abutting landowners. But it...

RUSSELL SHULTZ: Yes.

SENATOR WEHRBEIN: Somebody owns it, it's just that you don't know how to determine who it is.

RUSSELL SHULTZ: Right, and we don't have the ability to...

SENATOR WEHRBEIN: And for your purposes, you don't care.

RUSSELL SHULTZ: Yeah, you know, we can say, okay...we tell the landowners, okay, you own it to the center of the river. The thing they could say, well, exactly where that line is; we can't tell them exactly where that line is.

SENATOR WEHRBEIN: Yeah, I understand that.

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RUSSELL SHULTZ: Yeah.

SENATOR WEHRBEIN: I mean I did understand, I want to make it clear. And so you're going to do it under, let's say, public money, (inaudible).

RUSSELL SHULTZ: Well, if it's available. But the first thing we're going to do, the first thing we're going to do is we're going to get the land...try to get voluntary compliance of the landowner; that's number one. If that doesn't work, then if the state is going to keep this from invading the entire streambed, we're going to have to find other type of funds to get it done.

SENATOR WEHRBEIN: Thank you.

RUSSELL SHULTZ: And this just allows us more flexibility and for example, the two years...we have almost 1,000 landowners along the Platte River and we carried about 1,500 acres a year on about...these sites are only...very small, I mean, maybe on 1,500 sites, so they're only about an acre each, but they can expand from that. We've made contacts with all landowners by direct contact or by letter, and we have not got any refusal to go ahead. So it's not really a problem in some cases to get a refusal, but it's a matter of really having the authority to do it. This would give us the ability to go ahead and feel comfortable about going out there and doing the job.

SENATOR ERDMAN: Okay. Thank you, Senator Wehrbein. Any further questions for Russell? Russell, who is the gentleman that you said was here?

RUSSELL SHULTZ: Bob Ellis there is...

SENATOR ERDMAN: Bob, did you...are you planning to testify on the bill, or would you rather come up in a neutral capacity and just give information?

BOB ELLIS: It's just if anybody had any questions about the way it works in Douglas County (inaudible).

SENATOR ERDMAN: Okay. Why don't we wait and do it in neutral, in case there's somebody else that wants to

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testify. That way you don't have to take a position on the bill, unless you don't want to.

BOB ELLIS: Okay.

SENATOR ERDMAN: Okay. Thank you, Russell.

RUSSELL SHULTZ: Thank you.

SENATOR ERDMAN: Anyone else wishing to testify in favor of LB 1081?

LARRY DIX: Good afternoon, Senator Erdman. For the record, my name is Larry Dix. I just merely want to be here to state that NACO is in support of the bill and touch on a question that Senator Wehrbein had had. And one of the things that not only in this particular issue, but a number of other issues that we're working on with the center line of a stream, we've been working with the State Surveyor's Office. We've actually formed a committee to go together to start looking at GPS points to identify that center stream because it...we do have a number of issues of land. I think recently we had one down in Richardson County maybe where there was even some contest between if the land was actually in Nebraska or in Iowa or Missouri. And so it is one of those areas that we are working on. But certainly back to the bill, we do support.

SENATOR ERDMAN: Thank you, Mr. Dix. Any questions for Larry? Senator Wehrbein.

SENATOR WEHRBEIN: Just real quick, is that the bill I had on the boundaries, or that's since then?

LARRY DIX: That's actually since then. We've been working in the interim with the State Surveyor's Office, and I think probably next year we're going to be bringing a bill forward that talks specifically about GPS points to try to identify those center lines.

SENATOR WEHRBEIN: Thank you.

SENATOR ERDMAN: (Exhibit 6) Thank you, Senator Wehrbein. Any further questions for Mr. Dix? I see none. Anyone else wish to testify in support of LB 1081? I have a letter in

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support from the Nebraska Cattlemen in support of LB 1081. Anyone wishing to testify in opposition to LB 1081? I see none. Would you care to testify in a neutral capacity?

BOB ELLIS: Good afternoon, Senators. My name is Bob Ellis. I'm the Douglas County noxious weed control superintendent.

SENATOR ERDMAN: Bob, you want to spell your last name for us, please.

BOB ELLIS: Last name Ellis is E-l-l-i-s.

SENATOR ERDMAN: Thank you.

