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Agriculture Committee
February 07, 2017

[LB260 LB274 LB600]

The Committee on Agriculture met at 1:30 p.m. on Tuesday, February 7, 2017, in Room 2102 of the State Capitol, Lincoln, Nebraska, for the purpose of conducting a public hearing on LB260, LB600, and LB274. Senators present: Lydia Brasch, Chairperson; Carol Blood, Vice Chairperson; Joni Albrecht; Ernie Chambers; Steve Halloran; Burke Harr; Bob Krist; and John Lowe. Senators absent: None.

SENATOR BRASCH: Good afternoon. Good afternoon. I'd like to welcome you to the Agriculture Committee. I am Lydia Brasch. I'm the Chairman and I represent District 16. Before we begin on the committee's agenda today, let me introduce to you the members on the committee who are here with us this far. And actually, I'll go ahead and let Senator Lowe start with some self-introductions. [LB600]

SENATOR LOWE: Thank you. My name is John Lowe. I'm from the 37th District which is the southern half of Buffalo County and going east to Hall County. [LB600]

SENATOR BLOOD: Hi. I'm Senator Carol Blood. I represent District 3 which is the western part of Bellevue and the eastern part of Papillion and Sarpy County, and I'm also the Vice Chair of this committee. [LB600]

SENATOR HARR: Thank you. Senator Burke Harr, Legislative District 8, which is located in the nonbrand portion of the state. (Laughter) [LB600]

SENATOR ALBRECHT: Hi. I'm Joni Albrecht. I represent District 17 which is Wayne, Thurston and Dakota Counties. [LB600]

SENATOR HALLORAN: Hi. I'm Steve Halloran. I represent District 33, Adams County, southern Hall, western Hall County. [LB600]

SENATOR BRASCH: Senator Krist will be joining us. He's presenting a bill in another committee. And Senator Chambers may join us as well. And then we also have, to my right is Rick Leonard, the research analyst for the committee; to my left is committee clerk, Courtney McClellan. The pages who are serving the committee today are Kaylee Hartman. She's from Syracuse and she's a student at UNL. And with her is Joe Gruber. He's from Omaha and also a student at UNL. Today the committee is meeting to conduct a public hearing and receive testimony on the following bills in this order: It will be LB600, introduced by Rick Leonard; also following him will be LB260, introduced by Senator Matt Hansen; and then we'll follow LB274

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

Agriculture Committee
February 07, 2017

by Senator Halloran. For the audience, we do ask that you please be respectful of the testifiers here and of each other. Please keep all your conversations among yourself to a minimum; and if necessary, please take your conversations out to the hallway. Please refrain from any expressions of support or objection to any testifiers, and no one may address the committee except as a witness while seated at the table. What I will do is call on the senator and the senator will ask you a question. And when I call on the senator, that way your name and their name is entered accurately on to the record. So please make sure your cell phones and any electronic devices are turned off, or put...silence them or on vibrate. Any phone conversations should be taken out to the hallway. If you do not plan to testify on a bill but would like to record your position on a bill, there's a yellow sheet located outside the door where you can do so, and these will be a part of the hearing record. However, only persons who testify will be included on the committee statement. And if you do want to come forward and testify, you will need to spell and say your name. And these microphones are for the transcriber. They are not to amplify throughout the room. So if you'd like those behind you to hear you, you'll need to speak loudly. I believe we'll get started, and the research analyst, Rick Leonard, will introduce LB600. Thank you, and welcome. [LB600]

RICK LEONARD: (Exhibit 1) Thank you, Senator Brasch and members of the Agriculture Committee. My name is Rick Leonard, research analyst for the committee. That's R-i-c-k L-e-o-n-a-r-d. LB600 is brought at the request of the Nebraska Brand Committee. The bill would address a couple of issues identified in the State Auditor's report regarding the Brand Committee released last summer. In that report, the Auditor identified a series of apparent lapses in internal procedures and controls within the agency that resulted in failure to adhere to the state statutes and Brand Committee policies in a number of instances during the audit period. On October 14, this committee asked the Brand Committee to appear before us to speak to the internal policies, procedures, and controls implemented or contemplated to address or provide the audit issues and implement recommendations identified in the audit report. We also invited the Brand Committee to offer recommendations regarding any statutory revisions that may be useful in that regard as well as any other updates to the brand law. LB600 arises from that statutory review. In the Brand Committee's efforts to assess changes in policies and staffing, staffing to operate the agency. The most significant provision of LB600 is found in Section 4 and that revises Section 54-192 of the brand law, which prescribes certain staffing direction to the Brand Committee. Currently, Section 54-192 directs the Brand Committee to employ a director who is designated as the head of the Brand Committee for administrative purposes and is also designated by statute currently as the chief brand inspector and chief investigator. LB600 continues the designation of the director as chief executive officer to the agency, but it adopts permissive language that the director simultaneously is assigned the duties of chief investigator or chief inspector. I'll defer to the members of Brand Committee who will follow me to go in deeper to the rationale for that requested change, but I'd be happy to respond to any questions if you have them. The other matter directly addressing an audit issue is found in Section 7, which inserts express authority

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

Agriculture Committee
February 07, 2017

for the Brand Committee to register brand leases and prescribes a recording fee. The recording of brand leases is a longtime practice of the Brand Committee and the industry conducted as...and recording has been conducted as a provided authority under the Brand Committee's general authority to register brands. In its audit of the agency, the Auditor questioned whether the Brand Committee had sufficient authority to record brand leases and recommended that legislation be sought to codify the practice. LB600 would also repeal the Registered Dairy Program. Currently, there are no participating dairies in the program. And the program has not been utilized since its enactment in 2000. There have been discussions between the Brand Committee and dairy industry representatives and myself over the summer to craft an inspection program to more appropriately apply the Brand Committee requirements to dairies located within the brand area. And this remains an unresolved matter that the committee may wish to devote attention to either in conjunction with this bill or as an interim project. The remainder of the bill contains a series of statutory updates and statutory maintenance changes for which I provided more detail in the section-by-section summary of the bill including in briefing items, but I'd be happy to elaborate if there are any questions. Thank you, Senator. [LB600]

SENATOR BRASCH: Thank you. Are there any questions from the committee? Seeing there are none, I will call forward the first proponent. Senator Chambers has joined the committee. First proponent, please come forward, say and spell your name. Welcome. [LB600]

JACLYN WILSON: Thank you. Good afternoon, Chairwoman Brasch and members of the Ag Committee. My name is Jaclyn Wilson, J-a-c-l-y-n W-i-l-s-o-n. I'm a cow-calf producer from Lakeside and am currently in the second year of my appointment to the Nebraska Brand Committee, where I serve as chair of our policy and statutory working group. I'm here today to testify in support of LB600. The Nebraska Brand Committee policy and statutory working group was formed last summer with members from the Nebraska Brand Committee, Nebraska Brand Committee staff, legislative Ag Committee staff, beef industry staff, and current or past members of the Nebraska Cattlemen, Farm Bureau, and Independent Cattlemen of Nebraska with the goal of modernizing and making statutory changes that would improve the efficiencies of the committee by cleaning up any remaining issues from last year's audit findings. The five-member group "seeked" outside input from beef producers in all sectors of Nebraska's beef industry included registered and nonregistered feedlots, cow-calf, seedstock, and dairy producers. We also asked for input from industry groups, livestock truckers, law enforcement, the Nebraska Department of Ag, the Attorney General's Office, and state senators. The result is the comprehensive rewrite Nebraska Brand law statute that we are asking for your support of today. For those of you that were present at the Nebraska Brand Committee hearing that took place in front of this committee last fall, this is a rewrite of the bill that was presented at that time for potential consideration. The changes that occurred took out language that asked for fee increases that weren't specifically related to the audit or items that the committee thought would raise controversy at this time, and instead we focused on changes that would continue to allow the

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

Agriculture Committee
February 07, 2017

committee to move forward and take care of what we refer to as housekeeping items. Housekeeping items are necessary to ensure that we are able to deliver a service in a timely and efficient manner. The legislation prioritizes these items by taking into consideration new changes coming within the Brand Committee, getting rid of antiquated language or changing and eliminating programs that have been inefficient or had minimal or no producer participation. This is a first step in what we see as a multiyear process of statutory changes. This July, the Nebraska Brand Committee will go on-line. With the changes that the technology program will provide with better service, increased efficiencies, and establishing checks and balance, the committee will be in a position it has not been in previously and that is to be on the cutting edge of livestock identification and protection. The committee is aware of the improvements in our everyday operation that will occur, but the surface is just being scratched. This spring and summer, we will be asking for industry input once again to discuss and provide solutions to all sectors by acknowledging producer needs, looking at opportunities to decrease fees, and continuing to develop law enforcement security and protection. I'm going to get a little personal here. The Nebraska Brand Law has been a passion of mine long before I was ever appointed to the committee. I carry two forms of my multigenerational Flying Diamond brand on me at all times. I have seen time after time personal agendas and inefficiencies dominate discussions and hamper progressiveness of this committee. When I was approached to apply, I had a couple of current and past state senators readily agree to assist in the application process. It was important to me to be open-minded and big-picture thinking and not carry any personal agendas or thoughts forward. Sure there are multiple times in the last year and a half that I have got discouraged, even today when bringing a bill forward that has received so much input across the board, yet still being questioned. We are an open committee with an open door policy. We hope to continue that forward. The Nebraska Brand Committee has come a long way in a short amount of time and we are committed to continue discussion with interested parties and also members of this committee. We ask for your support of LB600 to help propel us to not...into not only into this century, but for years ahead. I'd really like to thank you for your time and I'd be willing to answer any questions concerning LB600. [LB600]

SENATOR BRASCH: Are there any questions from the committee? Yes, Senator Albrecht. [LB600]

SENATOR ALBRECHT: Thank you, Chairman Brasch. Mrs. Wilson, can you tell me what...were the fees raised at all in rewriting? [LB600]

JACLYN WILSON: No, there was no fee increases that were already within statute. [LB600]

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

Agriculture Committee
February 07, 2017

SENATOR ALBRECHT: Okay. And can you talk a little bit more about dairy. You're saying only the dairy that's included in the brand inspection area will be still under the umbrella, that you would brand...or you would inspect. [LB600]

JACLYN WILSON: So, so right now what we're asking for a language strike is in the Registered Dairy Program and what that program does is it gives dairy producers the ability to sign up for a program that would allow them to fill out paperwork, have animals inspected at one time. We have had no participants in this program and as such, we hope to continue on those conversations with the dairy industry. We've had meetings with them already and hopefully this summer we'll be able to bring forth some future policy. [LB600]

SENATOR ALBRECHT: So right now, you do not do anything with the little calves that... [LB600]

JACLYN WILSON: Right now, no, dairy cattle are inspected under state law. [LB600]

SENATOR ALBRECHT: They are inspected under state law. [LB600]

JACLYN WILSON: Yes. [LB600]

SENATOR ALBRECHT: Okay. Have you had any incidents, with problems with dairy? [LB600]

JACLYN WILSON: I'm not aware of those if we have. [LB600]

SENATOR ALBRECHT: Okay. Just checking. I know I visited with you and Senator Brasch had an opportunity to allow us to speak to everyone. And I guess what I had asked the question, why don't all cattle...why aren't all cattle branded in the state of Nebraska, because those of us that are on the east side that also have cows and calves on the west side, certainly, you know, there's an issue there. But I just wondered...my big question is, why you just didn't do all of them. And you really don't have an answer to that. There's just a line drawn and that's just the way it is. [LB600]

JACLYN WILSON: That line was drawn back in 1941 and, you know, I mean there's been numerous discussions over that line and there's been times over the years that counties have opted in or out of that. You know, I think that will continue to be an ongoing discussion for many years, but considering how Legislature right now is divided in population, I mean, I don't foresee changes to that line occurring. [LB600]

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

Agriculture Committee
February 07, 2017

SENATOR ALBRECHT: I just think when somebody goes to a sale barn and you don't really know, do they do enough checking there to make sure that those are their animals and not somebody else's. That would be my concern, but thank you for your time. [LB600]

SENATOR BRASCH: Senator Halloran. [LB600]

SENATOR HALLORAN: Chairperson Brasch, thank you. Along the same questions in regard to dairy, and believe me for the sake of everyone here, most of what I know about dairy is what I put on my breakfast food. (Laughter) And ice cream. But that being said, it's my understanding there's some concern and you're probably well aware of it, but that dairy animals aren't at some point in time in their lives, they become a market animal, but for the most part they're fairly, fairly confined, not true confinement, but fairly confined for the sake of the dairy operation. So their exposure to the marketplace is...less frequent isn't the right word to use because ultimately they are in the marketplace. But have there been some issues with the dairy industry in regard to brand? [LB600]

JACLYN WILSON: You know, one of the things that we have continued to have discussions, both among the committee and also with the Dairy Association, is that Dairy Association foresees a different requirement for dairy cows. At the end of the day, all bovines end up on a plate and all bovines have four legs and hooves and one stomach that has four compartments. And so it's important for us to ensure the safety and security of the livestock in the brand area and that's our primary goal. You know, we understand the Dairy Association's concern and we have reached out to them, even in developing the legislation and will continue to reach out to them this summer, too, and hopefully developing a solution that will be beneficial to all parties, but yet still maintaining the integrity of the brand law. [LB600]

SENATOR HALLORAN: Okay. Thank you. [LB600]

SENATOR BRASCH: Are there any other questions? I did have a question. Thank you, again, Mrs. Wilson. Branding is voluntary or mandated? [LB600]

