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Natural Resources Committee
January 30, 2009

[LB209 LB246 LB490]

The Committee on Natural Resources met at 1:30 p.m. on Friday, January 30, 2009, in Room 1525 of the State Capitol, Lincoln, Nebraska, for the purpose of conducting a public hearing on LB246, LB209, and LB490. Senators present: Chris Langemeier, Chairperson; Annette Dubas, Vice Chairperson; Tom Carlson; Tanya Cook; Ken Haar; Beau McCoy; and Ken Schilz. Senators absent: Deb Fischer. []

SENATOR LANGEMEIER: Are you ready? Good afternoon and welcome to the Natural Resources Committee. I'd like to welcome everybody that's here in the crowd as well as those watching on close caption as well as our new live Internet feed. Welcome to the Natural Resource Committee. My name is Chris Langemeier, I'm the chairman of the Natural Resources Committee. I'd like to introduce those sitting around the table here. We'll start to my far right or your far left: Barb Koehlmoos, who is the committee clerk; Senator Tanya Cook from Omaha; Senator Tom Carlson who you've seen is a continued member of this committee, District 38; Senator Fischer will not be with us today; out to my far left we have Senator Beau McCoy who is from Omaha; Senator Ken Haar has a bill that he is introducing in another committee so he will be joining us in a few minutes; Senator Ken Schilz from District 47, Ogallala; and our vice chair of the committee is Senator Annette Dubas; Laurie Lage is our legal counsel; the pages today that will be helping us if we need to hand anything out we have Melinda Frevert and Justin Escamilla, Melinda is from Omaha, and Justin is from Scottsbluff. And welcome. If you are going to hand anything out today we ask that you have ten copies. If there is anyone that needs a few more copies made, please raise your hand and one of our pages would be more than happy to help you with that. We will take testimony from the introducer first, then we'll take all the supporting testimony, then all the opposition and then the neutral testimony. We'd ask if you're going to testify today we need you to...in the back of the room there is a green sheet, we ask that you fill that out in its entirety so we can keep a well documented record of what's going on today. Also, if you choose not to testify but you want to be on record of being here in a support or opposition fashion, there's also another sign-in sheet back there that we ask you to put your name and address on and how you would like to be on the record as appearing here today. You don't have to do this if you're going to fill out a green sheet. We ask that if you are going to hand anything out to the committee that we will keep it as part of the record, so don't hand it out if you don't mind...if you really want it back, because we won't give it back. With that, I would ask you to turn your cell phones off at this time and we have a gentleman that's going to testify on the phone so we're going to move fairly quickly here and we're going to go to LB209 and Senator Dubas is going to open on that and then we will move to our telephone conference testimony after that. Senator Dubas, we're ready when you are. []

SENATOR DUBAS: Thank you, Senator Langemeier, members of the committee. My name is Annette Dubas, that's spelled D-u-b-a-s, and I represent the 34th legislative

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district. LB246 reauthorizes the Biopower Steering Committee. This committee was originally created in 1998 by Senator Ed Schrock. This committee was designed to discuss bio issues which include ag and ag related products used to produce energy sources and other materials. Although I've yet to find a report filed by this committee, that is not to say that this committee still could not be useful. In fact, I think it can be very useful and that is why I am proposing that we reauthorize this committee which expired on December 15, 2008. And then charge them with the duty to specifically authorize a bio assessment for the state of Nebraska with the intent of creating a strategic plan for the development of the bioindustry. Last year I introduced LB922 which created the Cellulosic Biomass Renewable Energy Initiative which was designed to create incentives for advanced cellulosic and biomass technology. LR350 was the result of that legislation. During the interim and under the jurisdiction of the Ag Committee, we spent a great deal of amount of time studying this issue. We were very fortunate to have Undersecretary Thomas Door attend that hearing and testified that many things are happening at the federal level and encouraged the state of Nebraska to be ready. Through several meetings which involved the Department of Economic Development, the Department of Ag, the Nebraska Energy Office, the Ethanol Board--excuse me--the University, Bio Nebraska Pharmaceuticals and others, we discussed Nebraska's Bioeconomy. A guest speaker at one of our meetings was Michael Ott from BLOWA. That is an Iowa organization dedicated to growing the bioeconomy in Iowa and he will be testifying following my opening statements today. It became apparent through their experience that a baseline study to determine Nebraska's comparative advantages is a very important starting point. And once that baseline is determined, policies can then be crafted to direct public and private funds to create the research and development, and most importantly, jobs in Nebraska. Even in these tough economic times, Nebraska has a solid economy due to its strengths in agriculture and advanced manufacturing. Despite our history as an ag leader, Nebraska has not fully embraced the bioeconomy. We have the opportunity to leverage recent investments in technology to create local and permanent jobs in value added agriculture processing facilities throughout the state. We are the second largest producer of ethanol. Corn based ethanol production is the platform for the bioeconomy. The first phase of the bioeconomy will lead to production of other more valuable products from corn such as bioplastics and advanced biofuels. Nebraska missed the first wave of research and development specifically dealing with cellulosic technology, money for second generation cellulosic technology, and other such things, and compared to Iowa, have very few biorefineries. Hopefully by doing this type of an assessment it will prepare us to take advantage of this second wave. This assessment will quantify Nebraska's production capacity and willingness to invest while identifying suitable partners and opportunities to develop university research. I would like to add for the record that I do support broadening the scope of this legislation because the bioeconomy does include more than just the ag based portion of it. And while that's my main focus and the area that I have the keenest interest in, I do understand the opportunities that are available by broadening the scope. In addition, I know I've received some phone calls into my

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office about discussing of methane capture and what the dairy industry can contribute to this discussion. So in no ways do I want to overlook all of these other important components. I also understand that the fiscal note points out a slight misdirection with the funding mechanism. And unfortunately, this was one of my bills that was still somewhat a work in process when I experienced my personal issue with my family and so it's probably not in the form that I am the most comfortable with, but I am hoping just with the basic foundation of the bill that I will be able to work with the vested parties and should the committee see fit to advance this bill that we can, through some amendments, get it into the form that will deliver the results that we're looking for through this assessment. So I definitely am open to work with the invested parties with this issue. So with that I will close and be happy to answer any questions. [LB246]

SENATOR LANGEMEIER: Are there any questions for Senator Dubas? Seeing none, you're off the hook, I'm going to ask you to stay there, though. [LB246]

SENATOR DUBAS: Okay. [LB246]

SENATOR LANGEMEIER: And then our next testifier is testifier in support and he is going to come to us via the telephone, so if we have Mr. Ott...if he'd introduce himself and give us his testimony. [LB246]

MICHAEL OTT: (Exhibit 1) Yes. Michael Ott, I am the executive director of BLOWA, the trade and consulting group. (Inaudible) And BLOWA has worked with all the parties involved with biotech. I should say, am I coming across okay? Is this understandable? [LB246]

SENATOR LANGEMEIER: Yes, you're doing real good. [LB246]

MICHAEL OTT: BLOWA works with all the parties of the bioeconomy. That includes ethanol producers, corn growers, researchers, investors, (inaudible) researchers, entrepreneurs, economic developers, everyone that you need really for a global point of view when it comes to making renewable energy, creating biobased products. Our membership reflects all the parties in there. And we were started, actually, by...from a study that was done for the state of Iowa for economic development where we look at, you know, where we were and try to figure out where we were going. This happened in 2001, and some of the recommendations that came out of this study were focused on the strengths of Iowa. And at the time we thought, well, you know, we're a strong agricultural state. Agriculture is our leading industry. We did a baseline study to kind of look at, you know, what do the numbers say? And we were surprised to see that advanced manufacturing is bigger than agriculture in Iowa. And that shocked a lot of people, and I would like to have a chance to do the same study for the state of Nebraska and see whether advanced manufacturing is bigger, whether it's agriculture, transportation, military, there's a lot of large industries there. And one of the things that I