BOB ELLIS: Yes. The way we utilize the current regulation in the Noxious Weed Control Act is, since we are the only county that has a population of over 300,000, is we publish a general notice four times in the spring, as well as in the fall, as required by the Noxious Weed Act. And what we do is, we utilize that in areas where we might have small infestations to take care of like, say, musk thistle on a field. We do that if it's minor, like three or four plants. That way we don't have to go back out there again, don't have to bother notifying the property owner; it's just minor, we take down the thistles, that's all we do, and it saves everybody money so we don't have to go back and forth, issue a notice, wait ten days, then go back out again. But we also utilize it on the Platte River for the loosestrife. When you're out there on the river, you don't see boundary lines. You're out there, there are...many of the shorelines are about four foot tall and so you don't see that, and a lot of those plants are growing on the bottom. Also you have areas where the water has dropped down and formed an island. In many...we have pictures on our Lower Platte Weed Management Web site that shows you in '99, we went from a one-acre piece to 2005 we have over 40 to 50 acres out from where the water has receded down and these plants had moved in. So those are the kind of areas, too, that people don't know what to claim. Another thing I'd like to say is that without this kind of legislation, you're going to have...a lot of these control authorities will need to make an investment in GIS and GPS equipment to find out where those property lines are. And a lot of those areas are going to be...it's going to be unsuitable for those places to have to purchase that kind of equipment.

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SENATOR ERDMAN: Thank you, Mr. Ellis. Any questions for Bob? Senator Kremer.

SENATOR KREMER: Bob, do you run into any problems from private landowners when you just publish a notice, don't notify them? Have you had any objections or people that aren't appreciative of you being on their land, even if they aren't sure where that is in the river or whatever?

BOB ELLIS: No, we have never run into a problem where we've had problems. If we do look at it, we have a large infestation or...we do send notices to people that have ornamental plants in their yards. We do not just go out and take care of that plant in the yard without issuing a notice; we notify those property owners. We do take the effort on the Platte River to notify all the owners along there saying that we will be out during these certain dates doing some work. And we utilized the current legislation to help us in those areas that there was either no ownership or it was questionable and somebody hasn't taken care of it, because they didn't know if they owned that far out. We do have some people out and they'll come out and they'll tell us exactly what they own, and they will actually come out and they'll...with the grants that we received we've actually given those people the chemicals and the training to go out and use those in those areas, because they wanted to do it themselves.

SENATOR KREMER: So even though you're not required to, you still do give notice whenever possible, then?

BOB ELLIS: Yes, whenever possible,...

SENATOR KREMER: Okay.

BOB ELLIS: ...just by a letter; like we do a broadcast letter for every landowner along the Platte River that we have, and we just utilize that way. But for small infestations that basically would, monetarily wise for the landowner and for us would be...you know, we're already there, we're doing the inspection and we see there are three or four plants. There's no sense going back and creating this two-week monster that...for three or four plants.

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SENATOR KREMER: Okay.

SENATOR ERDMAN: Thank you, Senator Kremer. Any further questions of Mr. Ellis? Senator Burling.

SENATOR BURLING: Thank you for being here. You said you issued public notice in the spring and...

BOB ELLIS: Yeah, in the Noxious Weed Control Act we are required, by May 1, to issue a general notice in the paper about that it's the landowners' responsibility to control noxious weeds; and we list the noxious weeds out in that general notice. We just take it a step further and we publish it four times, four consecutive weeks prior to May 1. And then again we have to publish it in the fall before September 1, and so we do the same thing, another four.

SENATOR BURLING: But you don't have to publish a notice that you may go onto this property and spray the weeds?

BOB ELLIS: The current way the legislation is written, no, we don't have to notify the property owner. And we take it to the fact that small infestations are only...if it's a large infestation, we're going to notify that property owner, because it takes too much of my cost to go out and take care of that large infestation. If my guy is there for three or four plants, it takes me...it costs me more to come back to the office, generate a notice, issue it out with a \$4 letter, wait ten days and send another inspector back out there; then he comes back and then sends a crew back out again for an individual notice. So for three or four plants our inspectors will...or our tractor crew will take care of it by hand. If they have to use equipment, we're going to issue a notice

SENATOR BURLING: Okay, thank you.

SENATOR ERDMAN: Thank you, Senator Burling. Senator Wehrbein, do you have a question?

SENATOR WEHRBEIN: What are you using for loosestrife now? Do you have a chemical that kills it, or do you have...I know you're using goats, but...

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BOB ELLIS: Yeah, there is a new chemical out, it's called Habitat, that we use on the Platte River; it is an aquatic approved herbicide. It is nonselective, kind of like Roundup, but it really has no effect on forbs plants. And we've utilized it in areas where people have thought we were going to leave a blank area, because it is nonselective. And the area that I was talking about earlier, about the island that went from one acre to 50 acres, we utilized it on an...when it was 90 percent infested, and now, from last year to this year it was down to less than 10 percent infested, but other plants have moved in and have filled those places.