JACLYN WILSON: It is voluntary. [LB600]

SENATOR BRASCH: It is voluntary. It doesn't matter if you live east, west, north, or south, you choose to be a part of the Brand Committee, or the branding participation? [LB600]

JACLYN WILSON: That is correct. It is completely voluntary. Yes. [LB600]

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

Agriculture Committee
February 07, 2017

SENATOR BRASCH: That is correct. I just wanted that to be a part of the record that, and my understanding is that...just with speaking with some of the dairy individuals here today, that the nature of the dairymen and women and in their business, typically their product, their dairy cattle are more a stationary investment where the dairy cows are kept usually until their end of the dairy process and then they may be processed as beef from that point. Is that correct? Or do you have anything to add to that, the difference between dairy versus cattle that go from feeder to fat cattle to the market? [LB600]

JACLYN WILSON: Well, one of the things I think that we need to remember, Senator, is dairy cattle are confined during their lifetime, similar to what feedlot animals are confined as. And I think that we can't forget that designation. You know, I mean, because it's extremely important still at the end of the day to still be able to identify your animal and be able to provide a traceability program back especially in cases of theft or, you know, if any animal ends up missing, you still want to be able to do that at the end of the day and that brand law does provide us that opportunity. And I think with what we will see with some of the things that the technology program will provide us new opportunities by still recognizing brand as the foremost in identification, but recognizing stuff like electronic identification or other things that will a lot better relay to the dairy industry than maybe a hot-iron brand will. [LB600]

SENATOR BRASCH: And I believe we have another question here. Senator Harr. [LB600]

SENATOR HARR: I just want to follow up on the Chair's comments. Branding is voluntary. However, branding inspection is mandatory within the brand inspection. Is that correct? [LB600]

JACLYN WILSON: That is correct. [LB600]

SENATOR HARR: Okay. [LB600]

SENATOR BRASCH: Yes, Senator Blood. [LB600]

SENATOR BLOOD: Thank you, Senator Brasch. The changes certainly make sense and upon reading the bill it was obvious why dairy was excluded. The one question I have that I haven't heard answered yet is how rampant is it that they're being stolen or rustled? Is it an ongoing issue the farther out west you go? Can you just kind of address that for me, kind of put in perspective? I'm more curious than anything. I understand the reasoning for branding. I understand the content of this bill. But I'm curious as a state senator because I know as a member of the Ag Committee we'll probably see more things in the future, how big a problem is it? [LB600]

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

Agriculture Committee
February 07, 2017

JACLYN WILSON: You know, I think we're really starting to scratch the surface of that and the reason being is our investigators, they have...we have investigators on staff in Nebraska Brand Committee and they spend a large percentage of their time looking over theft cases or testifying in court. And they're booked. And I think as we continue our goal in the future is to hopefully be able to add more investigators and continue with truck stops or assistance in theft cases. But, you know, when a rancher goes out in western Nebraska and they might maybe have 500 head of cattle, 2 might show up missing when those cattle are worked. But who knows if those two maybe end up are dead in a hole somewhere or somebody one night loaded them up in a trailer? And that's something that is a real priority of ours to really enforce the inspection and investigation part of that and to hopefully prevent that from happening, especially in times when market is high. [LB600]

SENATOR BLOOD: Who do you attribute the vast majority of theft to? Just ne'er-do-wells, other ranchers, farmhands? [LB600]

JACLYN WILSON: You know, sometimes it's not really so much theft even as, you know, an animal might wander over on to the neighbor's property. And a person might question who the animal belongs to and so they can call the Nebraska Brand Committee and help clarify that. And our investigators also work on cases like that. I think along any lines when times are financially a little better, especially in terms of the cattle market, you'll see increases. But like I said, at the end of the day, our goal is to really get a grasp on where those numbers are, where the cattle movement is, and hopefully be able to at least whoa it up, if not put a complete stop to it. [LB600]

SENATOR BLOOD: Thank you. [LB600]

SENATOR BRASCH: Any other questions from the committee? I do have another question is, I believe that the purpose, one of the major purposes, it's twofold, is that the Brand Committee following the audit procedure is reorganizing and they're looking for administrative standards, procedures, and trying to be transparent and move to the next generation in the Brand Committee's work. Can you explain to me what are the activities and functions that are currently performed by your chief inspector and your investigator? [LB600]

JACLYN WILSON: As most of you know, we recently hired, beginning...end of November, a new executive director and he will have the opportunity to come before you later. His job description was really an interesting one. It kind of helped develop because of the fact that since I've been on the committee, we saw a lot of areas that have been gapping and have been gapping for numerous years. And so, I mean, right now the job description covers everything from personnel issues to even doing things like, we don't have a manual for standard operating

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

Agriculture Committee
February 07, 2017

procedures. And that to me is a concern as a committee member and something that needs to be remedied. Any business does have one of those in place and I classify this is a business. And so, I think this committee has kind of taken the turn that it's great to have somebody at the helm of the ship that can continue to move us forward, that is a big-box thinker, that is excited about the opportunities that the technology program will provide, is willing to help us with statutory and policy changes, and it's been a real honor to work with him and I'm excited for you all to have the opportunity to meet him. And he'll also discuss some of the more intricate details of his daily work. [LB600]

SENATOR BRASCH: So at this point, the director has basically...his role has been everything from office administrator to the law. [LB600]

JACLYN WILSON: Absolutely. [LB600]

SENATOR BRASCH: And your intent through this bill is to have more protocol in place and organization to answer the questions that came out through your audit. [LB600]

JACLYN WILSON: Sure, and I will give you one of the examples of one of the changes that we're asking for is for us...for it to be optional in whether they attend Law Enforcement Training Center. And the reason that we're asking this change from the bill is, as I've said and mentioned a couple of times, our tech...as you can tell we're really excited about it, but our technology program comes out July 1. Because of state statute requirements, our new executive director, who we hired specifically because of his business and industry knowledge, will have to attend the Law Enforcement Training Center six months after...I mean six weeks, I'm sorry, six weeks after our new technology program rolls out. And here we have a multimillion dollar technology program that has been years, years that it has been much needed and yet the guy at the helm of the ship will be in Grand Island attending law enforcement training. And so we just...we understand the need and would like to just have the option available for us so that this way we could get the technology program in place, the director can continue to run the ship, and then once we get the technology program up and running, then he can have the option of whether he sees the need to attend that law enforcement training academy. [LB600]

SENATOR BRASCH: Thank you. And what have you been doing in the interim? I understand you've had some change between administrators and office staff. I don't know what length of time that was, but how was the branding being taken care of during that time without your organized structure? [LB600]

JACLYN WILSON: Well, I like to tell people I've had three full-time jobs on this last year. I ranch. I also run my own business, and I'm also full-time Brand Committee. And it's the most

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

Agriculture Committee
February 07, 2017

invested job that the committee members have done for not paying. You know, I think we've all been completely invested in turning the committee around and heading it in a positive direction. There's been times that we've put interim people in charge for periods of time until we can hire the right individual in the positions and that has been successful. The committee has continued to ran. Payroll still gets out. We still are following laws and the procedures in state statute that...it's extremely important to us as committee members. And you know, we're starting to take some pride in it. There's been times it's been discouraging and been disheartening, especially when stuff is flashed across the media. But it's been rewarding at the same time because, I mean, there's nights I'll work in the office until...that I did during a period of time until late doing a press release or something because we didn't have anybody to do that. But we are now getting the staff on board that's more than qualified, more than capable, and it's great to see it moving forward, not only for the committee but for the producers of this state. It's rewarding. [LB600]

SENATOR BRASCH: Thank you. I have no other questions. Any other questions from the committee? Seeing there are none, thank you again. [LB600]

JACLYN WILSON: Thank you, Senator. [LB600]

SENATOR BRASCH: And will the next proponent please come forward. Welcome. Please state and spell your name. [LB600]

MELODY BENJAMIN: Thank you. Thank you, Senator Brasch, members of the Ag Committee. Thank you for this opportunity this afternoon. I am Melody Benjamin, M-e-l-o-d-y B-e-n-j-a-m-i-n. I'm on the staff with the Nebraska Cattlemen and one of the areas I work in is in brand and brand inspection. I'm here today to express our members' support to LB600. For quite some time, our members' policy has reflected the need for the Nebraska Brand Committee to modernize their practices and their policies. LB600 is a bill that cleans up some archaic language, removes the Registered Dairy Program, addresses some concerns that the audit raised, and changes whether the executive director must be trained as a law enforcement agent and be the chief investigator and chief inspector. In developing this bill, the industry was included in discussions and in the development and we appreciate that we were allowed to express our opinions. The specific changes we think are important is the removal of the Registered Dairy Program. The Registered Dairy Program mirrors the feedlot program and that's not what the dairy industry needs. The feedlot program allows for the feedlot owner to, who is confined just like a dairy, to ship their cattle on a shipping affidavit and then is audited later. Those cattle have to go directly to slaughter. That's not how the dairy program needs to work. They don't need to have something going directly to slaughter. That's when the cow is already used up, so their program has not been utilized by any dairies. We think it's appropriate to strike that language now and as earlier mentioned, continue to work with the dairy industry and help them come up with a program that

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

Agriculture Committee
February 07, 2017

addresses their needs. Regarding the training of the executive director as a law enforcement agent, this bill will allow the Brand Committee the option. The head of the Brand Committee might need to focus on administrative areas more than on investigation. Currently, the committee relies on the field investigators to also be the supervisors of all the brand inspectors. With around 100 employees, this is resulting in the investigators spending more time supervising than they are investigating. They also need to be doing random truck stops. That's how they catch those people that have forgotten that they needed to have a brand inspection or maybe those that have more nefarious ideas about why they're hauling cattle around. Allowing the executive director to take a more administrative role would likely result in better managed work time as well as overtime allocations of brand inspectors and free the investigators to do the job that they should be doing in more targeted law enforcement work. The law enforcement training that they're referring to takes 16 weeks. Having that new executive director away from their duties for a third of the year is probably a burden that they need to not necessarily have to have. Allowing the committee to determine the requirement would make a more efficient and precisely driven agency. Yet, if it is needed, they would have that option or they could train others on the staff to be investigators. Thank you for your time and I'd be glad to answer any questions you might have. [LB600]

SENATOR BRASCH: Thank you for your testimony. Any questions from the committee? Seeing there are none,... [LB600]

MELODY BENJAMIN: Thank you. [LB600]

SENATOR BRASCH: ...will the next proponent please come forward. Welcome. Please state and spell your name. [LB600]

JEFF METZ: Thank you. Thank you, committee and Chairman Brasch. My name is Jeff Metz, J-e-f-f M-e-t-z. And I'm a cattle producer and also a member of the Nebraska Brand Committee. I live in Morrill County and I'm here on behalf of Nebraska Farm Bureau. And we support LB600 introduced by Senator Brasch, and it is intended to modernize the Brand Committee. As you know, the Nebraska Brand Committee was created by the Legislature in 1941 to inspect cattle and investigate missing or stolen cattle. It is a self-supporting agency with operating funds coming through fees collected within the industry. We thank the good Senator for bringing the bill forward which is the result of an audit the Nebraska Brand Committee published last year. Following that audit, the Brand Committee met to examine the brand law and address issues identified by the auditors. According to the Legislative Fiscal Office, the changes proposed in this bill will have no budgetary impact on the state. Additionally, the bill will not increase or decrease fees paid by the livestock industry. LB600 includes a number of statutory updates such as eliminating the obsolete requirement that the director of the Brand Committee serve both as chief brand inspector and chief investigator. This bill is also being heard on the heels of another

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

Agriculture Committee
February 07, 2017

bill heard by the...in the Government Committee which would allow the Brand Committee to utilize teleconferencing. All of this is in an effort by the committee to reduce costs and increase efficiencies. The Nebraska Farm Bureau supports passage of LB600 to encourage modernization of the Brand Committee, and we look forward to working with this committee on this and other issues impacting agriculture, our largest industry in the state. Thank you. Any questions?
[LB600]

SENATOR BRASCH: Thank you. Are there any questions of Mr. Metz? Seeing there are none, thank you for coming forward today. [LB600]

JEFF METZ: Thank you. [LB600]

SENATOR BRASCH: Will the next proponent please come forward, say and spell your name. Any more in favor of the bill? One more, come forward. Welcome. [LB600]

ROD JOHNSON: (Exhibit 2) Good afternoon, Senator Brasch and committee members. My name is Rod Johnson, R-o-d J-o-h-n-s-o-n. I am the executive director of the Nebraska State Dairy Association representing about 80 percent of the dairy cows in Nebraska. We are here to support LB600. The people who have spoken in front of me have done a good job of describing why this is needed and we support the changes that are being made in the administrative side of things. The rest of my time I would like to discuss the difference between the beef industry and the dairy industry. It was mentioned that they're both bovines and they end up in the meat industry eventually, but beyond four feet and a four-compartment stomach, dairy cows and dairy industry is completely different than the beef industry. Our animals...the beef industry, animals roam and graze. They are transferred into sale barns and move in and out. A lot of them change hands quite frequently and the brand laws as designed were set up for the beef industry. Along the way to try to adapt the brand laws to the dairy industry, the registered dairy designation was created, but it really didn't change the requirements. It still treated the dairy industry as a beef animal and so we can also support the elimination of the Registered Dairy Program, but along the way I think now it's time to redesign a program specifically for the dairy industry. Our animals are under constant control of the dairy operator. The dairy cows are not turned out in the range and roaming the countryside. They're in the milking program, being milked two to three times a day. Baby animals are kept in confinement. As babies, they are hand-fed continuously twice a day until they're able to grow up and get on to their own. But they're still maintained in a controlled environment, in a controlled situation because they are really pampered because they are the herd, the milking herd two years down the road. So they're handled completely different. Right now in order to...a lot of those baby heifer calves move into specialized confinement areas which could be across state lines, right now a dairy animal has to be inspected. Those unbranded, day-old baby calves have to be physically inspected before they can be loaded up and moved.