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learned when I was talking to Senator Dubas and the other assembled parties last year was that everyone realized the need to do something but they don't know exactly where to get going. But that's where the proposal of a baseline study, I think makes the most sense because while everyone is confident that they know kind of what's going on, there aren't hard numbers around what Nebraska has and where they're going. And what BLOWA has done in working with all the different parties is, you know, we've started testing the state of Iowa, getting a lot of ethanol plants going and get a lot of biodiesel plants going. We were very successful in that. What we've done from there was really expanded beyond the state and beyond the first generation of biofuels. So we're looking, you know, for areas all over the world where we can deploy similar technologies. And I, personally, have done projects in Ireland. I did a project for the government of Ukraine where I went over to Ukraine for some time, analyzed all their department of agriculture, energy, economics, transportation, and came up with renewable energy suggestions for them. That type of thing is what I think Nebraska needs here. So what we're going to be proposing is looking at a baseline study that will really allow the gathering of a lot of information to see where Nebraska is right now and then take what we know from there and what new technologies are able to be deployed and then find the best fit. I think what works in Iowa will probably work in Nebraska. There will probably be a few tweaks and a few different things because there are certain, you know, regional nuances. But I think this has to be something that's fairly broad. When Senator Dubas talked about the bioeconomy, you know, it's not just focused on agriculture. What I sketched out quickly as I was thinking about it, it's agriculture, energy, food, transportation, environment, and work force development because Senator Dubas used the phrase that I love, which is local and permanent jobs. Those are the things that are created by the bioeconomy. It's always going to be easier and better to grow corn or grow an energy crop and process it locally and, you know, keeping those good local jobs rather than, you know, growing something, shipping it to Asia or Central America for cheap labor and ideally then bringing a product back. That's not going to happen. These are going to be local jobs that are...will be around for awhile. There's some great numbers on...that we have put together, predictions that we're starting to see come true. If you build ten biorefineries, that will bring an investment of \$2 billion to the area, which is fantastic. It will directly and indirectly create 22,000 jobs, \$11.6 billion in economic impact per year. And at Iowa tax rates, it would boost tax creation by \$367 billion per year. So we're seeing a lot of interest from Iowa, other states, and other countries in investing in the bioeconomy. Even now, when you're seeing a lot of these states pull back funding, Colorado recently announced it was going to increase its investments in bioplant initiatives by cutting the general budget. The state of Iowa is cutting its general budget fairly dramatically by 6.5 percent, but we're still going to be funding the Iowa Power Fund, and that's an initiative that BLOWA helped put together where the state is putting up \$100 million of this money to leverage private investments in technologies that can make our state energy independent. So we've had a lot of success working with different states, different countries, and talking to all the various groups that are required. You really need to have a big net and be very inclusive

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and figure out, you know, where you're at before you can figure out where you're going. And that's why we thought, you know, doing an initial baseline study and then moving on to a final larger study where you're doing some different renditions on what Nebraska's strengths are and where you can go from there. That's an idea that makes a lot of sense and I'd like to answer any of your questions now. [LB246]

SENATOR LANGEMEIER: Very good, thank you. Are there any questions from the committee? Very well stated, we have no questions. Oh, wait, we do. Wait, we're going to get one. Senator Carlson has a question. [LB246]

SENATOR CARLSON: Yeah, Mr. Ott, on some of the expenditures, does that have to do with the wind farms? [LB246]

MICHAEL OTT: Yes, what we saw in Iowa, we had a very strong base of advanced manufacturing from Whirlpool and Maytag making dishwashers, refrigerators, microwaves, that type of thing. And those jobs migrated elsewhere or were cut out by business issues. And what we decided to focus on was new technology. But now a lot of the advanced manufacturing jobs that were lost have been recreated and we're making wind turbines, wind towers, we're making the blades. We're doing some research on efficiency to make the blades...to make the motors run more (inaudible). So it's a thought where it could have been a negative that was turned into a positive. And I think that that is something that other states have been, you know, you're going to be moving some jobs just naturally that's how capitalism works. And then you've got to find ways to recreate those using, hopefully skill sets and hopefully in the same spot. [LB246]

SENATOR CARLSON: Thank you. [LB246]

SENATOR LANGEMEIER: Are there any questions? Seeing none, thank you, Mr. Ott, for your testimony. [LB246]

MICHAEL OTT: Thank you. [LB246]

SENATOR LANGEMEIER: An experiment for us, it worked very good. Thank you. [LB246]

SENATOR DUBAS: All right. Thank you. [LB246]

SENATOR LANGEMEIER: We'll wait just a second, you can come on up. We'll take testimony in further in support of LB246 in just a second. Barb, are you ready? Mr. McClurg, we're ready for you. [LB246]

JIM McCLURG: Thank you. All right, thank you. My name is Jim McClurg, true to form,

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I'll spell that M-c-C-l-u-r-g. Thank you. I'm here today in my role as chairman of the board of directors of Bio Nebraska. My doctorate is in biochemistry from the University of Nebraska Medical Center, and I have spent my whole career in the life sciences business with Harris Laboratories and MDS Pharma Services here in Lincoln. Bio Nebraska is the trade association of companies and institutions and the professionals that are committed to the growth of biotechnology and the life sciences industry in Nebraska. We have 55 members including commercial companies, academic institutions including the University of Nebraska and Creighton and the Community College Association. A number of the chambers of commerce in Nebraska are members, as are the Corn Board, the Ethanol Board, and many major pharma companies. The Nebraska Department of Economic Development is one of our founding members, as is the University of Nebraska and we're here to support the intent of LB246 for the need to develop a comprehensive strategy for the growth of biotechnology's economic impact in Nebraska. All of our Bio Nebraska members share a strong belief that there are prominent and substantial building blocks already present in Nebraska for growing life sciences industry in animal health, in crop production, in biofuels, in human health, and bioprocessing. And we believe the time is now for us to find ways to bring together the many interested parties in these areas and the opportunities, and to prioritize them and to focus our efforts. If we can collaborate on a high quality strategic plan now, it is the right thing to do. As Nebraska and the world work through the current economic challenges, those in the winner's circle coming out the other side will have a plan in place to execute and translate complexity during recovery to focused action. Bio Nebraska would like to make this offer regarding the topic of the bill. First of all, we would welcome the opportunity to serve as administrative infrastructure for the planning effort. We have offices, mailing addresses, e-mail and other resources to help get underway promptly, and manage the progress of the plan. We suggest we have the resources in place to manage the planning. Secondly, we will commit to raising money to provide a portion of the financial support for the study and be part of the solution in that count. Thirdly, many of our members will welcome being engaged in the planning process. Rest assured that we would support the engagement of anyone with an interest in growing this opportunity to participate in the planning process whether they are members of Bio Nebraska or not. One of our lessons learned in Bio Nebraska is that being open and broadly inclusive leads to success. And fourthly, we would like to work with the sponsors of the bill to suggest some friendly modifications primarily focused around more broad inclusion of the various parties with interest in biotechnology in Nebraska. Our 55 members believe there are many opportunities in Nebraska to create growth in jobs, products, companies, and research in the life sciences and biotechnology. And we thank the sponsors of the bill for their leadership and we pledge our intent to be a part of this very good work, so thank you for your time. I welcome any questions about Bio Nebraska, or our position on the bill.
[LB246]

SENATOR LANGEMEIER: Thank you, Mr. McClurg. Are there any questions? Senator

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Carlson. [LB246]

SENATOR CARLSON: Senator Langemeier. Mr. McClurg, would you offer any estimate if this is passed what's the potential time frame to have a study and then implement a plan and see a result? [LB246]