SENATOR WEHRBEIN: Favorable plants?

BOB ELLIS: Favorable plants.

SENATOR WEHRBEIN: Thank you.

BOB ELLIS: And then...but above ground, like in an ornamental setting we'll use Roundup on a...kind of like a paint roller, so we don't get it on the ground and on other plants.

SENATOR ERDMAN: Thank you, Senator Wehrbein. Senator Kremer.

SENATOR KREMER: Follow up a little bit on Senator Burling's. You make this notice known in the paper May 1. The way the bill, LB 1081, is written, that it shall also be notified of the project, the weed to be targeted, when the project will start, the approximate period of time that the project will be carried out. Now are you doing the same thing now? What if this was in July 1 that you decided there was some weed that needed to be addressed? Would you make another notice then, or do you not have...are you under a little bit different authority than what we have in the bill?

BOB ELLIS: We have a little bit less restrictive authority, as the law is currently written.

SENATOR KREMER: Okay, so this would be a little bit more...

BOB ELLIS: More restrictive in identifying the project that

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that county is working on, and you know, that is going to be a benefit for that area and everything.

SENATOR KREMER: Okay. So they couldn't just do it May 1 and have it a blanket...

BOB ELLIS: No, no.

SENATOR KREMER: ...the way it's written here?

BOB ELLIS: Right.

SENATOR KREMER: Okay.

BOB ELLIS: This would...they'd have to notify or claim that it's a certain area that they're going to be working on, which is definitely a benefit.

SENATOR KREMER: Thank you.

SENATOR ERDMAN: Thank you, Senator Kremer. Any further questions? I see none. Thank you, Bob,...

BOB ELLIS: Thank you.

SENATOR ERDMAN: ...for your testimony today.

BOB ELLIS: All right, thank you.

SENATOR ERDMAN: And if you also have got a chance, there are sign-up sheets next to Senator Schimek, over there, if you could fill one of those out for us so we have that record.

BOB ELLIS: Okay, thank you.

SENATOR ERDMAN: Anyone else wishing to testify in a neutral capacity on LB 1081? I see none. Senator Kremer, you are recognized to close.

SENATOR KREMER: I will very briefly close. And I think this is very pertinent in the idea that we're so short of water in this state and reduce water depletion any way we can. It's not going to happen by one big chunk. It's going to have to be incrementally, and this is one area I think

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that we can help. And I'd like to reiterate one other thing, and it says, in no event shall a fine or lien be assessed against a landowner as prescribed in Section 2-955, unless the control authority has caused individual notice to be served upon the landowner as specified in this same section. So we don't want somebody to think that if they come onto their land, they find some invasive or noxious weed, that they're going to come back and fine them because they're on their land. So if they use this means to enter their land and they try to clean up the weed, there's no way that they can come back and fine or put a lien on that person or on that private landowner. And I think that's very important to know. With that, thank you.

SENATOR ERDMAN: Thank you, Senator Kremer. Any final questions? Seeing none, that will close the hearing on LB 1081, and Senator Kremer will resume chair.

SENATOR KREMER: Senator Schimek, you are welcome to open on LB 1038. Welcome to the Ag Committee.

LB 1038

SENATOR SCHIMEK: Thank you, Mr. Chairman, and members of the Ag Committee. I have to tell you that in the 18 years I've been in the Legislature, I don't believe I've ever appeared before the Ag Committee before. I've been on the Ag Committee, but I don't think I've ever brought a bill.

SENATOR KREMER: A new experience.

SENATOR SCHIMEK: So I think this completes my whole goal of appearing before every committee. (Laugh) Thank you for allowing me to testify today. I am DiAnna Schimek from the 27th Legislative District, the historic district. And this bill came out of a discussion I had this summer with the head of the Department of Administrative Services regarding the State Fair Board. And the concern was that the State Fair Board might be considering a private entity to build some kind of structure out at State Fair Park. And I understood that there was some kind of an agreement between DAS and the State Fair Board regarding this property, but the issue of whether the State Fair Board could lease property to a private entity for new construction was

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subject to some disagreement, at least that was the thought. So we drafted--I shouldn't say we--my staff drafted LB 1038 to prohibit any capital construction by a private entity on State Fairgrounds. But I understood that there was also the possibility that we might take another tack on this which would maybe allow construction. And that actually is what I'm going to suggest to you today, that we not prohibit, as the bill says, prohibit that construction outright, but rather that there be a process. And I've had some discussions with DAS today and this past week. And Gerry Oligmueller is here to talk about that approach and to offer an amendment, which I fully support the concept of, and I'm really willing to work with the committee to draft such an amendment, but probably does need to be settled and there does need to be a process which would involve both the Governor and the Legislature in some way. So with that, Mr. Chairman, I'd be happy to answer any questions.