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

Agriculture Committee
February 07, 2017

For a large dairy, that means an inspector has to be there several times a week which is not only a hassle for the dairy operator, but it's inconvenient and very inefficient for the Brand Committee to have someone out doing those kind of actions. Within the milking herd, once an animal gets into the milking herd, her next destination is to change occupations, I always say, and move into the meat industry. At that time, they are inspected when they hit a sale barn or they hit a packing company. So they are inspected when they go into the meat industry anyway. Within a dairy herd, the herd numbers rotate about one-third of the herd each year. A feedlot situation, they might be turning those animals two or three times a year. So the amount of movement and activity of the animals is not even comparable to what happens in the dairy industry. Another thing that the...our association is working on is trying to build the dairy industry in Nebraska. We're looking at this as economic development for the rural communities. One dairy cow produces about \$5,000 worth of farm sales each year. For a 1,000-cow dairy, you're talking \$5 million in farm sales in the community which is primarily spent within the 50-mile radius of the dairy. So this is at a time when you're dealing with the revenue shortfalls and property tax situations, we look at an investment in dairy as a way to build that tax base and build the economic base in the community. Right now, some of the people that are dairying within the brand inspection area, they tell me...we've had several of them moved into the state within the last 15 to 20 years and each one of them would say if they would have known they were moving into a brand inspection area, they would have looked elsewhere because it just doesn't fit what they do. So I think it's important that as we try to build economic development, I would like to work with the Brand Committee, work with Senator Brasch in the Ag Committee here to come up with a system and a program that fits the dairy industry. Don't try to adapt beef regulations to fit the dairy industry. And I think something like that we can create a situation where we become a dairy-friendly state, but right now, basically half of the state is not...would not be considered dairy friendly because of one particular issue. So with that, I would be glad to answer any questions. [LB600]

SENATOR BRASCH: Thank you, Mr. Johnson. Senator Harr has a question. [LB600]

SENATOR HARR: Thank you, Madam Chair. First of all, I would argue that dairy problem is more than just the brand. I mean it's about having a market. There's the I-29 and the I-80 and we've got to do something, we've got to create markets outside of that. [LB600]

ROD JOHNSON: Thank you for recognizing that. [LB600]

SENATOR HARR: And I would really like to work with you on that. But I'm listening to your arguments about why we should treat dairy cattle different from other bovine, and I don't necessarily disagree with you, but my question becomes how do I...all your reasonings of why they're different seem to apply to feedlots as well. And I know there are a number of feedlot

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

Agriculture Committee
February 07, 2017

operators in the brand area who are frustrated. So my question to you is, why should we treat feedlot cattle different than dairy cattle? [LB600]

ROD JOHNSON: There could be several arguments to that. First off, and my feedlot friends behind me could give me a better number, but feedlot animals are turning two, three times per year. Our animals, one-third of them is about the average that turn each year, so the moment and the activity is different. The animals that go into a dairy have had, for the most part, have had retained ownership from the time they were born. They have not been moving different directions, they have not gone through sale barns, they have not been commingled with other herds, so the integrity of that group of animals has been maintained from birth. So it's a whole different situation than animals that have been running in open range, they've been sorted down, they've gone through a sale barn, they've been dispersed in different directions, they go to a...become feeders someplace, they become...finally end up in a feedlot situation. The movement of those animals is completely different. And each time animals move, the chance of losing or misplacing one becomes greater. In our situation, the dairy animals, like I say, they retained ownership and they are retained under the control of the dairy operator. [LB600]

SENATOR HARR: But they're confined, right? I mean, that's the argument behind the Brand Act is that there are cattle that, quote unquote, may walk away. And if you're in a confined area, they're not going to be as easy to walk away and they're going to be watched over just like your dairy cattle. And a number of times a day, there's going to be a human interaction or touch with them. So while there is a transfer, the oversight is much greater on feeder than if I put my cattle out to pasture. Maybe I go count them, you know, once a week, maybe I don't. It all depends on who the rancher there is. But I guess my question is what do you think is the purpose of the Brand Act? Maybe that's where we need to start. [LB600]

ROD JOHNSON: That's a loaded question. (Laugh) I think maintaining identity and ownership. In the beef industry, I can see the need for it because of how the beef animals are moving around. Now when you get into a feedlot situation, you're correct. A feedlot is very similar to a confined area. I'm not here to speak for the feedlot operators. They can express their opinion on that, but I'm just here to represent the beef, the dairy industry. The male animals in our industry, they move into the beef industry; and when that happens, they become part of the beef industry and they can be handled just like beef animals are. [LB600]

SENATOR HARR: So, so, but it gets back to, and I still don't...I've been on here, now this is my seventh year and I'm slowly learning but I think it's every year we have an AKC bill and we have a Brand Act bill, so I get a chance to learn a little more every year. And we were lucky enough to have an interim hearing this last fall on the brand and so I feel as though I know more than I did seven years ago, but I still don't know if I know enough to make a good policy decision because I

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

Agriculture Committee
February 07, 2017

listen to what you say and it makes sense. I listen to what pasture cattle, our ranchers have to say, makes sense. Then I listen to concerns of the feedlot operator and I go, you know what, that makes sense. You know, and each have their concerns with the Brand Act of why it is or isn't working. I listen to eastern, do we do the brand? If it's...should the Brand Act be done by type of cattle? If so, why don't we do it across the whole state? Is it based on whether a majority of a certain kind of cattle operation occurs? I don't know how we draw the lines where we do I guess is what I'm getting at. And I don't know what the purpose is, and maybe if I have a better idea of what the purpose of the Brand Act is and what we're trying to do, maybe then I could say, if this is our vision, how do we get to that, right, vision, purpose, all that together? So I know, is this obtaining what we're trying to obtain up here and if it isn't, why are we doing this? [LB600]

ROD JOHNSON: I think someone from the Brand Committee should answer the question of what is the purpose. I think what you have just explained becomes very obvious that there's maybe one size does not fit all. [LB600]

SENATOR HARR: Yeah, I think that's right. I'm trying to figure out what is the right size. What are big-boy pants, I guess. (Laughter) Thank you. [LB600]

SENATOR BRASCH: Thank you, Senator Harr. Senator Albrecht. [LB600]

SENATOR ALBRECHT: Thank you, Senator Brasch. Okay, so this dairy industry, most of them do stay in a confined area and they're touched two or three times a day. But I got to tour the brand new one up in my area in District 17, a \$20 million facility I might add, and this is quite an operation. But what I saw them do is when the mothers would have their babies, they don't even touch their little ones. They just go...they're put into a little pen, correct? [LB600]

ROD JOHNSON: Uh-huh. [LB600]

SENATOR ALBRECHT: So if it's a female, yeah, they might keep it around to be a new dairy cow, but if it's a male, he gets shipped off, correct? [LB600]

ROD JOHNSON: The males go, like I said before, they end up in the beef industry. [LB600]

SENATOR ALBRECHT: Okay, so if that's maybe the plan that when the males get shipped off to another state or out of the branding area, I can kind of see where the branding company is going in that respect. But for those that are staying within the operation, you know, that would be...if you never had any of them wander off or ever had a real issue with that, I guess it's not a problem. The problem I would see is if the little calf was going on a truck to another state,

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

Agriculture Committee
February 07, 2017

perhaps, or leaving Nebraska and going to Texas or something like that, that I can understand where you'd want to make sure that you keep the papers on them or the identity of where they live. So again, that's between you and the Brand Committee what you all decide. But, I mean, I understand when it comes to just the dairy operation itself, I can't imagine paying a fee for every single one that you have there if they don't need to be babysat, if they don't need to be watched. I personally...our operation, the branding company has called our home and let us know that we had a cow up in South Dakota that had jumped the fence or wandered off. So, you know, there's a purpose. I understand the purpose, but yet that would be for you all to work out and decide. But the only thing I can think of is when the little ones leave the dairy so that you know where they're going. [LB600]

ROD JOHNSON: Well, they're...the male animals, they can go most anywhere. I mean a lot of times a neighbor or someone will pick those up and raise them up to a larger...until they get self-sufficient, I guess I would call it. And they are beef animals at that point, so whatever the beef regulations are, that fits them. The females, they are...as they are maintained ownership and they're maintained under control of the dairy operation, and you're right, a lot of them go to Kansas. A lot of them go to Texas. Sometimes they're moving them into a different climate environment to raise them, or for whatever reason they transport them that far, but they are all identified. There's a track record on...a record tracked on each one of those animals and so they...when they're put on the truck, they're all identified and they know where they go and what the history is on that animal from the day it's born until it ends up, it goes through its whole productive life and reaches the end, they have a track record on those animals. [LB600]

SENATOR ALBRECHT: I think that that's for you all to work out. Thank you. [LB600]

SENATOR BRASCH: I just wanted to add that some become 4-H projects, get very pampered and go to the county fair and then the state fair, so I've seen some that become family pets, so. Any other questions from the committee? One final one. Are ear tags used for the dairy cattle? Do they do any type of identifying even though they plan on spending their life span...? [LB600]

ROD JOHNSON: Yeah, they are...they are ear-tagged, identified with an electronic tags to the point that they know exactly, in most cases most of the dairies, they know exactly how many...or when they have gone through the milking parlor, they know how much has been produced. They track down to even wearing a Fitbit. They know how many steps they're taking, they know if they're active, inactive. You know, if a cow disappeared out of the dairy herd, the computer would let you know that she hasn't come through the milking parlor so they are very well-tracked, yes. [LB600]

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

Agriculture Committee
February 07, 2017

SENATOR BRASCH: That's excellent. I have no other questions and I see there's none from the committee. Thank you for coming forward. [LB600]

ROD JOHNSON: Thank you. [LB600]

SENATOR BRASCH: Any other proponents? Seeing there are none, any opponents? Anyone testifying in opposition? I see...welcome. Please state and spell your name. [LB600]

DAVID WRIGHT: Thank you, Senator Brasch. Thank you, committee. My name is David Wright, D-a-v-i-d W-r-i-g-h-t. I'm currently serving as the president of Independent Cattlemen of Nebraska, and I'm in opposition to this bill, but for maybe not as many reasons as you think. What I'd like to point out from the beginning, it's already been pointed out, that branding is not mandatory. The purpose of the program is simply for proof of ownership, so someone prove it's yours at that time of sale and if it crosses state lines. That's all it is. That simple. We can argue about I need exemptions for this or I need exemptions for that because they're this, that, and whatever, but because they're Hereford, Holstein or Angus or Gelbvieh or a Charolais, the purpose is still the same, proof of ownership at the point of sale and when you cross the line because how do I know where they came from. So with that said, proof of ownership, it also helps to find strays, it's for theft. It also guarantees the buyer that the animal that I'm buying, somebody owns, and somebody else didn't steal it. It helps in disease traceability because it's a form of I.D. that we follow and a whole list of I.D.s that you can see in the bill that are acceptable. And it also collects the beef checkoff. Every time that animal is sold and it changes ownership, that dollar needs to be collected. Even if it's a dairy heifer that left the state and went to a confinement somewhere, if that heifer is sold to someone else within that confinement, that checkoff dollar needs to be collected. The same in a feedlot, if it's in a feedlot and they bought the cattle and some guy started feeding the pen and then all of a sudden he couldn't afford to feed them anymore, and that changes hands with someone else, that dollar needs to be collected. And the federal law says, beef state brand inspectors will collect that checkoff dollar. Okay, so with that said, I'd like to think that instead of being opposed to the bill I'm here to strengthen this bill a little bit because as previous people have testimony, there are issues with it. I mean there are things that needed to be changed. So the one that I think stands out is where it talks about term of a member. How long is the term of a member of the Brand Committee? Traditionally, it's been September 1 to August 28. This is how it's stated in here and, as I spoke with Mr. Leonard about it, some of that language had to do with the changing of the committee back in 2009. But the point is still the same. Somewhere you start your term and somewhere you end your term and the Governor appoints you to fulfill a term. Now when you strike out some of this stuff in here, you strike out the idea that your term ended on August 28 and we currently have a board member who has not been reappointed by the Governor as of August 28, and that current member is also the chairman of the committee. Now I don't know if that is the Governor's fault or whose fault that is, but it's clear if you don't have...if you don't have a set of laws to follow, people will find