JIM McCLURG: I would suggest this. I think some of the steps will include between the modification of the bill...during that period of time I think we would go out and find out the best consultants are and who does it both fastest, for the best money, and what the approximate cost is so we can have our financing lined up. I think a comprehensive study like this probably takes maybe five months would be my best guess. And then these kind of things you hope you're around ten years now to look back and see what's been successful but I think you get started on execution right out of the chute with a plan. But as we all know having been involved in a variety of things like this, money doesn't hit the till the next day, but action should hit the till the next day. So that would be my rough estimate. Bill passes, we have financing in line, we engage a consultant, we have the study in place in four and five months and are starting actions and mobilizing people at that time. And accountability back to you all and the people of the state in some sort of form of a governance group that oversees the whole process and that governance group should include broad representation of interested parties about biotechnology. [LB246]

SENATOR CARLSON: Okay, thank you. One other question. The bill shows a financial need of \$200,000 and you talked about raising money. Is that in addition to that or is that a part of that? [LB246]

JIM McCLURG: I would estimate...and I hesitate to give figures and I don't know the total cost, but I would estimate that we would participate in some of that \$200,000 and perhaps some comes from your side of the table and some comes from us. We may find some other. I don't know what these studies cost, but I sure hope they aren't much more than that. [LB246]

SENATOR CARLSON: Okay. [LB246]

JIM McCLURG: And so we will responsibly step up and shoulder more than our share of the load but hopefully that's...those are some ranges...we need to find those numbers between now and the time the bill...if the bill comes to a vote, we need to have those numbers in place, I think so you'd know what the commitment is. [LB246]

SENATOR CARLSON: Okay. Good. Thank you. [LB246]

JIM McCLURG: If that makes sense. [LB246]

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SENATOR LANGEMEIER: Are there any other questions? Seeing none, Mr. McClurg... [LB246]

JIM McCLURG: Thank you all. [LB246]

SENATOR LANGEMEIER: ...thank you very much for your testimony. [LB246]

JIM McCLURG: You're welcome. [LB246]

SENATOR LANGEMEIER: Well done. President Milliken, come on up. [LB246]

JAMES MILLIKEN: (Exhibit 2) Mr. Chairman. There are some copies of that testimony. I think there are more than ten but I don't want to take any home with me so. Mr. Chairman, members of the committee, my name is J.B. Milliken, I am the president of the University of Nebraska. Sorry, my name is spelled M-i-l-l-i-k-e-n. I appear today in support of LB246. I applaud Senator Dubas for initiating this important discussion and I hope this committee will support a comprehensive plan for the biotechnology economy in Nebraska. I will not read my testimony, but it refers to some of the statistics about the growth of the biotechnology economy in our country. It is outpacing, by a great degree, the growth of the remainder of the private sector economy in the U.S. There is enormous potential in biotechnology. Nebraska, already, is one of the top ten states in the biotechnology economy as a function of population so we have great opportunity. We have an enormously strong base in agriculture which will continue to be a huge strength of the state. We have great opportunities afforded to us because of that. We have great opportunities at the University with research, primarily at the University of Nebraska-Lincoln on both the East Campus and the City Campus in life sciences that will provide some of the research to support a thriving biotechnology economy. In addition, the University of Nebraska Medical Center, which has great strength in life science research and technology development in areas related to human health. We are enormously supportive of the thrust of this bill relating to bioenergy. We have a new center for energy sciences research at the University which focuses on alternative energy and biofuels. We also share the view of Bio Nebraska, that this is a great opportunity for Nebraska and at this time we ought to step up and do a study of the entire biotechnology economy for Nebraska and create a strategic plan that will address prominently the area of alternative energy and biofuels, but also areas related to pharmaceuticals and medical devices and other of the life science issues that make up the biotechnology economy. This fits well with the Innovation Campus initiative at the University of Nebraska where we have pledged to this body and the public that it will be built and be successful based on the strengths of the University of Nebraska-Lincoln, its research strengths, and that prominently includes life sciences and agriculture. We're working now on a new federal laboratory for the Innovation Campus in agricultural research which would focus on biofuels, in part. So we think that this adds an opportunity as well to build further this public-private partnership in helping to shape a

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plan for the future of the state in biotechnology. Many other states have adopted strategic plans which have helped them both at the state level and planning for investments, but also in the private sector for providing opportunities in the state. I had the opportunity earlier in this decade to participate in the development of North Carolina's strategic plan for biotechnology, which was called Jobs Across North Carolina. I think that the focus is apt and I've heard that a couple of times already today. A focus on creating more opportunity, more economic opportunity, more high-paying jobs in Nebraska. We would pledge to support in any way we could the efforts of this body and of Bio Nebraska in the development of a plan. We have many faculty who I think could contribute significantly to this effort. I would add to Dr. McClurg's comment that I think that this is the opportunity for us to seek the best advice that we can, to get the best help that we can with this effort, and to chart a course for planning for Nebraska for the entire biotech economy. Again, I want to commend Senator Dubas who we had the opportunity to discuss our views with ahead of time. She encouraged us to come here and I thank her for her openness in being willing to consider a broader approach to this bill than originally introduced. And with that, I'll stop and be happy to respond to any questions. [LB246]

SENATOR LANGEMEIER: Okay thank you. Are there any questions for Mr. Milliken? Seeing none, they're letting you off the hook easy. [LB246]

JAMES MILLIKEN: Thank you. [LB246]

SENATOR LANGEMEIER: Just Appropriations where the questions are hard for you. [LB246]

JAMES MILLIKEN: Yeah, that's true, isn't it. But we have a little time to wait for that. Thank you, Mr. Chairman. [LB246]

SENATOR LANGEMEIER: Thank you. Further testimony in support? Welcome. [LB246]

MARY HARDING: Thank you. Good afternoon, Senator Langemeier, members of the committee. My name is Mary Harding, M-a-r-y H-a-r-d-i-n-g. I appear today on behalf of the Nebraska League of Conservation Voters in support of LB246. We want to add our commendations to Senator Dubas and the introducers of this bill for the effort to spearhead a baseline study and a comprehensive strategic plan in this area. We think, as you have heard earlier, that this is an opportunity for Nebraska to develop economically as well as to add jobs in an area where we have an economic strength through agriculture already. An earlier proponent, Mr. Ott, mentioned one word that we did not see reflected in the bill as drafted which is that the environmental aspects of the development of these industries was part of the baseline study that was done by BOWA. And so we would offer a friendly suggestion to the committee on this bill that in the purposes of the study where it says the study shall do these things, you would also

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consider including an assessment of the impact on the natural resources base of development of any of these industries. We know that some industries are incredibly water intensive, for example, and in a state where we have many discussions about fully and overappropriated river basins we feel that this would be an appropriate addition to the study. We recognize it's a work in progress, but again, we want to offer our full support, and appreciate the opportunity to be here today. [LB246]

SENATOR LANGEMEIER: Very good. Are there any questions for Ms. Harding? Easy group today. [LB246]

MARY HARDING: May I ask a question? [LB246]

SENATOR LANGEMEIER: We may not answer. [LB246]

MARY HARDING: Does Senator Carlson have Senator Fischer's tractor? [LB246]

SENATOR LANGEMEIER: We'll leave that up for thought. Thank you very much. [LB246]

SENATOR CARLSON: All four wheels are on it. (Laughter) [LB246]

SENATOR LANGEMEIER: However we won't let him drive it. Welcome. [LB246]

PAUL PLOFCHAN: (Exhibit 3) Hello, Senator Langemeier, rest of the committee. My name is Paul Plofchan, I'm an employee of Pfizer. I serve and live in Nebraska as the director... [LB246]

SENATOR LANGEMEIER: I need you to spell that for me. [LB246]