SENATOR KREMER: Thank you, Senator Schimek. Any questions from the committee? I see none.

SENATOR SCHIMEK: Thank you.

SENATOR KREMER: Thank you. Anyone wishing to testify as a proponent?

GERRY OLIGMUELLER: (Exhibits 7, 8, and 9) I have copies of my testimony which the committee could certainly have. Good afternoon, Senator Kremer, and members of the Agriculture Committee. My name is Gerry Oligmueller. I'm the acting director of the Department of Administrative Services.

SENATOR KREMER: Could you spell your last name at least, please.

GERRY OLIGMUELLER: Sure will. O-l-i-g-m-u-e-l-l-e-r.

SENATOR KREMER: Thank you.

GERPY OLIGMUELLER: Even causes me to pause to make sure I get it right. My understanding is that my predecessor asked Senator Schimek to pursue the provisions outlined in LB 1038. And I beg Senator Schimek's indulgence and that of the committee as I suggest an alternative approach, but one that is intended to address the concern that prompted

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LB 1038. Currently, as authorized by statute, DAS, the Department of Administrative Services, and the State Fair Board have a property management agreement for the Fair Board to manage the State Fairgrounds. The agreement requires DAS to approve all leases of the State Fairgrounds by the State Fair Board. I am told there are differing opinions as to whether the language in the property management agreement, as well as enabling legislation, allow for the rental of grounds for the purposes of construction of a new facility or not. Assuming there is authority for such leases, the agreement would require the approval of the department of such a lease, but does not provide for or require involvement of either the Governor or the Legislature in the approval process. The Governor's only representation in the process of leasing the fairgrounds flows through the fact that the department is a code agency whose director is appointed by and reports to the Governor. The Legislature has no involvement. This situation presents a policy choice for the Legislature. To what extent does the Legislature desire input into capital construction at the State Fairgrounds? There are varying ways to address the issue. The choice in LB 1038 is to prohibit such activity. An alternative would be to institute a review and approval process through which the Legislature and the Governor had greater oversight of major projects involving the State Fair. We would envision this working in a manner similar to the process for gifts of real property to the state found in current law at Section 81-1108.33. And I have a copy of that statute which I can share with you, as well. That section requires the DAS Building Division and the DAS Task Force for Building Renewal to review the proposed gift, project plans, costs, funding sources and some other information, and provide a report and recommendation to the Governor, the Legislature's Committee on Building Maintenance, and the legislative Fiscal Office. The gift must then be approved by the Governor and the Legislature, or the Executive Board if the Legislature is not in session. I am providing you a copy of that language that could be used to implement this alternative process. This draft language, which I have a copy of, is modeled after the gift process in 81-1108.33 and could serve as an amendment to this legislation. This concludes my testimony. I'd be happy to answer any questions committee members might have.

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SENATOR KREMER: Okay. Any questions by committee? Do you have a copy of the proposed amendment, then, that would...she's just passing...oh, I see it right here; I just got it. Okay. Any questions by committee? Excuse me.

GERRY OLIGMUELLER: I was just going to offer that. This draft language is very analogous to that found in current law at Section 81-1108.33.

SENATOR KREMER: Any questions for Gerry? Seeing none, thank you for your testimony,...

GERRY OLIGMUELLER: Thanks.

SENATOR KREMER: ...appreciate it. Anyone else wishing to testify in support? In opposition?

TAM ALLAN: Good afternoon, Senator Kremer, senators. My name is Tam Allan. I'm a board member of the Nebraska State Fair Board and we are here in opposition to the original bill as that we've seen there. And I want to be real fair and clear, as DAS director and Larry Bare were kind enough to visit with us yesterday and talk about possible changes to the bill because obviously, we had a real problem with the original bill. The query that I'd still have and we would have to see the amendment, although Gerry was kind enough to refer me to the gift section of the current statute, as that it would be a model. And I don't have the information that you have before you. As far as relating to possibly some questions on...Senator Schimek had said the DAS director's, Lori McClurg's concern that we had a project that we were possibly going to do, I wish we had wanted to come and talk to you about there. And we hope that in the future that we might have one. We don't have any projects that we are considering that would apply to either one of the proposed legislation or the existing property management that we have. And so when this issue came up we were a bit confused about it because under our property management agreement, and I think Mr. Oligmuller correctly stated, our existing one is that we can't enter into any other...any long-term leases to facilitate privately owned capital improvements, and there are some other things, for a term of more than one year without DAS approval. And we thought that that scope of review would be sufficient. And I guess we're very interested in looking at what the amendment would