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

Agriculture Committee
February 07, 2017

ways that they should not have to follow the law. They should be exempt for one reason or another. My next question then becomes, who has oversight over this committee? As you read through this, it kind of said the state...the Secretary of State would step in to fill in as the chair if there was that vacancy, but obviously that was why they were trying to restagger the program. But it still begs to differ who has authority. What happens when the committee starts deciding to do things that are against the law? Who steps in? I had an investigator point out to me that they're law enforcement, and I thought, well, if it's law enforcement, maybe the State Patrol should have some oversight over what's going on with this Brand Committee. So the other thing I find interesting about this, the changes to the law, the changes...the changes are designed to take care of a situation that they've already moved forward on. An example I'll give is the hiring of an executive director. The law is clear. The executive director has got to have these certain criteria and their policy say in the past that they were supposed to find that person within their organization. Because if you start out as an inspector and then you work up your way to an investigator, by the time, you know, you've reached that pinnacle in your career, you would make a great director, that is, if you look that direction for a director. Now, don't get me wrong. I've met the new director. I like the man and I think he's a man of his word, I really do. I've spoken with him. I think that this committee needs a strong director. But to have law enforcement, if it's in the law to have that, what's six weeks considering maybe it should have been done before he was hired? But either way, what is six more weeks to fulfill the law rather than let's change the law to match what we already did? That's what I see. That's what I see from my perspective as I look at this. Forty years, since the '40s, this law has been in place since the '40s. The executive director has been the chief brand inspector and the chief investigator. Why all of a sudden do we have to change it? Since the '40s. The line has been in place since the '40s and God knows I've tried to change that a million times, but for some reason we can't seem to get that done. That's got to stay right where it is, but this, all of a sudden we want to change it. Which also brings me to the point that as a...if you've done this...if you've been in the cow business for a living and you understand that this is to protect you from an ownership standpoint and you start becoming suspect of the committee when the committee starts doing things. In 2011 one of the committee members, a current committee member, stated that we do not need brand inspection and that person is on the committee. So you have to wonder what the motive is. By accident there was a bill that got introduced, it was LB125 and I understand how it happened and I understand the reasons why, but what I find interesting about it is in that bill, if you read it, you will see that it talks about...it talks about limiting the feedlots to \$1.10 and then it turns around and scratches out the part about provision under Section 10...or 54-1,108. And when you read that, you will see that it says, and the Attorney General has pointed this out, that when you set a fee, that fee has to correspond for everyone. No one gets an exemption. But if we can scratch that out of there, now that makes it look like, there's some ambiguity in the law. And the committee has admitted, or has said, that they would like to have the ability for them to decide what that fee is for those registered feedlots. Well, that's pretty interesting. They get to decide. Now the reason I bring this all up because I'm trying to point out a system, or a...the way things have progressed in

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

Agriculture Committee
February 07, 2017

the last two years. It's like it's been done to deliberately undermine this committee to get rid of brand inspection. And, you know, that is what I see. So to strengthen the law, let's put term limits in there, define them. When you become a member, when you're done, who appoints you? The Governor wants to appoint you, the Ag Committee wants to appoint you, fine, but who has jurisdiction over this committee, because the Governor has stated several times he has no authority over this committee. I had a brand inspector point out to me, which I thought was quite interesting, he said if we're not enforcing the law, he said, then all we're doing is counting cattle. And a sale barn can count cattle a lot better than a brand inspector can. So back to the programs, if you don't mind me touching on that for just a moment. We have a dairy program and a feedlot program, where's the cow-calf program? That's right, he's the guy that pays it all because, remember, it's really simple, it's proof of ownership and whenever you cross the line. So the dairy guys they, you know, whenever they sell them, they got to prove ownership. It's going to cost them and they're going to pay a checkoff. And when they cross the line, we need to know, are those their cattle that are leaving. I don't care what kind of cattle they are. Let's see, we can...well, I think John might testify on some of this other stuff, but I'd welcome any questions and I'd like to thank you for your time. [LB600]

SENATOR BRASCH: Thank you. I believe Senator Harr has a question. [LB600]

SENATOR HARR: Thank you. Thanks for coming back. It's great to see you back here again and I enjoyed your little humor about moving the brand line. [LB600]

DAVID WRIGHT: Well, it's a long drive coming to Lincoln, you know. [LB600]

SENATOR HARR: Yeah, and you are in a brand line, aren't you, am I correct? [LB600]

DAVID WRIGHT: I'm on both sides of it. [LB600]

SENATOR HARR: Both sides, I kind of remember that from years past. I also hear Senator Schilz in my head, which is scary. But, you know, talking about brand from previous years, one of my questions always is, and I think you know the answer to this, I'm going to ask you, and I think I do too. Where are the checkoff dollars like compared to between inside the brand area and outside the brand area as far as the collection goes? [LB600]

DAVID WRIGHT: Right. Well, since the law, when I served eight years on the Nebraska Beef Council and I just finished six years on the Cattlemen's Beef Board, so in Nebraska, because the law says brand inspectors will collect on most country sales, that's not feedlots or not packing plants, it's what sells out in the country where the inspector has to go check and he collects it, at

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

Agriculture Committee
February 07, 2017

that time we collected \$480,000 on just country sales. On the other side of the brand line where there's no one to go collect it, we collected \$4,800. Hmm? But they're all honest over there. Deadly honest, you know. [LB600]

SENATOR HARR: They reported it on Amazon. [LB600]

DAVID WRIGHT: Nothing, nothing. [LB600]

SENATOR HARR: Amazon will report it for them now. [LB600]

DAVID WRIGHT: Nothing changes hands. [LB600]

SENATOR HARR: Yeah, okay. So I guess my question is, if we made those changes that you suggested as far as term limits and duties, would you support the bill, or do you think we should even keep brand, do you think we should go brand all state, or should we just move, as part of this agreement, the line? [LB600]

DAVID WRIGHT: I think it's really simple. I think it should be statewide; and if it's statewide, then all you do is inspect when there's a change of ownership. There would be no argument about moving my dairy cattle in and out or, you know, it would just be statewide. You just have to put somebody wherever there was a sale. I think that's the simplest, cleanest way to do it. I forgot the other part of your question. Oh, the changes. Yes. Yes, I really, really like I said when I started my testimony, I'm opposed, but I'm not opposed like you think I'm opposed, you know. There are things in here that needed to be changed. And let's make it stronger, though. Let's define what a term is and let's define who has the authority over it, over the committee. Because it seems kind of risky to let it, especially when the Governor said plain as day on the...I called in on the radio station. He answered, he said, I have no authority over them. [LB600]

SENATOR HARR: That was from the audit this summer too. I think that became quite apparent. And I guess I'll ask one follow up. You said, you're representing whom again? [LB600]

DAVID WRIGHT: Independent Cattlemen of Nebraska. [LB600]

SENATOR HARR: Okay. Do you know if the Nebraska Cattlemen have taken a position on LB600? [LB600]

DAVID WRIGHT: Melody Benjamin was the one who was. [LB600]

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

Agriculture Committee
February 07, 2017

SENATOR HARR: Oh, she was from Nebraska Cattlemen. I guess I didn't have that part. Okay. Thank you. [LB600]

SENATOR BRASCH: Yes, Senator Blood. [LB600]

SENATOR BLOOD: Thank you, Senator Brasch. The one thing about being on this committee is that it seems the more testimony that I hear, the more questions that I have. It always seems so black and white when I first read the bill and do my own research and then information starts coming in at me and I always have questions. So I'm hoping this is one that you can answer. If not, I may have to go back to counsel. I've heard the word audit several times, but what I'm not hearing is what exactly did they find in that audit and does this bill address issues in the deficiencies that they found? [LB600]

DAVID WRIGHT: Well, in the audit they found the executive director had taken a pickup and used it for personal use. There was a...I'm going to miss some. I'm not going to get them all, but there was a hold on some cattle in Kearney that he released and you can't release them until there's actual proof of the ownership. But because the owner of the cattle was raising Cain, shall we say, and he's more than just ornery, you know, he's a difficult individual and they have to deal with him and I commend them for it. But the law is the law, you know. There was...something about payroll and time, you know. Necessarily, I don't see that this addresses so much stuff in the audit. I mean because as Jaelyn said earlier, much of that was housekeeping stuff, you know, which they just had to get after and have a tighter control on what was going on. [LB600]

SENATOR BLOOD: So, if I hear you correctly, you're saying that all the deficits in the audit were addressed. [LB600]

DAVID WRIGHT: I can't...well, three of them were from the previous executive director. You know, three of them that were felonies, and he's no longer there. And they're getting a new computer program, you know, or they're at least trying to do something to address it. You know, I...don't get me wrong because I have to work with these people, you know, I mean... [LB600]

SENATOR BLOOD: And I don't mean to put you on the spot. [LB600]

DAVID WRIGHT: ...I'm just trying to say, don't stop, let's make sure it's good and tight. But as for, you know, they know what the audit said, they know what they have to do to address it. [LB600]

SENATOR BLOOD: Do you feel that this bill helps them to address it? [LB600]

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

Agriculture Committee
February 07, 2017

DAVID WRIGHT: This what? [LB600]

SENATOR BLOOD: Do you feel this bill helps them to address the deficits of the two audits? [LB600]

DAVID WRIGHT: No, because I think it's completely different. I think they're two different things. [LB600]

SENATOR BLOOD: Okay. [LB600]

DAVID WRIGHT: You know, I think they are working hard to address those problems, but this is, you know, this has got...this really doesn't have things to deal with that. I would point out, I said if you don't...I'm sorry. I'm sorry. No more. [LB600]

SENATOR BLOOD: No, no, no, I'm listening. I'm shaking my head. [LB600]

DAVID WRIGHT: I was going to say, I had said to the senator that if you define the term, find out who has authority, and as for the executive director, I would say, please get your law enforcement. I think the man is a good man. I think he's going to be staunch about his job, but please get the law enforcement, just get it done. It should have been done before. We're past that point, you know, but get it done. So that, therefore, I don't know why you would want to have the and/or on, you know, could be, maybe, might, if he wants to, you know. It's a requirement, you know. Just fulfill the requirement. [LB600]

SENATOR BLOOD: Okay. Thank you. [LB600]

SENATOR BRASCH: Are there...yes, Senator Lowe. [LB600]

SENATOR LOWE: David, thank you for being here today. So you would be happier if it had term limits or the state of the terms on this. [LB600]

DAVID WRIGHT: Uh-huh. [LB600]

SENATOR LOWE: And then you'd be kind of happy with this bill. [LB600]

DAVID WRIGHT: There's just three things. Nail down the terms, have the executive director fulfill the law instead of changing the law. You know, don't change the law, so just have him

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

Agriculture Committee
February 07, 2017

fulfill it. That's not that difficult. And then you got to establish somebody with authority over it, some kind of authority oversight. [LB600]

SENATOR BRASCH: Any other questions? Yes, Senator Albrecht. [LB600]

SENATOR ALBRECHT: Thank you, Chairman Brasch. Well, Mr. Wright, I still have that question, why not the whole state? [LB600]

DAVID WRIGHT: I agree with you on... [LB600]

SENATOR ALBRECHT: I mean, it just...I mean, you're independent, we're independent. Tell me why? Is it personnel, is it cost, is it...there has to be a reason why it's only half of the state. That just kind of doesn't...I just don't understand that. [LB600]

DAVID WRIGHT: Well, because when the law was written it was basically on county lines which...but that can be argued because Knox County is divided down a section road line because there was feeders in Knox County that did not want to be brand inspected. So they divided their county. Everyone else is down a county line. So basically the law said if a county wants in, you know, get somebody to carry a bill and get your county in. If your county wants out, the same thing. And that's what it come down to. It come down to the feeders in the west...or in the east did not want this. They were not interested in somebody coming and inspecting those cattle. [LB600]

SENATOR ALBRECHT: But it's one thing if you're a feeder, it's another thing if you're a cow-calf operator. It's another thing if...but to me, you know, cattle are cattle. Everybody ought to be inspected. I don't quite understand the gist of all that. But do you have any idea what their funds go toward, these checkoff dollars, how they're spent? [LB600]

DAVID WRIGHT: The checkoff dollars go for promotional research and education of beef. [LB600]

SENATOR ALBRECHT: So wouldn't it be great if all of them were inspected? We could probably market them a lot stronger and (inaudible) for what we are investing (inaudible)? [LB600]

DAVID WRIGHT: If we had the time, I could show you a map of the United States and I could show you the brand line that runs down the United States and I could show you the difference in the checkoff dollars collected. And you would be floored what happens on the eastern half of the

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

Agriculture Committee
February 07, 2017

United States because the number of cattle is pretty even and the checkoff receipts that come in from there are not even comparable. [LB600]

SENATOR BRASCH: Any other questions from the committee? Seeing there are none, thank you, Mr. Wright, for coming forward. In light of time, how many more testifiers are opponents and how many plan to testify on this bill because we have two more after this? Just one more testifier...two, three. Okay, very good. I won't use the light here, but we may need to ask that you be concise. Thank you. Welcome and please come forward. State and spell your name. [LB600]

JOHN HANSEN: (Exhibit 3) Madam Chairman, members of the committee, for the record, my name is John Hansen, J-o-h-n, Hansen, H-a-n-s-e-n. I'm the President of the Nebraska Farmers Union. I forgot to bring along the printed copies of our special orders of business on the Brand Committee, but I do have a copy along and I have e-mailed them to you at your legislative offices. This issue, it would be fair to say, was a hot issue at the Nebraska Farmers Union convention. We strongly support the Brand Committee and its activities. The efforts to update the technology, the efforts to spread the benefits of the Brand Committee to the entire state and so we, as you can tell when you get the special order of business, we support all of those things. But the, therefore, be it resolved at the end urges the Governor to appoint new Nebraska Brand Committee members that believe in the mission of the Brand Committee, have the best fiscal interest of the committee in mind, and are willing to address the issues identified by the Nebraska State Auditor, and reflect the diversity of the farm and commodity organizations that represent cattle producers. There are currently nine organizations that are USDA certified National Cattlemen's Beef Board nominators, for example. So I have distributed to the committee those certified beef nominators. Nebraska Farmers Union is one of those. Six of those organizations are clearly tied to beef, three are tied to dairy, and that, in our view, we were not happy with the first auditor's unfavorable findings of the Brand Committee. We were really unhappy at the end of the second because none of the problems that were identified in the first were fixed and they just kind of keep on doing things that they should not have kept doing. And so there is, I think, a need to do a lot of the things that David Wright before me has identified. Certainly, the language in this bill does not get at the business of what happens when your appointment is up. Do you continue to serve, are you limited then? It doesn't force the Governor to act one way or the other. So can the Governor just sit on an appointment indefinitely? Are you on the committee, are you not? And our organization relative to both the dairy and the feedlot issue, you know, this is a part of the significant part of the benefits of the brand is the business of creating a network and a system that tracks stuff in and out of ownership and movement and especially across state lines. So if you don't do feedlots, which the Brand Committee was certainly thinking about and responding to pressure from feedlots, don't have us pay the fee, which creates number one, a huge fiscal hole in the Brand Committee's operation which we really objected to, but two, it creates this huge security in the system hole. So what do you do when you steal a calf? You know, it depends on how many calves you steal and, you know, how