PAUL PLOFCHAN: Oh, I would be happy to, I'm sorry. That's P-a-u-l and then, P-l-o-f-c-h-a-n. As I was saying, I'm the director of government relations for Pfizer in the state of Nebraska. Also as an engaged citizen, I'm interested in the economic development in the state and I'm here to support the intent of LB246 related to the development of a strategic plan for biotechnology in the state of Nebraska. Pfizer, throughout its hundred and fifty plus year history has been dedicated to better health and greater access to healthcare for people and their valued animals. Everyday we have approximately 82,000 employees across the world in 150 countries doing just that, working to discover, develop, manufacture, and deliver quality, and safe, effective products. In the state of Nebraska we operate a facility employing about 500 colleagues and believe that investment in biotechnology and the development of public policy to support that investment is critical not only to our company, but it's also critical to our state and our country. The biosciences are recognized globally as a key driver of modern economic progress. They offer enormous potential for linking basic research

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innovation with new market opportunities. And recognizing this, many states and various regions around the world are placing tremendous emphasis on this and creating a business climate that allows for these industries to grow. These efforts tend to focus on technology, talent, and capital, I think all things that we have within the state of Nebraska. And the state should be engaging aggressively in participating in this sector and identifying the areas of participation where it can become a leader. As been said by other proponents for this bill, this effort should include a broad review of the life science industry within the state to ensure that our economic development plan capitalizes on the opportunities in human and animal health in addition to those of corn production and biofuels. We have the talent, we have the technologies, and we have an opportunity to recognize our strengths, focus strategically, and establish some leadership positions. This recommendation is consistent with our own action at Pfizer. We recognize the tremendous potential of large molecule biologic medicines to solve the medical challenges of our day. Our corporate CEO is repeatedly on record of saying that biotechnologies will soon represent greater than one third of our revenues and that is growing. If one is looking for more evidence about the importance of this in the private sector, you could look to just this week's announcements between Pfizer and Wyeth where we're combining our two great companies and contained in these releases are numerous statistics underlying the justification about the opportunities in biologic medicines and vaccines. Pfizer has been actively engaged within the state of Nebraska with our scientists and leaders, working to identify potential commercial opportunities. Recent examples include this past year in 2008 where at Bio 2008 we invited a group of Nebraska biotechnology researchers from Nebraska...they're from the University, the University medical system, private entrepreneurs to tour our La Jolla research site and they all participated in a discussion with us about capitalizing on partnerships with private industry. We also continued this effort just this past December in partnership with the Bio Nebraska Life Sciences Association where we held a two-day series of meetings that included presentations to Nebraska researchers and entrepreneurs and culminated in a bioinnovation conference at our Lincoln manufacturing site. I mention these because these experiences, while they were very helpful, they point out quite clearly that despite the efforts of private sector to interact with Nebraska scientists and entrepreneurs, there is a lot of work to be done in shaping strategies and deciding where to place emphasis. I've shared this with Nebraska Bio and other interested parties and the idea of putting a plan together to participate with a real purpose and mission is important. Every state wants to improve its bioeconomy. If you go to the big bio meetings such as we were in San Diego, there's all sorts of parties there displaying what they think they can do. But there's a whole other subculture, go around a real mission who are in private rooms negotiating deals and advancing their own agendas and that's I think what can happen out of a strategic plan that involves our corporations such as Pfizer, organizations such as our Bio Life Sciences Association and also public policyholders and other state employees. If any further incentive is needed, I would just add to the remark that has already been made about economic development. If you look at the job growth and wage statistics you'll see impressive numbers. Employment

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growth within the biosciences is almost twice that of the overall private sector in the past decade and also, bioscience sector jobs pay a lot more, in fact, on average about 68 percent higher salaries than the average private sector job. These are the kinds of jobs that are important to Nebraskans and we should be working to bring them here, keep them here, and develop them here. So I believe it's important and urgent for the state to have this comprehensive strategic plan and I applaud Senator Dubas and other backers of this bill for their work. And in closing I would just offer one other recommendation and that is as people look to amend the bill that the Steering Committee membership be specifically amended to include stakeholders from both human and animal health biotechnology fields. Thank you, and if there's any questions I'd be happy to answer them. [LB246]

SENATOR LANGEMEIER: Thank you. Are there any questions? Seeing none, thank you very much for your testimony. [LB246]

PAUL PLOFCHAN: Thank you. [LB246]

SENATOR LANGEMEIER: Further testimony in support? [LB246]

ROBERT BYRNES: (Exhibit 4) Good afternoon, Senator Langemeier. My name is Robert Byrnes, spelled B-y-r-n-e-s. I'm here as president of Nebraska Renewable Energy Association. I'd like to also express my thanks to Senator Dubas for bringing forward this legislation. I think this is very important to the people of Nebraska. I'll read my brief testimony that is coming around. Nebraska is a state rich with natural resources. These resources are the raw materials that can provide the new carbon sources that will power our future. We need to develop these resources and realize the many benefits that will arise as a result. I am in strong support of LB246 to reinstate the mission of the original committee that terminated in 2008. I am not familiar with anything tangible that resulted from the activities of the original group and the urgent need to assess the bioeconomy opportunity in Nebraska is very real. The primary goal of the LB246 committee is to produce a report that will focus on the bioeconomy potential in the state, and this has been described, and translate these opportunities into potential job creation and economic impacts. Without such a translation, it is more difficult to prioritize funding decisions and subsequent policy decisions. These potentials require a clear quantification so public policy priorities can be determined and introduced. The tangible report that is the goal of this committee will not only provide a rich pool of information for economic developers and prospective businesses, this report will provide a current assessment of opportunities that can be integrated into the state energy plan. While the NEO must clearly be commended for initiating this long overdue process, it is also clear that the NEO is not able to build a viable energy plan on its own. The Bio-Power Report produced by this commission will quickly become the cornerstone in the energy plan regarding biomass energy, and this is badly needed. An excellent component of this bill is the legislative overview and continual updating of this plan on

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an annual basis. The fact that it took 17 years to update our energy plan needs to be avoided and must not be allowed to be repeated. Biomass represents one of four renewable resources we have in Nebraska including wind, solar, and geothermal energies. I would further recommend steering committees to be formed to focus on each of these areas. With diverse committees generating and updating each of the four areas of resources available, the renewable aspect of the state energy plan would then be made up simply by consolidating these reports. LB246 comes at a cost which is a wise and overdue investment in our future. It is difficult to develop this potential responsibility until an assessment can be made. It would be akin to investing in a home that you do not know the value of. While the potential of biofuels is clear to many, the potential for other bioproducts is new and must be fully investigated. The funding requested for LB246 is reasonable and I recommend be committed. I look forward to the activities of the proposed committee and would pledge my volunteer time to the committee if called. Once again, I strongly recommend the Natural Resources Committee consider sending LB246 to Select File. I have brought today as a display, an example of an advanced biofuel product. This is a reformed gasification liquid. This is a high octane alcohol, 138 octane made up of carbon chains of two to eight carbons long. These materials can be made by burning biomass through gasification process. You can make this fuel from garbage, you can make this fuel from stove or from wood, from high waste products. This is an example, one of the many examples that are out there in the bioeconomy. This is some high test stuff that we can be making out of our waste streams here in the state. I applaud...I thank the committee for your time this afternoon and I would be pleased to answer any questions. [LB246]

SENATOR LANGEMEIER: Thank you. Are there any questions. Senator Carlson. [LB246]

SENATOR CARLSON: Senator Langemeier. Mr. Byrnes, in my brief time down here I've listened to you testify before so I comprehend your interest in this area. Without incriminating anybody, what do you think happened that we had this steering committee form before and then apparently nothing happened? [LB246]