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be, and we would certainly consider it. Where the only reluctance might be is how many more layers that we might have is in consideration with the different things that we would have to do to consider new projects. We appreciate the vote of the people of Nebraska, the faith in the State Fair as far as to move forward with the State Fair with the constitutional amendment. I think we've made great progress; some of the testimony that you had heard earlier from the new members or the confirmed members on that. One change that I could see or one thing that is different that would relate to the gift process or the mechanism, and again depending on the amendment, is that we are not a state agency; we're a private, nonprofit corporation. And that was established, I think, in 2002, because there was a choice between us being a state agency and being a private agency. And one of the things that we're supposed to do in my review of the statutes, in 2-101.01, is...the number one priority is place priority on the development of private funding sources, including corporate donations and sponsorships. And like I said, we do not have anything in hand, but boy, that's sure something that we would like to pursue in the future because we want to make the State Fair...improve it and make it as relevant as we possibly can for the people of the state of Nebraska. So I guess in closing, like I said, I would be more than interested in visiting with a DAS representative on what the potential amendment would be. We do have a concern. And I can't speak to our approval or nonapproval on that. We have a board meeting on this Friday. The only thing that the board had considered was Senator Schimek's original bill. So if there's any questions, I'd be pleased to answer them.

SENATOR KREMER: Thank you, Tam. Any questions? Senator Wehrbein.

SENATOR WEHRBEIN: Are there others to testify?

SENATOR KREMER: I don't...how...in support? Opposition, oh yes, we're on opposition. We have one other.

SENATOR WEHRBEIN: I'd like to ask a question. And I don't know if this is unusual, but I'd like to have some of this on the record. If...

SENATOR KREMER: You say off the record or...

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SENATOR WEHRBEIN: On the record, I said. (Laugh) Tell me...describe what you would see as something that you would like to have come? I'd like to see how it would fit in with this amendment, and I'd like to have Mr. Oligmueller listen to that. It might be unusual, but I guess he can come back up as neutral. I'd like to...tell me what you might anticipate somebody doing, and then I'd like to know how that fits under this proposed amendment. I think I've got it straight, and I think it would be all right, but I want to be sure.

TAM ALLAN: Yes. I mean, the things that we are considering or trying to do is we have several facilities out there in desperate need of improvement. In visiting about the existing improvements, and I would like Mr. Oligmueller to correct me if I'm wrong when we're discussing, is that the state's interest wouldn't necessarily be on the existing improvements. But to give you an example, we have a tenant relationship with the Lincoln Stars. And, of course, under the bill that you have before you unamended was, if we entered into a new lease and wanted to put a new roof on--capital improvements--because of that, we'd be prohibited because it would be against the law. Some issues that we need to deal with at the fair when it's financially prudent to do so--and this would be some combinations we would look at--is our State Fair grandstands for the race track is in desperate need of repair; it probably should be replaced in some fashion. Our alternatives are to come here and to ask you for other funding, if there could be some partnerships that we could figure out on that, I'm just using that as an example. Another item that has come up is the consideration with the city of Lincoln has asked us to look at is that whether, in the future, should the fair campuses of the State Fair and the County Fair should be combined. If that would be the case, and I'm not suggesting that it will be, but that would be another item, is that we would have to have additional improvement subject to a lease situation on that. Am I answering your question, sir?

SENATOR WEHRBEIN: No. I'm going to use my example. I want to build a monument to myself, and I want to build a building out there and call it the Wehrbein 4-H Coliseum. (Laughter)

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TAM ALLAN: I don't know if the board would approve that.
(Laughter) No, excuse me, sir.

SENATOR WEHRBEIN: I understand that. I would pay for it, but I would definitely understand that long-term, that building belongs to the State Fair and the state of Nebraska. Now I want to know if I can do that under this proposed amendment, subject to the approval of the Governor and the Legislature, DAS and all that?

TAM ALLAN: Oh, I would assume so, just in your...

SENATOR WEHRBEIN: Well, I would assume so, too. But I'd like to have an answer from...