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Transcriber's Office

Agriculture Committee
February 07, 2017

big you think, I suppose, but you could always eat them yourself. But a lot of folks want to try to find a way to cash them in. So you can do that by running them through a sale barn; but if they have brand inspection, you might not want to do that. But if you don't have it in and out of feedlots, I reckon that would be a place I'd think about. And you can background and feed a stolen calf as well as you can one you raised or one you bought. And so you've created a hole in the system in the same way with our friends in dairy, so our producers across the state would like to see it expanded. And we think that those issues, which David Wright has already identified, are all things that we could do to help make this bill better. But does this actually respond to or fix the problems relative to the audit? Not really. And, you know, we would likely come down on the side of, if we had our druthers, should the head of the executive director of the Brand Committee should they or should they not have the training to, in law enforcement, to head up this agency? Well, that's what this agency does. And so it's such an integral part of what it is that they do that to not have that background it just simply would be an administrator...it would be a lot better to have an honest administrator who knew what he was doing than not, but it would be our druthers to have one who is competent and who also had that background in law enforcement because that's an important part of what needs to happen. And you also get to the point where somebody, somewhere has to make a decision at the end based on the investigation of the inspectors. And so, you know, what do you do in those situations where the evidence that you have in hand is not clear? And so to that end, having the person in charge have that background I think is helpful. And with that, I'd be glad to end my testimony and answer any questions if I might. [LB600]

SENATOR BRASCH: I did want to recognize that Senator Krist had joined the committee. Thank you. And Senator Krist has a question. [LB600]

SENATOR KRIST: Yes, thank you for recognizing me, Chair, and I was in another committee introducing a bill. Mr. Hansen, I looked through here, you'll note that I'm one of the only members of this committee that didn't sign on to the bill, but neither here nor there. I looked through here and I...just some curiosities. If you're going to...and again this is a guy who doesn't have any dirt underneath his fingernails, so bear with me. If you're going to inspect the livestock, the destination of the livestock and the rest of it, why would you not investigate the method of transportation when the livestock was moving? Isn't that just as important in the security and also the preservation of the livestock itself? [LB600]

JOHN HANSEN: I would agree that it is. And as long as you eat food, we're good. [LB600]

SENATOR KRIST: Okay. And then why the Secretary of State being eliminated from this process? [LB600]

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Transcriber's Office

Agriculture Committee
February 07, 2017

JOHN HANSEN: I don't know. I don't understand...I don't understand the logic or the rationale for why he was on there in the first place and I don't understand the logic or the rationale for you to take him off. Either one. [LB600]

SENATOR KRIST: Being the keeper of the great seal of the State of Nebraska, I mean, I guess it goes along back to the seal and the stamp and all that historically, but why we take him off at this point, I...should the Attorney General be on here, if you talk about law enforcement, or you don't need somebody who knows cattle, you just...or somebody who represents him, was that your point, is that you do need somebody that can enforce the law once the brands are captured? [LB600]

JOHN HANSEN: Well, the current...the current law requires the executive director to be someone who has the training in law enforcement which is in that...to go through that six-week course and to get that certification. And so a lot of what goes on in these kinds of cases are similar to a criminal investigation and so there's a lot of methodology and practice and procedure relative to all of that. And so our view is that the executive director really ought to be grounded and have that training and certification in that's what his agency or her agency does. [LB600]

SENATOR KRIST: Please don't mistake my question as folding together. The Secretary of State question and the law enforcement are two different questions. [LB600]

JOHN HANSEN: Yes. [LB600]

SENATOR KRIST: Okay. And then there's a lot of distinction in here about eliminating sheep in one way or another having a separate brand or a second stop. Can you talk to me about that? Is there any rationale for that? [LB600]

JOHN HANSEN: I think we've probably outrun my level of expertise. [LB600]

SENATOR KRIST: I respect a man who knows his business. [LB600]

JOHN HANSEN: I'm an old dairy producer, a cow-calf producer, a purebred producer, but I have carefully avoided raising sheep. (Laughter) [LB600]

SENATOR BRASCH: Any other questions from the committee? Seeing there are none, are there any other opponents? Seeing there are none, neutral? Welcome. [LB600]

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

Agriculture Committee
February 07, 2017

WILLIAM BUNCE: Thank you very much. Good afternoon, Senator Brasch and members of the committee. [LB600]

SENATOR BRASCH: State and spell your name. [LB600]

WILLIAM BUNCE: My name is William Bunce, W-i-l-l-i-a-m B-u-n-c-e. I serve as the new executive director of the Nebraska Brand Committee. Prior to my appointment with the state of Nebraska, I was the executive director of the New Mexico Livestock Board. Prior to the New Mexico Livestock Board, I was general superintendent of True Ranches, Inc., of Wyoming. We ran approximately 10,000 cows on roughly a half a million acres. We had two feedlot operations and finished out approximately 36,000 head of cattle per year. Prior to that, I was the executive vice president of the American Polled Hereford Association and with the American Quarter Horse Association. To answer one of the first questions which was, what is the purpose of the brand law, and it's very simple and that is to protect the integrity of the livestock production agriculture business, specifically cattle, and the livestock marketing business in the state of Nebraska. To that degree, Senator Blood, you asked questions earlier, specific numbers. As of December 31, which was the most total recent compilation that I have, there were 287 head of cattle reported as missing. And to date, there were 762 head of cattle recovered. That's one way of theft, that's one way of mixing things up and that's not to say that all those missing cattle or all those cattle returned were stolen. Those were just the numbers of what we had and what got back to their owners and what are still missing. The other methods of theft outside of just taking the animal or moving the animal are fraud, payment with insufficient funds, theft by misrepresentation, forgery, collusion, racketeering, and embezzlement. I wish this were still the 1940s and 1950s and the worst thing we had to worry about was someone pilfering a few calves around the edges. Unfortunately, the world has changed. And the enforcement and the protection of the industry also requires that the agency change. The audit pointed out that there were operational inefficiencies, there were inconsistent applications of laws and even internal policies. And the function of the Brand Committee going forward is to address those major components of inefficiencies, one of which is the computerization and recording and reporting of brand inspections and producer records. The reason that's important is not only from an efficiency standpoint of time management where everything is filed with a piece of paper or three-by-five card, and in the event of a theft or investigation of just missing cattle or being subpoenaed and having to provide records of ownership because of embezzlement, racketeering, etcetera, etcetera, etcetera, the electronification of those records allows that to happen this quick. And as you're standing in court and you're presenting your proof of evidence and your chain of custody, if all you have is a handwritten three-by-five card written by some well-meaning inspector who may be the best cowboy in between Nebraska's borders, but a good defensive attorney is going to confuse and accurately, probably find a problem with that handwritten record. It's going to happen less though with an electronic record. Also, you've got the cost efficiencies of electronic recording versus handwritten, you've got storage issues, etcetera, etcetera, etcetera. So that's the

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

Agriculture Committee
February 07, 2017

part of that. Would also like to address that the audit was done two executive directors ago. And also the changes that have occurred since then have been initiated by three new members of the appointed committee. So you've got a group of people that have come together, appointed by the Governor, and then hired subsequently by that group who are trying to tighten this up, make it more sophisticated, make it more efficient, and make it more reliable in the case of terrible, terrible theft. Again, I wish this were not the truth, but the fact of the matter is there's a group of people who use the bucolic reputation of agriculture to do very nefarious things underneath that. That happens with theft. That happens with the transportation of narcotics and other substances. That happens in the instances of trying to launder money that are made in other ways, laundered through the cattle business, etcetera. The board...excuse me, the committee had things pointed out to them that were out of compliance through the audit and that's a very good thing. That fact in itself shows that the board has an oversight. They do have an oversight committee. This particular audit was, I believe, demanded by someone within the organization. They asked for this, or a previous. And they said, there are things here that need to be fixed and they're being fixed. Relative to your question on the whole state. There are 19 western states that agree with you wholeheartedly. The state in which I came from was not just a mandatory inspection, it was a mandatory brand. We had dairy animals. We had the largest livestock port in the world at the Port of Santa Teresa between New Mexico and Mexico. It is a brand area. The reason, I hope obviously for those inspections is to give yourself a leg up in the event that there is a case of fraud or theft through fraud or one of these other ways. The other side of this, that I believe it was Mr. Wright touched on, was in the issues of animal health. And if you've got a disease outbreak, you've got to be in collusion with your state veterinarian, have some authority to work with those other agencies and the policing ability to stop those trucks and unload those livestock and keep them quarantined so that you do not shut commerce off for the state of Nebraska. You're the second largest cow-calf producing state in the United States; you're the largest cattle feeding industry in the United States, surpassing Texas. They also have brand laws. They're done on a county level and your enforcement are your county sheriffs and your Texas Rangers. Nebraska is different by choice. We have one agency involved strictly with cattle and on a good day, on a full day as the statute reads right now, we have four enforcement officers. Frankly, that is insufficient. The movement in there to change "shall" to "may" on the executive director's appointment as a law enforcement officer is not to weaken or to change. It is only to address a specific time line that is of no fault of anybody in this room. I came from out of state. I do not have certification here, nor did I have certification where I was previously, but I supervised 35 law enforcement officers whose job was to do these very same things. I will tell you, in my opinion, four is putting yourself behind the eightball. I'm down to two right now and that's a position that can't go on. I have no problem with going through the academy which is 16 weeks and not 6, but the delicate dance there, if you will, is the April academy is full. I can't even get in until August, 16 weeks later puts me in mid-December. In visiting with the law enforcement academy, even if I'm in the class, I'm going to be out of compliance by two weeks. In order to be right, and right on the edge, I need to apply to the Police Board for a hearing asking for an

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

Agriculture Committee
February 07, 2017

extension of that two-week period. It's doable, it's not a problem. It's compounded, however, with the largest technological change that this state has ever seen. And whether I'm out of the saddle, six weeks past the rollout, or even if I could get in to the April academy, I'm going to be missing in action for the first two weeks of the rollout. We can deal with that. It's not ideal, but I have two, as of right now, certified law enforcement officers. I would roll them into the temporary executive director position for a period of two months each while I'm enrolled into the academy. We are not trying to weaken nor usurp the law enforcement aspects of this agency. That's not the intent at all. We are full on board with the fact that we need to be law enforcement certified and frankly we need more than what we have. With that, I'll take questions. [LB600]

SENATOR BRASCH: Yes, Senator Harr. [LB600]

SENATOR HARR: Thank you, Madam Chair. How many brand inspectors did you say you had? [LB600]

WILLIAM BUNCE: I have 54 authorized FTEs. I have 45 that are in the field and right now I have 7 vacancies. [LB600]

SENATOR HARR: Okay. And why do you have such a high vacancy rate? [LB600]

WILLIAM BUNCE: Those are retirements, resignations, and promotion. [LB600]

SENATOR HARR: That's why people left, correct? [LB600]

WILLIAM BUNCE: I couldn't tell you, sir, it's before my time. I've had two leave since I came on board. [LB600]

SENATOR HARR: So you have seven openings, basically 14 percent opening, correct? [LB600]

WILLIAM BUNCE: Correct. [LB600]

SENATOR HARR: Is that unusually high? [LB600]

WILLIAM BUNCE: No, it's actually...it sounds high. I appreciate the question and I had the same question in the state I was in previously. My target is a 10 percent turnover rate. Typically for a law enforcement agency, your turnover rate is going to be 13 to 15, so as high as it is, it's not terribly out of line. I wish it were different, but those are the statistics. [LB600]

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

Agriculture Committee
February 07, 2017

SENATOR HARR: Okay. So it's not out of the normal of where it's been the last 10 to 20 years?
[LB600]

WILLIAM BUNCE: I couldn't tell you the historical turnover for the agency, but I would suggest probably not. It's my understanding that with the Nebraska Brand Committee there were rare openings and there was, you know, there was a list of people who wanted to be brand inspectors. And that's a good thing. Frankly, as you see pay bans that do not keep up with cost of living and you train people and they get poached away from you by outside industries whether it's feedlots, ranches, or other law enforcement agencies or municipalities, it's a continual challenge for us just like it is for anybody else. [LB600]

SENATOR HARR: Okay. Thank you. [LB600]

WILLIAM BUNCE: Yes, sir. [LB600]

SENATOR BRASCH: Senator Blood. [LB600]

SENATOR BLOOD: I have to say for as great of value as cattle...these cattle have and the amount of money that's involved, I'm kind of appalled that you're just now updating--I know that has nothing to do with you--updating the technology. I have to say I'm stunned and the question...I have several questions. The question I have is, is this going to be enough, is it too little to late and are you just trying to catch up or are you going to be ahead of technology? And the other question I have, and I'm actually a farm girl so I'm kind of embarrassed to being asking this question, but I've got to know the answer. Why branding and not GPS? [LB600]

WILLIAM BUNCE: GPS will work. You can put it on a collar and the collar is removable.
[LB600]

SENATOR BLOOD: And under the skin. [LB600]

WILLIAM BUNCE: And under the skin, you cannot do that with a beef animal because a microchip will float. And so as that animal goes into the food chain, you don't want that in your hamburger. You can use a microchip on an ear tag which is good, but it's also removable. It's a very good form of I.D., especially when it's used in conjunction with something else. And we'll see more and more and more of that. I believe we'll see in the not too distant future every animal that comes across from Mexico having an RFID tag and going through a set of scanner bars. It can happen stateside as well. Relative to is it too much to late or too little to late? No, ma'am, no.