ROBERT BYRNES: Well, I think, you know, whenever we point our fingers I think anywhere in any equation we point fingers at Lincoln, the people in Nebraska are on the hook as well. And the people of Nebraska have not demanded or requested accountability. They have not gotten involved themselves, so the people in Nebraska are on the hook too. In terms of the committee, I think there was a lack of resolution and resolve to actually bring about something real and tangible to build upon. I don't know why that would be, but we are not the only state that...we're certainly not the only state that has lacked foresight in this area. I think if we'd had a report in 2008, I think the NEO would have had a much easier time generating the energy plan and have at least that component of it I think fairly well researched. It's a big job and it needs to be done by specialists. I can't answer the question, Senator, but I am disappointed that we don't

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have anything to go on already. That's why I think this is a fast moving topic. We've got a technology and patents and things happening almost every day and that's why I like the annual aspect of it and bringing these reports to the committee and giving it Legislature overview on an annual and regular basis. I think that's key to keeping stuff moving. [LB246]

SENATOR CARLSON: Well, thanks for your response and I hope this passes out of committee and out of the Legislature that there certainly would be a nucleus of people that would see to it that it really moves forward. [LB246]

ROBERT BYRNES: Yeah. Appreciate that. [LB246]

SENATOR LANGEMEIER: Thank you very much for your testimony. [LB246]

ROBERT BYRNES: Thank you. [LB246]

SENATOR LANGEMEIER: Further testimony in support of LB246? [LB246]

KEN WINSTON: Good afternoon, my name is Ken Winston. My last name is spelled W-i-n-s-t-o-n and I'm appearing on behalf of the Nebraska Chapter of the Sierra Club in support of LB246. The Sierra Club supports renewable energy development, energy security, rural economic development and reduction of emissions, particularly greenhouse gas emissions. We believe that biotechnology has a role to play in all of these areas. We need to understand the benefits and challenges related to these issues and we believe that such a study could go a long way to addressing those. There are several things that we would ask that this study include that are not specifically mentioned in the study--in the legislation as currently drafted. We'd ask that the study include sustainability, including specifically effective and beneficial use of waste products, because there are many waste products in agriculture and in urban usage as well that are currently just being wasted and they could be beneficially used. Secondly we would ask that there be an examination of the benefits and impacts on local resources because as Mr. Ott indicated, this could have a great benefit or great impact on local people. Then the third point that I would like to raise is the same one that was raised by Mary Harding, and that would be an examination of environmental impacts. And included in that we'd also like to ask that there be consideration of some traditional methods particularly in agriculture because sometimes technology is the answer and sometimes technology is just something new. It doesn't necessarily provide the answers. Sometimes the answers are right in front of us and we need to look at things that people have been doing for years. Sometimes grandma and grandpa did know best and so we need to look at some of those kinds of things while we're in the process of looking at technology. What is already out there? What is available and what resources can be used? We'd be glad to work with the committee and Senator Dubas on this bill. And I'd be glad to answer questions if I can. [LB246]

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SENATOR LANGEMEIER: Thank you very much. Are there any questions? Seeing none, thank you very much for your testimony. [LB246]

KEN WINSTON: Thank you. [LB246]

SENATOR LANGEMEIER: Further testimony in support? Welcome. [LB246]

TODD SNELLER: Thank you, Mr. Chairman, members of the committee. My name is Todd Sneller, last name S-n-e-l-l-e-r. I represent the Nebraska Ethanol Board, here in support of the proposal in LB246 to reinstate a biopower steering committee. I am in particular, interested in the biofuels aspects of course, but I also support the notion that this should go well beyond the biofuels. I'm interested specifically in biofuels because we have, currently, 24 plants located in the state that can process biofuels. We'll have at least two more locations by the end of 2009. So in effect, what we have is at least 26 locations that provide extraordinary infrastructure for development of other bioproducts from ethanol and related products. In particular, I'm interested in this because the opportunity comes through some additional implementation of technology in existing plants that allows us to diversify the products that come from ethanol plants today to use ethanol as a catalyst in processing other bioproducts, and to make a huge foray into human foods and advanced pet food and animal nutrition products as well. So it's that opportunity for economic development on a statewide basis, it's that opportunity to capture an obvious growth trend here that under federal law will increase the use of biofuels from about 11 billion gallons in 2009 to 36 billion gallons in 2022. So we've got a 13 year period in which we can capitalize on a terrific opportunity for growth in the whole bioproducts area, but certainly focusing on at least one aspect of that in the biofuels resources we have in existence in Nebraska today. In addition to that, I think that the effort underway today is an extraordinarily well-timed effort because I work with many of those who have testified before me today. It is a reflection of the fact that there is significant cooperation in an effort to move forward in these areas, but there's not a lot of coordination. And I believe that this can be the catalyst for a more coordinated approach on the part of the state of Nebraska. I work with the public power districts, Nebraska Department of Economic Development, Biosciences Nebraska, the University of Nebraska Medical Center, a couple of the food processing center and industrial ag product centers in Nebraska all on a single product or project that will take ethanol products and move them into the human food and nutrition and health arena. And it's that opportunity that made it very clear to me that this is an opportunity that goes well beyond biofuels that encompasses many of the resources we have in place in the state. And we simply need to coordinate and focus those to take full advantage. The opportunity is in front of us today and so I encourage your adoption of this proposal because I think it can serve as a very important catalyst for coordinating the cooperative effort that is currently underway today. Thank you, Mr. Chair. [LB246]

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SENATOR LANGEMEIER: Thank you, Mr. Sneller. Any questions? Seeing none, thank you very much. [LB246]

TODD SNELLER: Thank you. [LB246]

SENATOR LANGEMEIER: Further testimony in support of LB246? Senator Schmit, welcome. [LB246]

LORAN SCHMIT: (Exhibit 5) Thank you, Senator Langemeier. Welcome, and I'm always glad to be back before the Natural Resources Committee. Whoops, you're taking my copy and I need the bill also. Thank you. There we go. My name is Loran Schmit, and I'm here today representing the Nebraska Ethanol Producers Association. And I also am here today in support of LB246. It's apparent to all of us that the United States Congress and the new administration are committed toward the accelerated program to develop renewable forms of alternative energy. The state of Nebraska has taken a leadership role in the development of the ethanol industry. It is important that the state continue that development and also develop a long range plan to develop other alternative energy resources. If we did not have an ethanol industry in this state today and in the nation, we would have a surplus of corn that would have resulted in disastrously low commodity prices. It's important that we abandon the stop and go policies of the alternative energy development that have existed in the last 30 years in this nation and we should develop a long range plan for the development of our industry. I'm glad to see the University of Nebraska here today in support of the bill. I recall that Professor Bill Scheller of the Chemical Engineering Department of the University of Nebraska, who gave the ethanol industry credibility back in the dark days of the '70s and '80s when ethanol was considered to be a wild idea. With that support today, I believe that we can look for good results from this sort of a development. It's important that we do explore new opportunities, but we do not abandon past programs that have had a positive effect on the state. The development of a comprehensive energy policy for the state of Nebraska should include the ethanol industry. The ethanol industry is still in its infancy. It is more efficient today than it was 20 years ago and we will continue to improve. It's interesting that as we develop new sources of biofuels, research by existing ethanol plants have indicated that we can produce 20 gallons of ethanol from a ton of corn cobs. In Nebraska that would result in the approximately 750 million gallons of ethanol. When you corollate that to the entire production of corn cobs in the United States, we could produce 7.5 billion gallons of ethanol just from the corn cobs. So that's just one instance which I think we can develop. The Biopower Steering Committee should be chosen very carefully. They should not be short term appointments. The members of the committee should be persons with a broad experience who understand the needs of the state and how a Nebraska plan will coordinate with other states and the federal government. We should not expect the committee to find a solution in a few years' time, but we should expect recommendations that can help meet the energy needs of this state and the nation for