TAM ALLAN: Well, it would be at the discretion of that. I mean, under the existing property agreement, if it were a long-term lease type situation--if it's a lease situation we would have to take that to the DAS director as it stands today.

SENATOR WEHRBEIN: But that's the way I would understand any of this. I would never own the building. I mean I'm going...

TAM ALLAN: Absolutely not, absolutely not.

SENATOR WEHRBEIN: ...but my name would be on it and I just want...I think under this amendment that's perfectly permissible, as long as it has the approval of everybody. And on the other hand, if I wanted to put, crazy, the PLO, Hamas on that building, it probably would not be looked on upon with favor, so that could be turned down. But I just want to understand, I just want to be sure it fits under this proposed amendment, because I think it does.

TAM ALLAN: I believe it would be at the discretion...if I understand the existing...

SENATOR WEHRBEIN: Well, I know you haven't seen the...

TAM ALLAN: Yeah, I haven't seen it.

SENATOR WEHRBEIN: You haven't seen the amendment, that's why I wanted Mr. Oligmueller to answer that.

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TAM ALLAN: But, I mean in...we certainly don't, you know, we want to involve...be involved in the communication with both the Legislature and with the Governor's Office. And I think over the year we've contacted representatives of this committee to share things we're doing or not doing or concerns that we had. You know, we don't resist that. We've got...we're as transparent as possibly can be. And so the way I understand it, Senator, as what you're saying is that, yeah, that would be some additional layers of discretion for people to make that decision.

SENATOR KREMER: Will this be a lease or a gift, Roger?

SENATOR WEHRBEIN: Well, I...I don't...I'd say either one.

SENATOR KREMER: Okay.

SENATOR WEHRBEIN: But I would like to know if that fits under his proposed amendment.

SENATOR KREMER: Well, it seems like this was under the gift. I mean, it's talking about gifts, so it seems like there would be a procedure here that we could within the...

SENATOR WEHRBEIN: Well, yeah.

SENATOR KREMER: Okay.

SENATOR WEHRBEIN: The ownership would still be within the State Fair or the state of Nebraska, which is a key thing.

TAM ALLAN: It's absolutely, it's state property.

SENATOR WEHRBEIN: And it's theirs to decide what to do with it, I would assume that, over whatever the time period is. Now that might be something for negotiation. I just want to be sure that this amendment that's proposed would fit, because I think it does. And I wanted his reaction. Thank you.

SENATOR KREMER: Tam, would you state again what procedure obligations you have right now. Is it anything less than one year did you say, or I can't remember?

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TAM ALLAN: Anything over one year...

SENATOR KREMER: Oh, okay. So anything less than one...

TAM ALLAN: ...lease over one year is at...

SENATOR KREMER: A lease less than one year, then, you do not have to go through the procedures?

TAM ALLAN: We have some other restrictions according to our management agreement. But the exact issue that we're talking about here, as I understand, is for a long-term lease to facilitate...

SENATOR KREMER: Okay.

TAM ALLAN: ...privately owned capital improvements to existing structures, the construction of new privately owned capital improvements. That's in our agreement right now,...

SENATOR KREMER: Okay.

TAM ALLAN: ...that any of that we would take to the DAS for their approval.

SENATOR KREMER: And you have not had a chance to study the amendment that's been presented?

TAM ALLAN: Have not. We had the meeting late yesterday afternoon, and I really appreciated them visiting with us, because obviously, you know, the original bill was going to probably provide problems. And so we'd be happy to visit with them on it. But we have not seen it.

SENATOR KREMER: And you have a board meeting coming up, didn't you say, this Friday?

TAM ALLAN: On Friday, and so we, you know, obviously, anything that we say would have to go through board approval, any position that we might take.

SENATOR KREMER: Yeah. Well, I'd like to encourage you to, you know, to study this and, you know, discuss it with your board because I think it's very important that we have everybody working together on this,...

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TAM ALLAN: Absolutely.

SENATOR KREMER: ...because we all have the same goal, it's just how we get there. So thank you, Tam. Any other questions? I'm sorry. Thank you very much for coming...

TAM ALLAN: Thank you.

SENATOR KREMER: ...and for serving on the State Fair Board, too.

TAM ALLAN: Well, thank you.

SENATOR KREMER: Anyone else wishing to testify in opposition? How many more testifiers do we have? Okay. One more. Thank you.