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

Agriculture Committee
February 07, 2017

We can change it. We can change rapidly. It takes manpower and it takes budget. That's going to be a challenge because of the current budget environment. [LB600]

SENATOR BLOOD: So you feel the technology changing changes that you're making are not just an improvement but up to par with what the standards are now? [LB600]

WILLIAM BUNCE: It will certainly help get us there and with the company that we've used, which is Nebraska Interactive, it's the same company that helps numerous state law enforcement agencies. [LB600]

SENATOR BLOOD: Right. [LB600]

WILLIAM BUNCE: We can make this world-class and state of the art. We can't do it in six months. The first rollout is July 1. Not only can we, we're going to have to. Because as the world's beef market expands, the marketplace for the Nebraska feeder industry and the processors, whether it's Cargill or whoever, is the European market and the Asian market as well as the domestic market. Getting back to the very function of the Brand Board, you've got to establish a point of validity of ownership. And the first time one of those international deals goes south because somebody messed up along the way, and those funds get frozen, I promise you, you will lose that market share to that customer. They will say, I will deal with Argentina, I will deal with Uruguay, I will deal with Brazil, because when I deal with them they have this mandatory identification and I'm not going to have my funds frozen up. The deal is not going to go sideways. If we don't get ahead of that, then we're going to be the second-class seller. We have to. It's doable. It's easily doable. It just takes time and money. [LB600]

SENATOR BRASCH: Any other questions from the committee? Seeing there are none, thank you. [LB600]

WILLIAM BUNCE: Thank you. [LB600]

SENATOR BRASCH: Anyone else testifying in the neutral? No other neutral testifiers? All right, that concludes the hearing on LB600. Do we need a few minutes or is everyone staying for the next bill as well? Do we have Senator Hansen in here yet? Welcome, Senator Hansen. We're ready to open on your bill here, on LB260. [LB260]

SENATOR HANSEN: Absolutely. Great. Thank you, Chairwoman Brasch and members of the Agriculture Committee. My name is State Senator Matt Hansen, M-a-t-t H-a-n-s-e-n, and I represent District 26 in northeast Lincoln. I'm here to introduce LB260. So kind of a back story,

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

Agriculture Committee
February 07, 2017

I'm going to deviate from my prepared testimony a little bit here. A back story is some of you returning members are familiar that last year I had a bill that was called the Nebraska Health and Food Financing Initiative, LB945. And that was brought to me by a series of concerns based on my district and my neighborhoods in which there were areas in which healthy food was unavailable. In my particular instance because a grocery store had closed and there was no clear plan for it to reopen leaving a large neighborhood of my district without a grocery store anywhere within walking distance, or frankly all that convenient of public transport. That bill had a lot of discussion on it and I was appreciative of the time, but obviously it was not something that it was...we were able to move forward. But I was really appreciative of that from there we had a lot of discussions with stakeholders on what's the best way to...or what would be a good way at least to provide healthy food access to more and more people. So that led me to the ideas and the concepts behind LB260 with the similar intent of making sure that produce is available and affordable to people because that was one of the things we had seen time and time again. There's lots of situations in which healthy food is not necessarily cost effective or the cheapest option as opposed to say comparing it to fast food of the like or there's lots of instances where there's barriers to purchase healthy food including, you know, we want to promote farmers markets and whatnot. But those aren't always able to accept all forms of payment including SNAP, EBT. So that leads us to LB260. So LB260 was designed to set up a food security...food insecurity nutrition incentive grant or FINI grant program. This was in goal to be in partnership with the federal government and the U.S. Department of Agriculture's FINI grant program. And the goal was to create a state, private, and federal partnership to provide grant funding for the FINI grant program here in the state. With matching private funds donated, the state one-time grant of \$150,000 as proposed to provide kind of an infrastructure setting with the grant program and using those to leverage federal funds through the grant program to in turn also get more in private donations. That's something that I've been very happy to work on with stakeholders including the Grocers' Association and the UNL Extension, which was the program that was administering this. However, due to situations that I'm still not 100 percent sure of, we did not get accepted for the federal grant this most recent cycle. My understanding is there are still two more grants to be happening following this year, I believe August and December are the next two. Being that my bill was under the assumption that we were going to get the federal funds, that obviously changes the dynamics for me and for this bill. So with that, I'd be more than happy to continue to work with the committee and stakeholders to figure out what the appropriate way of going forward. And I just looked back, there will be testifiers behind me that will describe the program that we were looking at in greater detail, but it's a program that was typically called Double Up Food Bucks and the premise is...and other states have similar programs that are also called Double Up SNAP Bucks. And that's a premise where a person who is on SNAP, Supplemental Nutrition Assistance Program, has the opportunity to at a participating store or farmers market to buy fresh, community-supported agriculture, presumably produce. And if they use that at the store, they are then given a voucher equivalent to the amount they spent that they can use coming in the next time to also buy the produce of that category. So

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

Agriculture Committee
February 07, 2017

it's incentivizing buying produce because it makes the SNAP dollars go further as well as it's supporting community agriculture by encouraging that, and that would be part of the mechanism what the federal dollars would be for. With that, as I said, I'm more than happy to work with community stakeholders on this some more and see how we can best address this and design this for the future and be happy to work with the committee as well. [LB260]

SENATOR BRASCH: Very good. Are there any questions from the committee? Yes, Senator Blood. [LB260]

SENATOR BLOOD: I'm actually really familiar with the SNAP participants that utilize this type of programming because I voluntarily run the farmers market in my district and see them utilize that. And it's lovely to see the families and the children come and learn more about produce and fresh vegetables. Reading through this, the one thing I'm not clear on, does it also address the seniors that come with those types of vouchers, or is it only for people participating in SNAP? [LB260]

SENATOR HANSEN: I believe it was limited to SNAP, but if I'm incorrect someone behind me I believe can specify. [LB260]

SENATOR BLOOD: All right. Thank you. [LB260]

SENATOR HANSEN: Thank you. [LB260]

SENATOR BRASCH: Any other questions from the committee? Seeing there are none...yes, excuse me, Senator Lowe. [LB260]

SENATOR LOWE: Yeah, just curious. Thank you, Senator. I'm just curious about the double-up. If they use it once, they get it again basically in the produce department? Is that given then the next time they use it to get twice as much? [LB260]

SENATOR HANSEN: So I don't believe it would be cumulative, so the example would be I buy \$5 worth of sweet corn and I get a voucher for \$5. The next time I go in, I can use that voucher, but the voucher itself doesn't double. But if I wanted to go in and buy, next time buy \$5 worth of sweet corn with my voucher and \$5 worth of potatoes, I would then get a voucher based on the potatoes. And you could keep going multiple of times, but you wouldn't necessarily have an exponential increase by using the vouchers and check. [LB260]

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

Agriculture Committee
February 07, 2017

SENATOR LOWE: I'm a great proponent of healthy food especially if it's covered in gravy or cheese. [LB260]

SENATOR HANSEN: Perfect. [LB260]

SENATOR BRASCH: Very good. Any other questions of the committee? Seeing there are none, will the first proponent please come forward. Welcome. Please state and spell your name. [LB260]

KATHY SIEFKEN: Chairwoman Brasch and members of the committee, my name is Kathy Siefken, K-a-t-h-y S-i-e-f-k-e-n. I'm the executive director and registered lobbyist for the Nebraska Grocery Industry Association, and I would like to thank Senator Hansen for bringing this bill. We have worked on this throughout the interim. I've worked with the University of Nebraska and Extension, and the reason we are here supporting this bill when we have not supported this type of legislation in the past is because this is an ideal program where the people that are benefiting or that will benefit are those people that are on the SNAP program. It rewards them for purchasing fresh fruits and vegetables. There's an educational arm to it and the entire program rides on existing rails. So it doesn't grow the government. It simply extends the things that we can do to help those people who are not eating healthy, who are lower income people, people that do qualify for SNAP by making their dollars go further which is, hence, the Nebraska Double Up Bucks Food Program. And the way it works is that a family that is on SNAP can get a maximum of up to \$10 per day. In order to get that \$10, they would go in and purchase \$5 worth of any fruit, fresh fruits and vegetables in a store that has a Buy Local Program, so it is also promoting Nebraska products. They are not limited in what type of fruits, fresh fruits and vegetables they can purchase. They just have to do increments of \$5. So for the first \$5 they would get a voucher at the point of sale where they could come back in with a voucher for a free \$5 worth of fruits and vegetables. If they had \$10, they'd get two \$5 vouchers. We've decided they need to be in \$5 increments because sometimes if you go in and you buy \$10 worth of fresh fruits and vegetables, the shelf life isn't long enough and then you have waste. So that's why the \$5. The fact is that the Department of Ag already has an existing program that can redeem those vouchers. It's got the MICR line on the bottom and the grocers would just simply put them in their till and process them as if they were a check. So we are using existing programs or existing resources to let this...to operate this program. The \$150,000 that we were asking for would have, or will because even though the FINI grant was not approved, it is my understanding that the Department of Ag will apply the next couple of times that it comes around. So maybe things happen in the order that they happen for a reason because if a one hundred fifty or whatever dollar amount is approved, those dollars now would be considered matching funds for the next time that we apply for a FINI grant, which means that you actually double the impact that you're going to have. So if we would have been approved for the FINI grant that was applied for in December, those funds that the state...through this bill that the state of Nebraska would have

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

Agriculture Committee
February 07, 2017

given, had the bill been approved, would have just gone toward helping set the program up so that it could become sustainable. It would not have been matched by the grant because the grant would have already been received. Now, if the bill passes and there is money available for this program, it will be considered matching funds. Another thing about this program that is so unique and wonderful is the fact that there are other stakeholders that are willing to make contributions towards the program. So this is a one-time ask. We're not going to come back year after year and ask you for more funds. The way it's set up, and Vanessa will come up in neutral capacity because she's with the university and I guess that's how they do things. So she'll come up and explain things in a little bit more detail. But as we move forward, there are other stakeholders that have funds that they are willing to put toward this program so that we don't come back. This is a one-time ask to set the program up so that it can become sustainable. It will help the low-income people in this state. It will help the people that are on SNAP. Another thing, part of the program, they come...the extension agent, or the extension people, they actually come into the grocery stores and they do demos and they teach people how to cook the various things that they're sampling. And the local health departments started these type of programs several years ago and Vanessa has a graph that she's going to share with you. And the end result is when you teach people how to fix foods that taste good and you educate them, they will come back into the store and buy those things over and over instead of going to the fast food place or maybe grabbing something that isn't as healthy. So with that, if you have any questions, I'd be happy to try to answer. [LB260]

SENATOR BRASCH: Yes, Senator Blood. [LB260]

SENATOR BLOOD: Thank you, Senator Brasch. I actually want clarification. I heard two different things. Is it only for grocery stores or is it going to be grocery stores and farmers markets? [LB260]

KATHY SIEFKEN: This started...the whole concept started out with farmers markets and now grocery stores are going to become part of that. It will start as a pilot project in three or four stores here in Lincoln just to work out all the kinks because that's where the people are that are running the program. Once that happens, it will eventually over the four-year period of this FINI grant, it will eventually go statewide. So everyone across the state will benefit. [LB260]

SENATOR BLOOD: So, again, making sure I heard this correctly, it's going to...the voucher system will still stay within the farmers market programming. [LB260]

KATHY SIEFKEN: Yes, yes. [LB260]

SENATOR BLOOD: This is in addition to...adding the grocery stores. Okay. [LB260]

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Transcriber's Office

Agriculture Committee
February 07, 2017

KATHY SIEFKEN: Yes, it expands. [LB260]

SENATOR BLOOD: And then, can you tell me, do you know off the top of your head what percentage of the people that have food insecurity are children? [LB260]

KATHY SIEFKEN: No. Vanessa might be able to answer that question though. [LB260]

SENATOR BLOOD: Okay. Thank you. [LB260]

SENATOR BRASCH: Yes, Senator Harr. [LB260]

SENATOR HARR: Thank you. Do you know, are the majority of the people who receive SNAP, are they probably receiving Medicaid as well? [LB260]

KATHY SIEFKEN: I have no idea. Vanessa might know that. [LB260]

SENATOR HARR: Okay. Would it be safe to assume that if you eat healthier, it's probably better for your body than if you eat, like my daughter, only fried and processed foods? [LB260]

KATHY SIEFKEN: Your daughter should eat fresh fruits and vegetables, Senator. [LB260]

SENATOR HARR: We've actually taken her to a doctor about that and I agree with you. She does not, but you'd agree with me that that probably makes a person healthier and lowers their medical costs. [LB260]