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the next 50 years. I would caution the Legislature to be prepared for criticism from existing energy suppliers. They will not yield easily to competition for their energy customers. Volatile fluctuations in the cost of existing energy supplies will be used to discourage the development of alternative energy just as lower priced gasoline today has reduced the emphasis on more fuel efficient automobiles. When critics insist that we cannot effectively produce a sufficient amount of alternative energy for many years, I would remind those critics that had we taken the energy shortage seriously during the oil embargo of the early '70s, we would not be in the position in which we find ourselves today. I am very pleased that we have a broad spectrum of support for this bill and I look forward to the reestablishment of the committee, and I'll volunteer the support of the ethanol industry to work with it. Thank you, Mr. Chairman, I'll answer any questions. [LB246]

SENATOR LANGEMEIER: Thank you, Senator Schmit. Are there any questions? [LB246]

SENATOR CARLSON: Senator Langemeier. Senator Schmit, I could have asked you or I could have asked Todd Sneller, but the technology is improving all the time on processing corn for ethanol, but what's the latest technology in terms of how many gallons of water for a gallon of ethanol? [LB246]

LORAN SCHMIT: Well, Senator, you'd get different reports from different individuals. Todd would be in a better position to answer that than I would, but I would guess that it depends upon how far down the line you go if you add in the production of corn and the production of the tractor that goes. [LB246]

SENATOR CARLSON: No I don't even like to talk about that part. [LB246]

LORAN SCHMIT: Okay. Okay. Well, let's just a couple gallons of water. And we have plans today that are...they profess to be almost negative in the use of water. They can almost use the water out of the corn to process the corn. [LB246]

SENATOR CARLSON: And that technology is improving. [LB246]

LORAN SCHMIT: Yes, Yes it is. [LB246]

LORAN SCHMIT: Yes, it gets better every day. [LB246]

SENATOR CARLSON: Okay, thank you. [LB246]

SENATOR LANGEMEIER: Thank you very much for your testimony. [LB246]

LORAN SCHMIT: Thank you. [LB246]

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SENATOR LANGEMEIER: Further testimony in support of LB246? Seeing none, oh yeah, seeing none. Any testimony in opposition? Seeing none. Any testimony in a neutral? Seeing none. Senator Dubas, you are recognized to close on LB246. [LB246]

SENATOR DUBAS: I would like to thank the committee for their attention to this, what I see as a very important issue. Energy is a new frontier for economic development and I think the bioeconomy is an expansion of that energy frontier. Expanding our tax base and our revenue stream is imperative especially in this time frame. When you plan a trip you can get in your car and you can take off with a general idea of where you want to get to and hope that you end up where you had intended to go. Or you can sit down with a map or you can sit down at your computer and bring up Google or whatever you want to do, and you can determine what is going to be the best route to get you where you want to go. We need to know where we are at today, we need to understand our comparative advantages and what's working for us and what's not. And then we need to map out the direction that we want to go. These are extremely competitive times. And anything that we can do to place our state and our state's economy in a more strategic position I think is a responsibility we as legislators have. During the meetings that I held last summer and last fall, I included a variety of perspectives in those meetings. And among those perspectives I included the Department of Economic Development, the Department of Agriculture, and our Nebraska Energy Office because I felt that they were critical components when crafting this assessment from a policy perspective. And that's where we're at, we come from a policy perspective. I also invited those agencies to attend today's hearing, again, because of their understanding of the importance of a comprehensive plan and their understanding of this issue. The intent of this bill is important to the economic future of our state. We are faced with fiscal challenges. I feel the bioeconomy shines a bright ray of hope during these uncertain times and I hope to be able to work with this committee and the testifiers who came up with very good and valid points on how we can make this bill an even better bill, and hope I have that opportunity to bring those thoughts and ideas to fruition. So with that, I'd be happy to answer any questions you may have. [LB246]

SENATOR LANGEMEIER: Are there any questions? Seeing none, thank you very much for your closing. [LB246]

SENATOR DUBAS: Thank you. [LB246]

SENATOR LANGEMEIER: That concludes the hearing on LB246. I thank everyone for coming today and our next bill that we're going to hear is LB209, and Senator Dubas, I'll turn it over to you. [LB246]

SENATOR DUBAS: All right. Senator Langemeier, whenever you are ready. [LB209]

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SENATOR LANGEMEIER: Thank you, Vice Chair Dubas and members of the committee. I'm here to introduce LB209. I've introduced LB209 on behalf of the Nebraska Association of Natural Resources Districts. LB209 extends the time frame from six months to 12 months in which a dam or water project must commence after receiving the Department of Natural Resources permit approval. This bill also allows the department to issue extensions under certain circumstances. The background for the need of the extension is, before construction can begin on a dam 25 feet or higher which will create a reservoir of 15 acres or more and approve permit to impound that water, also known as a storage permit, and the approval of plans for a dam must be obtained from the Department of Natural Resources. The Nebraska Association of Resource Districts claims that the environmental reviews and federal and state permitting process takes more than one to two years and that surface water needs for the project may not be available simultaneously with permits in a timely fashion. The language has been agreed upon by the NARD and the Department of Natural Resources. And with that, I'm going to conclude. We have some more that actually have experience in going through this process that are going to testify behind me and so I will let them have that opportunity. Thank you. [LB209]

SENATOR DUBAS: Thank you, Senator Langemeier. Any questions from the committee? Proponents for the bill? [LB209]

TOM MOUNTFORD: (Exhibit 6) Good afternoon, Chairman Langemeier and members of the Natural Resources Committee. My name is Tom Mountford, spelled M-o-u-n-t-f-o-r-d, assistant manager of the Lower Platte North Natural Resources District, located in Wahoo. On behalf of the Lower Platte North Natural Resources District and the Nebraska Association of Resources Districts, NARD, I am testifying in support of LB209. It should be noted that at our NARD association meeting held on January 27, 2009, Nebraska's 23 NRDs voted unanimously in support of LB209. Because of delays that arise with right-of-way issues, obtaining Army Corps of Engineers 404 permits, city or county floodplain and/or construction permits and other such requirements, LB209 will provide a much more reasonable period of time and flexibility to keep projects moving forward in the most efficient and effective manner. With current statute, if project construction cannot be started within a six month period after Department of Natural Resources, DNR approval, sponsors have to repeat this process. As river basins become fully appropriated, LB209 will also help avoid duplication of consultation with the Nebraska Game and Parks Commission regarding water offsets to the Platte River when the project construction starts extend beyond the six months. LB209 will change the time frame from six months to 12 months for commencing project construction after DNR approves a project application. This will allow the needed time required in most cases, to start construction activities. It is equally important that LB209 will allow DNR flexibility to extend beyond the 12 month period for a reasonable length of time for unforeseen delays. I thank you very much and I'd be happy to answer any questions. [LB209]

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SENATOR DUBAS: Do we have any questions? I would have one for you, Mr. Mountford. I had just recently tried to help a constituent with a permit for a very small project in some erosion along a creek that goes through their farm, which has to go through the Army Corps of Engineers. And what appears to be something very simple has turned into something very complicated and they're approaching a one-year mark right now of applying for that permit. So could you kind of expand on that the amount of time it takes you to go through the Army Corps as far as the permitting process goes? [LB209]

TOM MOUNTFORD: Well, you're right, Senator. It has become a much more complex issue than it had in the past. I've had over a 20-year career with natural resource districts and I recall a time when you could do these quite quickly, in six weeks in some cases. This has changed quite drastically. I know a year's time has moved pretty quickly for a lot of NRDs with projects. I think of the Lower Elkhorn NRD which is known as the Lee Dam. It took years for them to get a 404 permit. Because of this concern, NRD managers have grouped together. I know the governor has been well in support of reforming this to make it much more better process and much more expedient process. And we're all optimistic that this will happen. Particularly with the economic stimulus money that may be coming, we don't want any delays that are unnecessary. So like I said, I know the governor has focused on that and sent a very good letter to the President on that. So I hope with the NRD managers working with the senators and the governor and others that we can make this back to a reasonable time. [LB209]