RICHARD BJORKLUND: Mr. Chairman, thank you for letting me testify today. My name is Richard Bjorklund, that's B-j-o-r-k-l-u-n-d. I'm the executive director at State Fair Park and I am employed by the board of directors, Mr. Allan representing that board just previous to me. And I'd just very briefly, very quickly, I may be able to help to some degree on the operational issues pertaining to the legislation. Although we are very willing to work with the DAS in anything that would be presented as an alternative, the corporate community is a sensitive community when it comes to working with a public entity and public agencies, such as State Fair Park, or stadiums or arenas or universities or public park systems. They're sensitive about how their name is used and how it may be portrayed. And it's in that vein that we're very, very...we are sensitive about how we're portrayed by the state to them. Essentially, it's important for the corporate community to know that we're the guys; it's okay, we are speaking with the force of the state, with the confidence of the state subject to the review and subject to the oversight of DAS, the Governor and the Legislature. We would never do anything that would be...that would cause difficulty or harm or concern to any of those public bodies. Place...the number one issue that the...that LB...that Nebraska's Revised Statutes 2-101-01 states to us is place priority on the development of private funding sources, including corporate donations and sponsorships. It's that sensitivity

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world that we are trying to make sure that goes forward in the most sensitive possible manner on behalf of both the State Fair Park, but also on behalf of the state of Nebraska.

SENATOR KREMER: Thank you, Richard. Any questions? Thank you.

SENATOR WEHRBEIN: I'd like to have Mr. Oligmueller to come back (inaudible)...

SENATOR KREMER: Okay, just...

SENATOR WEHRBEIN: ...after (inaudible)...when it's appropriate.

SENATOR KREMER: Okay. Okay, that will be fine.

LYNNE McNALLY-SCHULLER: Good afternoon, Chairman Kremer, members of the committee. My name is Lynne McNally-Schuller, S-c-h-u-l-l-e-r, representing the Nebraska Horsemen's Benevolent and Protective Association, appearing in opposition to this bill. I don't necessarily have an opinion about the amendment, because I have not seen it. But the HHPA has been involved with the State Fair now for quite some time. They handle a very large number of our live race days, so the facility is extremely important to my organization. I think that if I got the list right of the people that you would have to check with before you could go forward with a project, it was the Governor's Office, DAS, the Legislature, the 309 Committee, and fiscal. That seems onerous to me. It seems burdensome to put together something that could be a very successful but perhaps a sensitive project and subject it to that many layers of scrutiny. When I've dealt with the State Fair Board and Rick Bjorklund personally for the past two years, they've been extremely open. Jack Peetz especially is...has a very important position with a corporation that's very large, and I have called him at his office about State Fair business, and he's always taken my calls, always answered my questions in a very timely manner. And when I had a request for State Fair Park, I've had it by the end of the day. So I find them to be a very open and forthcoming organization and a board in particular. And I would just beg you that, if they've got an opportunity to make the State Fair better,

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that you give them an opportunity to do so under reasonable circumstances. I think to have some oversight over any agreements that might happen I think is a very wise idea. I would just ask you to use some reasonableness in that. One example I can think of is, as Tam was mentioning, the grandstands in Lincoln are obsolete. The building is much too large for the crowd that they get and it's extremely expensive to heat in the winter and keep cool in the summer. The problem with just tearing it down and building a new one is that there's some asbestos issues, things like that. And if an organization like mine wanted to make a private investment to build a new facility that would be to our benefit and to State Fair Park's benefit, what would those requirements be? I guess I'm a little confused right now as to whether we would be allowed to go forward with that; if we were, what the time frame would be. Would it be six months? Would it be three years? I think those are questions that perhaps you need to consider when you're considering this bill in general. Thank you.

SENATOR KREMER: Thank you, Lynne. Any questions from the committee? Thank you for your testimony.

LYNNE McNALLY-SCHULLER: Thanks.

SENATOR KREMER: Anyone else wishing to appear in opposition? In neutral? Who do we want? Gerry, I guess, we'd like to have you come back up and...just to be able to answer some questions that we might have. So, I don't know...

GERRY OLIGMUELLER: Based on the way I heard the question, the answer is yes.

SENATOR WEHRBEIN: Okay.

GERRY OLIGMUELLER: You raise a second issue which is you talk about naming, potentially, a structure. And there is another law which applies to the naming of sites, and again, that requires legislative approval. So...

SENATOR WEHRBEIN: And being dead, right?

SENATOR SCHIMEK: Right.

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SENATOR ERDMAN: Generally.

GERRY OLIGMUELLER: (Laughter) I don't know. I don't know about that.

SENATOR WEHRBEIN: Yes, it is.