KATHY SIEFKEN: I would completely agree with that. The studies...and I can't quote a study, but I have read study after study that says that if people are eating fresh fruits and vegetables and whole muscle cuts, instead of processed foods, that it is a healthier diet. It reduces disease, it controls obesity, it controls cholesterol, many, many things it just goes right down the road. You're right. [LB260]

SENATOR HARR: That's good public policy. Thank you very much. I appreciate it. [LB260]

SENATOR BRASCH: Senator Halloran. [LB260]

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

Agriculture Committee
February 07, 2017

SENATOR HALLORAN: Thank you, Madam Chair. I was just curious, would you explain to me again the vouchers buying from stores with Buy Local Programs. What's the breadth of the number of Buy Local? Maybe it's...hopefully, it's a lot of stores. [LB260]

KATHY SIEFKEN: There are many grocery stores that have signed up for the Buy Local Program because consumers want local foods. And to get the signage and the visibility for selling locally grown foods, you have to sign up for the program. What this program would do would require that you are part of the Buy Local group, therefore, I would imagine that it would become even more popular than it is right now. It promotes local produce. [LB260]

SENATOR HALLORAN: So participants, though, would be buying from...would be using the vouchers in buy local stores or Buy Local. [LB260]

KATHY SIEFKEN: Yes, in Buy Local stores. [LB260]

SENATOR HALLORAN: I guess the reason I'm...the question is the availability of these stores to the participants. I mean, if this... [LB260]

KATHY SIEFKEN: They will be available because the grocer, the grocer will have to be part of Buy Local in order to participate in the program. And I don't know one grocer that won't want to participate in this program. It's good for their customers. [LB260]

SENATOR HALLORAN: I'm not arguing that and I'm not arguing anything. I'm looking for the availability of these stores so that the participants won't have to go 20 miles across town to the stores. Are they going to...they will be common enough that it will be close proximity? [LB260]

KATHY SIEFKEN: Yes, yes. [LB260]

SENATOR HALLORAN: Okay. That's fine. [LB260]

SENATOR BRASCH: Any other questions? I did have one. When you're talking about buying local fruits and vegetables, is that seasonal, or is it that you're just talking about I should shop main street, West Point or Bancroft? Are you talking about locally grown foods and vegetables? And if that's the case, what fruits are grown locally all year long? [LB260]

KATHY SIEFKEN: Let me clarify the Buy Local Program. It is a program that is promoted through our Department of Ag and it promotes selling locally grown produce. It doesn't mean

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

Agriculture Committee
February 07, 2017

everything in your store has to be locally grown, and this program that we're talking about doesn't require that you buy only locally grown produce. So it has nothing to do with seasonal. What it does mean is that the grocers that sign up for Buy Local, that is the program that is promoted through the Department of Ag, they have to sell local produce when it's in season. [LB260]

SENATOR BRASCH: Okay. [LB260]

KATHY SIEFKEN: So it promotes locally grown produce but it doesn't require that customers have to buy locally grown. [LB260]

SENATOR BRASCH: So you could be buying tomatoes from Mexico or melons from Texas or... [LB260]

KATHY SIEFKEN: Or bananas from any foreign country. [LB260]

SENATOR BRASCH: Yeah, so, and all year round. [LB260]

KATHY SIEFKEN: Yes. [LB260]

SENATOR BRASCH: And the locally grown is just marketing for locally grown products in season. [LB260]

KATHY SIEFKEN: Correct. [LB260]

SENATOR BLOOD: No, that's not right. [LB260]

KATHY SIEFKEN: Isn't it? What is it? [LB260]

SENATOR BLOOD: Oh, I'm sorry. [LB260]

SENATOR BRASCH: Excuse me. Senator Blood. [LB260]

SENATOR BLOOD: I'm sorry. My experience with the voucher program and the Department of Ag comes and verifies at the various farmers markets that indeed this is true, is that you have to be selling something that's indigenous. So you couldn't come and sell them mangoes because

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

Agriculture Committee
February 07, 2017

obviously we don't...well, I don't know. Do they grow in California, or...? They look for indigenous foods that could actually be grown locally or in the United States so you couldn't be, for instance, some of the stands on the corner also participate in those voucher programs. The ag inspector was telling me that he went in, they had tomatoes, they had melons, they had corn, and they had pineapple. Of course, the pineapples didn't qualify for the voucher. So I think that if you look at the Department of Ag, and Senator Krist was shaking his head, so maybe he agrees, but my experience is not that all fruits and vegetables, they've got to be indigenous to a certain degree. [LB260]

SENATOR BRASCH: And I believe we have some head nodding at the back of the room. [LB260]

SENATOR BLOOD: I'm sorry to interrupt. I didn't mean to speak out of turn. [LB260]

KATHY SIEFKEN: But that's not how it was explained to me how this program would work. The grocery store that participates in the program would have to be part of Buy Local, but if they were limited to just local products in the grocery store, you wouldn't find any bananas because they're not grown in the United States. [LB260]

SENATOR BLOOD: I hear what you're saying, but they're most definitely if it's the same program unless they tweaked it in some way that there...the Department of Ag has specific things that are not allowed as part of this voucher program. And there have been many people that have gotten in trouble and lost their ability to participate in this voucher program because of things like pineapples. So I'm not arguing with you. I'm sharing my experience and perhaps other people that come up can clarify. [LB260]

KATHY SIEFKEN: And Vanessa can clarify that because my understanding in all of the meetings that we have held regarding the FINI grant and how it will work is that all we would do is require the grocer to be part of the Buy Local group. And I can tell you here in town, I see Buy Local in grocery stores all over Lincoln. [LB260]

SENATOR BLOOD: Right. [LB260]

KATHY SIEFKEN: But they're still selling things that are not grown in the state of Nebraska. [LB260]

SENATOR BLOOD: So they can...that they're participating with the vouchers either as in reference to everything that they're offering, so. And then I don't work for the Department of Ag.

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

Agriculture Committee
February 07, 2017

I can only speak from my experience working six months every year volunteering to run a farmers market. So this is my experience with the Department of Ag. [LB260]

KATHY SIEFKEN: And this would be a different type of a voucher program. It's not the same program. [LB260]

SENATOR BLOOD: I hear what you're saying because you would increase if you do the \$5, you get the \$5. I do understand the incremental, but I also understand what the basic guidelines have been in the Department of Ag and perhaps they've amended them and that's a wonderful thing. [LB260]

KATHY SIEFKEN: But this isn't the...I'm not quite sure how to say this, other than there are grocery stores that are part of the Buy Local group yet they sell many different types of fresh fruits and produce that are not indigenous to Nebraska. [LB260]

SENATOR BLOOD: But indigenous to the United States and if they are selling items outside from the United States, then you're either telling me that they have amended that within the Department of Ag, or they don't understand that that's not something they're supposed to be doing under the Department of Ag. So I'm not disagreeing with you. I hear what you're saying. So maybe we can get some clarification from some other people. [LB260]

KATHY SIEFKEN: Yeah, Vanessa can probably address that then. [LB260]

SENATOR BRASCH: Any other questions from the committee? I see there are none. Thank you, Mrs. Siefken. [LB260]

KATHY SIEFKEN: Thank you. [LB260]

SENATOR BRASCH: Will the next proponent please come forward. Welcome. [LB260]

JOHN HANSEN: Madam Chairwoman and members of the committee, again for the record my name is John Hansen, J-o-h-n, Hansen, H-a-n-s-e-n. I'm the president of Nebraska Farmers Union, also their lobbyist. We are in support of this bill, LB260, and the concept that it has for two reasons. One is that it makes more good food cost effective available to folks who need it, which is a benefit for a variety of reasons. And we also have a selfish interest in that it helps provide additional market opportunities for a lot of our smaller producers. So this Friday we'll be finishing up the last in a series of workshops that we put on for specialty crop producers as a part of our grant with the United States Department of Agriculture Local Foods Promotion Programs

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

Agriculture Committee
February 07, 2017

that we brought in. We've done workshops...a series of workshops in Lincoln, Omaha, Norfolk, and Grand Island, where we did four...in those four locations, five different workshops for specialty crop producers. It's in our general farm organization. It's one of the areas where we have a lot of new folks, young folks, trying to get a toehold in food production. And so these workshops, including the one that we will have Friday, who is an engineering guru who brings a lot of technology to this whole endeavor, but we're trying to get folks so that they understand the mechanics of hiring, of market development, of research, all of the finances, the insurance, really from soup to nuts of how do you run a business. And we bring in experts and expertise from folks who have it individually but also are national experts. And so the specialty crop folks are always looking for new and additional markets. So in terms of the number of folks that are doing this kind of thing, it is truly surprising and encouraging. There's a lot of young, bright, hardworking, capable folks and so I've been told, I've participated in activities and other committees that would indicate that there's some sort of a budget issue this year in the Legislature and that things that have a fiscal note might have a bit of a challenge, but that being said, this may well come into play at a certain point. But if you look at all the other kinds of commodities and the amount of money that we spend helping all of the other commodities and giving them the tools to be able to raise money for corn, soybeans, wheat, all of those different kinds of things, all of the things that we support, you kind of look at this in the whole. This amount of money is a small amount, but it is a useful amount and we applaud the Department of Ag for their help and support, and Senator Hansen for bringing this bill in its modified form back to this committee. And hope that, you know, as we kind of keep this idea alive that eventually we'll be able to do this, and I think that there's a lot of benefits in local foods, local food production, and it's just a win-win all the way around. And with that, I'd end my remarks and answer any questions if you have any. [LB260]

SENATOR BRASCH: Thank you, Mr. Hansen. Any questions from the committee? Seeing there are none, the next... [LB260]

JOHN HANSEN: Thank you. [LB260]

SENATOR BRASCH: ...proponent. Welcome. Please state and spell your name. [LB260]

MAREN WESTRA: (Exhibit 1) Good afternoon, members of the Legislature. My name is Maren Westra, M-a-r-e-n W-e-s-t-r-a, and I am here today on behalf of the Urban League of Nebraska. As you may know, the Urban League of Nebraska, or ULN, is a traditional civil rights organization that serves as an empowering voice in the community advocating for economic self-reliance, parity, power, civil rights, and equal opportunity for all. And we are located in the northeastern part of Omaha, so we primarily serve African-American and other emerging ethnic communities and disadvantaged families in the achievement of social equality and economic

Agriculture Committee
February 07, 2017

independence and growth. So for many years, the ULN has served as a valuable community resource by offering direct programming and services to help residents of north Omaha and through the direct programming and services that we offer we've seen and become intimately acquainted with the unique challenges and struggles faced by our constituents and food insecurity is a big one. We support LB260 because it includes important measures to help combat this issue. Specifically, the subsection 2 which allows the provision of state funding to implement the nutrition assistance programs would be of great value to individuals living in poverty and many of our constituents. Access not only to food, but to healthy food, is critical to success and achievement. The implementation of LB260 would help fulfill the objectives of the ULN advocacy for our constituents in multiple ways. Not only does access to healthy, nutritious food improve overall quality of life, but it will also serve to assist in closing the achievement gap for African-American students. Many studies have shown that food insecurity correlates with poor brain function and academic achievement. I've included just a few of those studies, but they're innumerable. Investing now in the grant program suggested by LB260 is an investment in Nebraska families and the ability of youth to grow healthy, achieve big, and contribute to their communities and state. It's policies like these that will help break the cycle of poverty. And I'll add, Senator Harr, you drew the connection between Medicaid and SNAP and providing healthy food to reduce healthcare costs that the state might provide to those individuals in need. And it's important, too, to just look at the achievement gap. Academic performance is part of that cycle that it all wraps around. And if we can provide healthy food whether that will reduce cost maybe needed for remedial education services, juvenile justice, issues like that, that really primarily are faced by individuals living in poverty and youth living in poverty, which we see so often. More than 91 percent of ULN participants fall under the poverty line, so a bill like this is really important to the people we serve. [LB260]

SENATOR BRASCH: Very good. Thank you for your testimony. Questions from the committee? Senator Krist. [LB260]

SENATOR KRIST: Thanks for coming and thanks to your organization. My district borders on the area and I represent the Omaha Public School system, so you know how difficult it is for those kids to get a good meal at different times and what you're doing is making a big difference. I...you know, we talk about the budget issues that are going on this year. I guess I'm just wondering...I'm talking out loud, thinking out loud, I'm just wondering if there's some public/private partnership available, particularly in your area, and if we can't grow this out statewide, maybe targets in Lincoln and targets in north Omaha where real poverty, deep poverty exists in the areas. It seems to me like what I know of your organization, working with Brenda Council and other people in the past, you seem to be pretty well established in some of those areas and those families and kids rely on you. Can you talk to me a little bit about what that might look like if you took a project, a pilot project like this on, just in that area? [LB260]

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Transcriber's Office

Agriculture Committee
February 07, 2017

MAREN WESTRA: Yeah, so, like you said, we're well established in the direct programming and services and that's the bulk of what we offer, particularly our youth and education program. I know it's huge and that's a lot of what we do is working with kids in different ways to meet their needs in the public school system. So I think we're trying to step over advocacy, get a little bit more involved in the legislation and will have longer term effects. Maybe rather than treating the problems, like I said, helping break the cycle of poverty. So I would love to see, if it comes down to it, it get focused in the high poverty areas like north Omaha. I don't think it would be wise to rely on public partnerships or private partnerships if we can make this a more sustainable thing by putting it in a public policy. [LB260]