SENATOR DUBAS: Appreciate that. Any other questions? Thank you, Mr. Mountford. [LB209]

TOM MOUNTFORD: Well, thank you very much for your time. [LB209]

SENATOR DUBAS: Next testifier in support? [LB209]

PAUL ZILLIG: (Exhibit 7) Good afternoon. My name is Paul Zillig, the last name is Z-i-l-l-i-g. Senator Langemeier, Senator Dubas, and members of the Natural Resources Committee, I am Paul Zillig, assistant manager of the Lower Platte South NRD here in Lincoln, presenting testimony today in support of LB209 on behalf of the Lower Platte South NRD, the Nebraska Water Resources Association, and the Nebraska State Irrigation Association. The changes proposed in LB209 are very much needed, as the current requirement of commencing construction within six months of approval by the Department of Natural Resources or DNR, is not adequate for any projects that require acquisitions of land rights or easements in order to construct the project. In the case of the Lower Platte South NRD, we annually construct small, single purpose flood control structures or dams on private property. These dams are designed by an engineer according to state or DNR guidelines and at that point the plans are submitted to DNR

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for final approval and to obtain a water storage permit from DNR. Prior to approval, DNR will give the plans a thorough review and in some cases the plans will need to be revised which can change both the land rights and permits that are needed. Once the plans are approved and the water right is granted by DNR, the NRD can then begin the land rights and permitting process, as we know exactly how many acres of land rights and what permits are required. The land rights acquisition process requires the NRD to approve the plans, hold a public hearing on the land rights to be acquired, hire an appraiser to determine damages for the land rights, approval of the appraisal, negotiate with the landowners, and obtain an easement. The land rights and permitting process will take a minimum of six months and can easily take closer to a year. At that point the NRD would put the project out for bid and award a contract which will take another one to two months, and another one to two months to actually approve a construction contract and for the contractor to mobilize and commence construction. Having this additional time in giving the DNR the authority to extend the time for commencing construction as provided in LB209 would be greatly appreciated. We urge the committee to approve LB209 and advance it to the Legislature for approval. [LB209]

SENATOR DUBAS: Thank you, Mr. Zillig, any questions? Seeing none, thank you. [LB209]

PAUL ZILLIG: Thank you. [LB209]

SENATOR DUBAS: Next proponent. Any opposition? Oh, do we have a letter? Okay, I would like to enter into the record a letter of support from Mr. Brian Dunnigan, director of the Department of Natural Resources. Are there any opponents to testify right now? If not, I do have nothing in opposition on this bill? So is there any neutral? Seeing none, Senator Langemeier, would you like to close? Senator Langemeier waives close, so that closes the bill...or closes the hearing on LB209 and we will, is Mr. Giese... [LB209]

SENATOR LANGEMEIER: Maybe we'll take a five minute break until Senator Giese gets here for the introduction of his bill. [LB209 LB490]

BREAK []

SENATOR LANGEMEIER: LB490. Senator Giese, welcome to the Natural Resources Committee and you're welcome to start. [LB490]

SENATOR GIESE: (Exhibit 9) Thank you, Senator Langemeier, members of the committee. My name is Robert Giese, G-i-e-s-e, and I represent the 17th district, which includes Dakota, Dixon, and Wayne Counties in northeast Nebraska. I am here before the committee to speak on behalf of LB490 which seeks to curb the issuance of nonresident hunting permits. In recent years, northeast Nebraska has seen an immense growth in water fowl hunting, particularly among nonresident hunters. While this trend is

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certainly beneficial to the local economies in these communities, many popular hunting locations between Ponca and the Niobrara have become overcrowded. Local hunters who had frequented these areas in the past find themselves overwhelmed by the hunters from neighboring South Dakota and Iowa, and in many cases cease purchasing their annual water fowl license. Current law allows two types of nonresident hunting permits, an annual nonresident hunting permit, or too, a special two-day nonresident hunting permit which is only available during the winter holiday season. As originally written, LB490 would seek to curb the congestion in northeast Nebraska by limiting nonresident permits to a period of ten consecutive days. The original language also would have eliminated these special two day nonresident permit. My office has been working heavily with the Game and Parks for the past two weeks to find the most workable solution to this problem and as a result, I am recommended AM53, which is supported by the Game and Parks. Rather than restructuring the entire permit structure, the amendment would provide Game and Parks with the necessary tools to reduce congestion in narrow geographic areas by requiring special access permits for nonresidents. Unlike the original language, the amendment would not restrict time limits on nonresident permits, the annual and special two day permits would remain intact. Game and Parks would conduct the necessary research, develop reasonable boundaries, and set nonresident permits for these special areas. Resident permits on the other hand, would not be restricted in any way, ensuring that local hunters will continue to have areas to the excellent...excuse me, have access to the excellent water fowl hunting that northeast Nebraska has to offer. Thank you for your time and I would be happy to answer any questions. [LB490]

SENATOR LANGEMEIER: Thank you, Senator Giese. Are there any questions? Seeing none, I do have one. Did you bring a copy of an amendment that you're going to submit to us or do we have it already? [LB490]

SENATOR GIESE: I think you have it already. [LB490]

SENATOR LANGEMEIER: Oh, we have it already. Thank you very much. [LB490]

SENATOR GIESE: Okay. [LB490]

SENATOR LANGEMEIER: Thank you for your introduction. You have heard the opening on LB490. The floor is now open for testimony in support of LB490. Welcome. [LB490]

KIRK NELSON: Mr. Chairman, members of the committee, my name is Kirk Nelson, K-i-r-k N-e-l-s-o-n. I work for the Nebraska Game and Parks Commission. As the senator mentioned, we have been working with him on this bill. It is a concern to us as are all the issues that we deal with on resident and nonresident hunting and fishing across the state. We've been watching this area and have had it brought to our attention

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a number of times that there was a situation with this particular area as far as resident versus nonresident water fowl hunting goes. Water fowl hunters, in general, are a very passionate group of people. They invest a lot in their sport and in their pursuit of water fowl and therefore they are always concerned about how and when we, as a game and parks commission, set seasons, how we set zones, bag limits, all the other things that we do. And so it's both a good thing and a bad thing. We have expectations that we will be able to solve some of these situations. This is one that we've been studying. We've done surveys with our residents and our nonresidents in this area. It is...this situation that we have lined out with the senator is a good one from the aspect that we're going to be able to meet with our local folks in this area this spring and summer and have hearings so that the senator and ourselves and our commissioners can listen to these concerns. This legislation would give us the opportunity, the latitude, to restrict nonresident permits, if we need to do so. South Dakota does that now. They are right across the river in this hunting area. They restrict their season to 250 nonresidents that have to draw for a permit to hunt in this area. We very well may end up doing something like that, but we're not able to propose that at this time because we need to get up there along with the senator, and listen to some more folks. Then we'll come back to our commissioners when we set our water fowl seasons in July and propose something to our board of commissioners and that's what this legislation allows us to do. It says we will promulgate rules and regulations that will deal with this situation. I'll take any questions if you have any. [LB490]

SENATOR LANGEMEIER: Very good. Are there any questions for Mr. Nelson? Seeing none, thank you very much for your testimony. Further testimony in support of LB490? Now we'll move on to testimony in opposition to LB490. Welcome to the Natural Resource Committee. [LB490]