GERRY OLIGMUELLER: I'll defer on the answer to that one.

SENATOR KREMER: She doesn't know the rules here that you speak up from out there.

GERRY OLIGMUELLER: Yes.

SENATOR WEHRBEIN: But the other thing: I wonder if there ought to be a dollar figure in here.

GERRY OLIGMUELLER: Could be.

SENATOR WEHRBEIN: Okay. Is there a reasonable number in your mind?

GERRY OLIGMUELLER: I'd have to give it some thought.

SENATOR WEHRBEIN: Okay.

GERRY OLIGMUELLER: Yeah.

SENATOR WEHRBEIN: That's understandable.

GERRY OLIGMUELLER: Yeah. No, certainly welcome to work with anyone on the language. There's nothing particularly territorial about that draft amendment, other than the thought that this is an issue that probably should have Governor and Legislature involvement.

SENATOR WEHRBEIN: I don't have any problem with this overall. I mean, I know it looks onerous, but the Fiscal Office is kind of routine for our judgment and so forth.

GERRY OLIGMUELLER: Yeah.

SENATOR WEHRBEIN: All that is pretty routine stuff that you've got in there.

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GERRY OLIGMUELLER: Yeah, yeah.

SENATOR KREMER: Thank you, Senator Wehrbein. Gerry, what kind of problems are we trying to avoid by this legislation, or what's the possibility of things coming up that we don't want to happen?

GERRY OLIGMUELLER: Well, you could find an investment made on state property that incurs long-term obligations for the state of Nebraska that could be represented in a variety of different ways, all depending upon what kind of agreements are reached, and what kind of construction occurs, and what the quality of that construction is, and what the plans are for long-term maintenance of facilities. And Senator Wehrbein can probably cite more instances than I of situations where the state took responsibility for maintaining properties constructed with private money over the life, you know, of the state of Nebraska here. So there's some specific interests that the department certainly has enough responsibility to bring forward and represent on behalf of both the Governor and the Legislature to make certain that all the facts and information, you know, are before both the Governor and the Legislature before there are significant improvements like that on state property.

SENATOR KREMER: Okay. So I understand you to say we don't want something to start that we have an obligation to carry on that could be very expensive down the road someplace, it just...or an unknown in that area.

GERRY OLIGMUELLER: Right.

SENATOR KREMER: Okay.

SENATOR WEHRBEIN: It could be roof types, all that kind of thing.

SENATOR KREMER: Yeah, okay.

GERRY OLIGMUELLER: It could even be issues related to how the construction is financed.

SENATOR KREMER: Okay. Any other questions? Thank you, Gerry,...

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GERRY OLIGMUELLER: Appreciate it very much, thanks.

SENATOR KREMER: ...appreciate you coming. So anyone else wishing to testify in a neutral position? Senator Schimek, would you like to close?

SENATOR SCHIMEK: Yes, thank you, Mr. Chairman and members. Senator Wehrbein, I was just kidding; you don't really have to be deceased. (Laughter)

SENATOR WEHRBEIN: Was that you? (Laughter)

SENATOR KREMER: She didn't know the rules that you couldn't speak up from out there.

SENATOR SCHIMEK: Actually, though, there are some prohibitions of naming a building after a current elected official or state employee.

SENATOR WEHRBEIN: Just for the record, that was only...I didn't want to use a company name, because I didn't want to start rumors in here. (Laughter)

SENATOR SCHIMEK: I'd just like to say I appreciated the comments from the State Fair Board. And I would like to say that this in no way indicates that I don't think the State Fair Board is doing a good job or that they're not important. I certainly was one of those who was in all the meetings to decide how we were going to save the State Fair Board, so I think it's important. I just think that we also have a responsibility to the state, because this is state land, and so I'm very open and willing to consider ideas. I do like the amendment much better than the outright prohibition. If there are some things that we could do to tweak the amendment, I'd be happy to listen to those, as well. And I would like to hear back from the State Fair Board, as you would, I'm sure, Senator Kremer. So I just wanted to offer that, as we're willing to work and listen. So thank you.

SENATOR KREMER: Okay, you know, if you could do that in the next couple weeks then so that we could, you know...because I think there are some things that we need to really look at and maybe improve on that, Larry. And I think the State

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Fair Board and the directors offered to work together with you and take it to the board. So if you could work with them, we'd appreciate it a lot.

SENATOR SCHIMEK: That would be excellent. Thank you.

SENATOR KREMER: Okay, thank you very much. That will close the hearing on LB 1038 and also close the hearings for today. Thank you.