JOE HERROD: Good afternoon, Senator Langemeier and members of the Natural Resources Committee. My name is Joe Herrod, J-o-e H-e-r-r-o-d. I'm here representing the Nebraska Council of Sportsmen's Clubs. I realize this is your last bill today and I realize it's Friday afternoon, and as always, I'll be fairly brief. Last year, there was still a lot of snow in Minnesota and it had warmed up pretty nice here in Nebraska. And I had a heck of a time getting a starting time on my local golf course because all these people came down from Minnesota to play golf. It's something, occasionally, you run into. You have to deal with. I think the lack of other proponents here for this bill shows you that there's some very vocal, local people up there that would like to keep their old hunting spot to themselves and not have other people in there. I decided to look into this for myself because I had to. We had to discuss this among...since our council meeting doesn't have its full legislative meeting until Monday, there's certain protocol and procedures we have to go in to come in and be in opposition to a bill. And so I called some of these other people and the thing that I did for research is as Kirk Nelson said, water fowlers are very passionate. There's a couple of websites and forums that they visit on a regular basis, one is called waterfowl.com and one is called the Nebraska

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Outdoor Forum. So I went to those and I Googled everything about Santee, Lewis and Clark, I put posts on asking if there was a problem. I heard nothing, I found nothing, I found complaints up there about prop wash washing out ramps where people power loaded their boats and people breaking axles on the ramps. I've heard complaints about lack of ducks, there were no complaints about too much hunting activity. One of the posts said that he was up there on a one day and there was only one other boat and they all shot their limit of ducks and then somebody else came up and posted back, hey, shut up about the place, you know. Don't tell everybody it's that great, and there's another post talked about there must have been 100 boats up there that day and the hunting was lousy but they didn't mention it. So I bring all this, I'm not saying that there's not a problem up there. But what I do think is that it's really not a proper place to run it all through the legislative procedure of all of the bill readings and the hearings and etcetera. We've got staff people down at Game and Parks that are getting into this with surveys, they're doing surveys, they're doing meetings. They're trying to get a handle on what goes on. And I think that it's best left in the hands of that commission. Because once you start a bill like this through the procedure, there's going to be somebody else that's got a vocal local that's got a problem and they're not going to like the pheasant hunters coming out to Paxton, Nebraska, like they do to visit Ole's and stay up at the lodge, etcetera. And everybody is going to...it's going to be open season on nonresidents. I think that we just ought to remove it from the legislative process. We've got nine commissioners, they all are spread out geographically. We've got seven district offices, let people really get a handle on this whether or not this is a big enough problem to throw everything that we've ever done historically about resident hunting out and open it up for everything to happen. The people from Iowa are coming over because Sioux City is up there. We don't need to start a war with Iowa. The people from South Dakota are coming over. There's nothing to prohibit them, if we restrict nonresidents from getting a Nebraska license, the other side of the lake up there is South Dakota. All we're going to do is drive money to buy their licenses out of South Dakota instead of Nebraska. This is all such a huge area that to get it on the floor of the Legislature, try and make sense of it and try and open it up to you people trying to make these rules before more information is gathered, I just don't think that that's good. Give us another year, kill this for now and let the commission do their work, gather information and then see if there's something they can do. And also, I pointed out to Kirk, they think that this is just kind of permission to do these things, the way this amendment is written. Permission doesn't include the word shall, and we're getting into shall do, and shall do, and shall do. The commission shall adopt and promulgate rules and regulations and I just...you know, I promised to be fast but I've got to tell you that it's a law of supply and demand sometimes. When you've got a good hunting spot and everybody else shows up there, eventually some people are going to stay away because there's too many people up there. And the other thing that's caused a lot of this activity up in that area is that there's a couple of people that make tv shows, Bernie Calef and Buck Gardner. And they go up and they film and they kind of do a good job on this film sometime and make it look like it's a little more spectacular than it is and these things have been circulated

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and they all mention Santee and Lewis and Clark and things, so a lot of people are showing up up there. And if they have another duck season like they had last year, they have another duck season like they did last year, we're not going to have a problem of activity at all up there because nobody did much up there whatsoever this year so. Like I say, I'd just like to see it out of this process, in the hands of the commissioners and of the professionals at Game and Parks instead of trying to work something over in a couple of weeks real quick like this amendment. Start over next year when we find out if there really is a problem up there and what there really is for solutions. So and don't forget our Monday luncheon with the game meat. [LB490]

SENATOR LANGEMEIER: Thank you. Questions? Senator Carlson. [LB490]

SENATOR CARLSON: Senator Langemeier. Mr. Herrod, you've been with the Nebraska Council of Sportsmen's Clubs for several years. How many times have you opposed Game and Parks? [LB490]

JOE HERROD: Well, once, today, and I'm not sure after I get finished and Game and Parks sits around and listens, I'm not so sure they're going to be disappointed in me perhaps. I don't know. This is just too big of an area to throw into the legislative process over the complaints of a couple of very vocal local people, I think so. [LB490]

SENATOR CARLSON: Okay. Second question, though, it was brought up that South Dakota allows 250 permits and listening to you, that wouldn't seem like it doesn't quite line up because you say at least on one...was it Lewis and Clark, which lake has South Dakota shore on the other side? [LB490]

JOE HERROD: Lewis and Clark and Santee, as I understand it are the same thing. [LB490]

SENATOR CARLSON: But what about how could they be issuing 250 out of state permits? [LB490]

JOE HERROD: I didn't know that until you said it, the 250 permits. I didn't know that. All I know is that they sell a ten-day license in South Dakota and that ties more into the way they manage their pheasant situation up there. So, you know, they get all the people they want up there for pheasant hunting and they sell them a ten-day license and if a person wants to come back they have to buy another ten-day license. Their pheasant hunting compared to our pheasant hunting, I don't think anybody after they spent ten days trying to find a pheasant in Nebraska would come back for another ten days the way things have been going lately so. [LB490]

SENATOR CARLSON: Okay, thank you. [LB490]

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SENATOR LANGEMEIER: Mr. Herrod, I have one. I want you to repeat...you talked about waterfowl.com, what was the other one? [LB490]

JOE HERROD: Nebraska Outdoor Forum and I believe it starts off with a website something like www.bejacked or something like that. It's a carryon of the old Game and Parks forum that Game and Parks used to have that they discontinued and it's kind of been picked up. And the other thing, the forum administrator up there is from Ponca or Laurel, Nebraska, Gary Boettcher (phonetic). He's from that area, and when I put my post on about it, he said that he had contacted his senator. And I think his senator is probably Cap Dierks. He says, I've contacted him to see if he has any information on the bill but nobody else responded about it at all. So you know, like I say it's a...there's a better place to get some information put together to handle it, so. [LB490]

SENATOR LANGEMEIER: Okay. Thank you very much for your testimony. [LB490]

JOE HERROD: Thank you. [LB490]

SENATOR LANGEMEIER: (Exhibit 10) Is there any other testimony in opposition? I do have one letter that was submitted for the record, submitted by Mr. Wes Sheets for the Nebraska Division of the Izaak Walton League in opposition to LB490. Is there any testimony in a neutral capacity? Seeing none. Senator Giese, you are recognized to close if you'd like to close on LB490. [LB490]

SENATOR GIESE: Thank you, Mr. Chairman. I'd just like to thank the committee for hearing the issue and just point out a couple facts that we have worked with the Game and Parks and I think that their surveys that they have been doing have been for the last ten years if I'm not mistaken. So they realize that there is a challenge in this area. I won't call it a problem but there are ways to...that we might get this resolved and that's what we're ultimately looking for here is an equitable way for the Nebraska hunters to be able to hunt this land up there. So with that I will close and thank you for your time. [LB490]

SENATOR LANGEMEIER: Thank you very much, and with that, that concludes the hearing on LB490. And we want to thank everyone that came to testify. And that also concludes our day in the Natural Resources and thank you. (See also Exhibit 11) [LB490]

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Disposition of Bills:

LB209 - Placed on General File.

LB246 - Placed on General File with amendments.

LB490 - Held in committee.

Chairperson

Committee Clerk