SENATOR KRIST: Okay. I would just put on the record that I think that the kind of public funds I'm talking about are potentially Sherwood Foundation or some of those that are dependable, are reliable in terms of their source. But I do appreciate that you need to sustain the program. The worst thing that can happen, particularly in those areas of poverty, is to offer a foot up and then take it away. So I understand. Thank you for coming. Thanks for what you're doing. [LB260]

MAREN WESTRA: Thank you. [LB260]

SENATOR BRASCH: Thank you, Senator Krist. Senator Blood. [LB260]

SENATOR BLOOD: Out of the families that you serve, how many of them are children that are hungry? [LB260]

MAREN WESTRA: So we served a little over 3,000 people between mid-2015 to mid-2016. That's the most recent demographic information I have here. Three hundred and twenty-seven of those were individuals entering Whitney Young Leadership Academy Program which is a youth...a high school preparatory program, assistance program. Seventy-seven percent of those program participants were under the federal poverty line. [LB260]

SENATOR BLOOD: Okay. I heard that earlier when you said that. I guess I'm trying to decide out of everybody you served the percentage of them that are children out of that entire number that you serve. Do you know that number? Can you give me a range? [LB260]

MAREN WESTRA: So with what I...I don't have everything, but with what I have in front of me, 327 were served in that academy in that time frame that I mentioned, out of 3,200 participants helped. So it would be about 10 percent. However, I would add that we also have family support listed and we don't have a breakdown of the ages involved in that. [LB260]

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Transcriber's Office

Agriculture Committee
February 07, 2017

SENATOR BLOOD: I'd be surprised if it wasn't much, much, much more than 10 percent. [LB260]

MAREN WESTRA: Yeah, and that's just our Whitney Young Leadership Academy which is just one of our youth programs. And I apologize but I do not have the number for the rest of those programs in front of me. [LB260]

SENATOR BLOOD: For me, I'm trying to make a point. We have a tendency--not me personally--but I have a tendency to hear over and over again is, you know, words like handout, and words like, you know, go out and get a job. And the vast majority through my research of people that are hungry in Nebraska are children. And nobody chooses to be poor. They don't say, hey, when I grow up, I want to be poor. [LB260]

MAREN WESTRA: Absolutely. [LB260]

SENATOR BLOOD: You know, I mean, it's not to simplify it, but nobody chooses to be poor. And I have to say I really hate words like food insecurity--I'm guessing a politician came up with that word--because the bottom line is, they're hungry. So that's why I keep asking the same question over and over again is I want it on the record who we are truly serving. So hopefully somebody will come up with that number and I'm sorry to put you on the spot. [LB260]

MAREN WESTRA: No, that's okay. [LB260]

SENATOR BLOOD: But it truly is, I want to know who we're feeding. [LB260]

MAREN WESTRA: And I think that's really important to those of us at the Urban League because so much of what we offer is direct programming for youth specifically. That breaking this cycle by meeting those needs at this age while we have an opportunity to interact with them in the public setting, which is public schools, is really critical. [LB260]

SENATOR BLOOD: Thank you. [LB260]

SENATOR BRASCH: (Exhibits 2-4) Any other questions from the committee? Seeing there are none, the next proponent. Any other proponent? We have letters for the record for proponents: Kaleigh Nelsen from the Nebraska Chapter National Association of Social Workers; Julia Tse, for the Voices for Children; and then neutral would be Greg Ibach. Any opponents? Anyone testifying in the neutral? Welcome. Please state and spell your name. [LB260]

Agriculture Committee
February 07, 2017

VANESSA WIELENGA: (Exhibits 5 and 6) Good afternoon. My name is Vanessa Wielenga, V-a-n-e-s-s-a W-i-e-l-e-n-g-a. I'm the Nebraska Extension Educator for Food Access and Availability in the University of Nebraska-Lincoln Nutrition and Health Science Department under the College of Education and Human Sciences. Over the last 18 months, my work has been to make connections with public and private organizations in the area of food access. Along with my colleagues, I have convened a diverse group of stakeholders and we have developed a food insecurity nutrition incentive program partnership that I will refer to as Double Up. So Double Up provides financial and nonfinancial incentives to increase the purchase of fresh fruits and vegetables by SNAP recipients. The financial incentive is in the form of a one-to-one match of produce at Nebraska farmers markets, grocery stores, and other retail sites. A SNAP participant spends \$5 on qualifying fresh fruits and vegetables using their EBT card to earn a \$5 voucher to use on fresh produce during the same trip or future shopping trips. And they may earn two vouchers per day. The nonfinancial incentives are in the form of nutrition education. Education is provided at incentive sites by Nebraska Extension, SNAP-Ed, and public health workers using tested, affordable, and culturally appropriate recipes. The communities of focus are Nebraska's low-income, high-risk populations that are part of a network of communities currently involved in food access initiatives. You have a state map showing concentration of SNAP households, current incentive sites and future sites for your reference that are being passed around. Fiscal coordination will be incorporated into current Nebraska Department of Ag nutrition programs' redemption procedures which includes the WIC and Senior Farmers Market voucher programs. This will reduce staff time needed to coordinate benefit redemption. The voucher system will have no effect on the technology used by the farmers markets or retailers as they will be able to process the incentive check similar to depositing a personal check at their bank. Because the SNAP recipient must first purchase the fresh produce to receive the voucher, there will be no need to run a balance check on their EBT card. Our role at the University in cooperation with the Department of Ag will include annual trainings for retailers and farmers markets who wish to become certified Double Up vendors. These trainings will be required for any retailer or market who has never previously participated in the program. Nebraska Extension will work contractually under the Department of Ag to provide all necessary services to administer the program. Engagement of our target population will occur through a number of avenues made possible by our extensive partnership network. Local public health departments and SNAP-Ed staff promote Double Up through their direct education and community programs. CHI Health and Children's Hospital and Medical Center will screen for food insecurity, refer patients and clients to incentive sites, and conduct follow up to encourage participation. The Food Bank for the Heartland and their partner agencies will promote the program through their statewide network which serves food insecure Nebraskans including their SNAP outreach program. The Nebraska Grocery Industry Association will continue to facilitate relationships and promote participation at the retailer level. Buy Fresh Buy Local Nebraska will continue to work with incentive grocery sites to increase their local produce purchases and implement effective marketing and promotion of their local foods. The state SNAP agency will promote the program

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

Agriculture Committee
February 07, 2017

through direct-to-participant mailings. Double Up has received over 20 signed letters of support from organizations across the state and you can view the entire list on the summary handout. Evaluation is an important part of our plan. The Gretchen Swanson Center for Nutrition in Omaha will continue to offer their expertise to evaluate the incentive program through their experience with the Fair Food Network's USDA funded incentive program that reaches over 15 states. The summary handout has specific program evaluation results from Nebraska and other states. In summary, Double Up will increase financial resources for SNAP participants through point of purchase incentives, reinforce healthy eating practices through direct mailings, and increase engagement in direct nutrition education and healthcare visits. The Double Up partnership has increased the number of stakeholders working together on healthy food access. This growth of integrated services, including current healthy food retail initiatives, will contribute to increased demand for fresh fruits and vegetables and the number of retailers offering fresh produce in high-risk population areas. Thank you for your time and I'll take any questions you may have. [LB260]

SENATOR BRASCH: Are there any questions? Yes, Senator Blood. [LB260]

SENATOR BLOOD: So I still haven't heard the magic number. Perhaps you know that number. I see a smile, so I hope that's a yes. [LB260]

VANESSA WIELENGA: I hope so. [LB260]

SENATOR BLOOD: How many children in the SNAP program...how many people in the SNAP program would you say are children, say ages 12 and under, 16 and under, whatever stats you have? [LB260]

VANESSA WIELENGA: There are 177,000 Nebraskans on federal food assistance and out of the approximate 79,000 SNAP households, 49 percent of them include children. [LB260]

SENATOR BLOOD: How many are seniors, do you know? [LB260]

VANESSA WIELENGA: I do not have that in front of me, but I can get that to you. [LB260]

SENATOR BLOOD: And then on the other question, in reference to what they can and cannot buy, is it going to be the same guidelines as they have for farmers markets? [LB260]

VANESSA WIELENGA: Yes, when you... [LB260]

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

Agriculture Committee
February 07, 2017

SENATOR BLOOD: Or will they have special policies for grocery stores? [LB260]

VANESSA WIELENGA: Yes. The voucher program that you're referencing are the WIC and Senior Farmers Market vouchers and those are only used at farmers markets. The vouchers under the Double Up Program will also...will be used in farmers markets and will have the same rules. Only local produce is being sold by farmers at these farmers markets. The vouchers under Double Up that work in grocery stores are for any fresh fruits and vegetables that exist in that grocery store. [LB260]

SENATOR BLOOD: So there will be special exceptions for the grocery stores, is what you're telling me? [LB260]

VANESSA WIELENGA: I wouldn't consider it a special exception only because this program is a separate program from those other voucher programs. So it's a completely different structure and I have, I guess, not as much insight into how Department of Ag separates the programs between, you know, the WIC and Senior Farmers Market programs and then the Double Up program. What I do know is the reason why it seems to be the same or that we're combining programs is just because we are relying, and through Department of Ag's offering to use this technology as we do our program. In other states, this program is run through token systems or loyalty cards in grocery stores. There's lots of different technologies that other programs use. This just happens to be a really efficient and convenient way for us in Nebraska to run the program. [LB260]

SENATOR BLOOD: Yeah, and I think that that definitely makes sense to utilize the voucher program that's existing. It cuts down on costs. The concern that I personally have is I'm hearing buy fresh, buy local, and you're telling me, not really. Right? [LB260]

VANESSA WIELENGA: The way that the Double Up program encourages local food purchases is through the participation from their retailer in the program, in Buy Fresh Buy Local Nebraska. So in other states' Double Up programs, some of them do require not the purchase of local produce with their vouchers, but they require purchase of local produce to receive the vouchers. In order to cut down, I guess cost when it comes to regulating that type of criteria, we decided here in Nebraska what fit best for us was to, in grocery stores, allow earning and redeeming of our vouchers for any fresh fruits and vegetables, especially when we're talking about low-income populations making the distinction between local produce and just please eat healthier, you know, eat fresh fruits and vegetables. We decided that this was what was best for our population. [LB260]

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

Agriculture Committee
February 07, 2017

SENATOR BLOOD: And I definitely support fresh fruits and vegetables for everybody. That's why I love that farmers markets are constantly growing in Nebraska. I just...I do want to go on record expressing concern that I look at the Buy Fresh Buy Local programming and what it's supposed to stand for and then utilizing that as a foundation for this programming to get it into grocery stores and I'm not sure I agree with that the principles are two in the same. And I just...I just am concerned that it's going to change the method to Buy Fresh Buy Local which is more of a personal thing that I just wanted to get on the record. [LB260]

VANESSA WIELENGA: All right. [LB260]

SENATOR BRASCH: Yes, Senator Lowe. [LB260]

SENATOR LOWE: Thank you, Senator Brasch. Thank you for testifying today. I may be the only one in here that doesn't know this. When a person goes into a farmers market and I go to a mom and pop stand and I buy \$20 worth of tomatoes, and if I use my EBT voucher system or whatever, how does that person then receive the second voucher, the extra money for that? [LB260]

VANESSA WIELENGA: The vouchers will be provided at the point of purchase, so... [LB260]

SENATOR LOWE: So mom and pop person will have the extra vouchers with them at a farmers market? [LB260]

VANESSA WIELENGA: The initial plan for the program is to start with our pilot this year in Lincoln and Omaha. Most of the markets here are large and so they have a central booth where SNAP participants go up and they run their EBT card for a certain number of dollars and then at that time they're given tokens for the amount that they swiped for. This is also how other consumers are able to use their debit and credit cards at the farmers markets. So that way they're not singling them out as these are SNAP participants or not SNAP participants. So as far as the technologies and the...I guess the way that we run the program as we go out into more rural areas where it might be a mom and pop stand, that's something that we will have to look into in the future. And it will be up to the individual mom and pop stand on whether or not they want to do that. When searching the Nebraska Department of Ag database on which farmers markets and individual vendors accept SNAP, I will say that individual vendors don't usually accept SNAP on their own. We have about 12 SNAP vendors or SNAP farmers markets across the state, and I know that we've got a lot more markets and vendors out there besides just those 12. But if you look at your map, you're able to see the farmers markets that are around the state as the tomato that currently accepts SNAP. And then the single carrot is a farmer...or excuse me, the farmers markets are the ones that are the tomatoes and then the ones that's the carrot are the farmers

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Transcriber's Office

Agriculture Committee
February 07, 2017

market that currently accept SNAP that we would see as a future incentive site. And then the double carrot is a farmers market that currently accepts SNAP and also runs an incentive program. Did that answer your question? [LB260]

SENATOR LOWE: Yes. [LB260]

VANESSA WIELENGA: Okay. [LB260]

SENATOR LOWE: Thank you. [LB260]

SENATOR BRASCH: Are there any other questions from the committee? Seeing there are none, are there any other neutral testifiers? Please come forward. Welcome. State and spell your name. [LB260]

GLEN READY: (Exhibit 7) Chairman Brasch, members of the committee, for the record my name is Glen Ready, G-l-e-n R-e-a-d-y. I'm testifying on behalf of the Center for Rural Affairs today. I'd like to thank you for the opportunity. As others have done, they've enumerated the benefits of the Double Up and FINI grant programs much better than I ever could. Today, what I'd like to focus on is a different piece of legislation that has come before this committee a number of times and I'd just like to carry that conversation forward. We'd like to see more done to promote rural grocers and healthy food access as this bill would do, but the Healthy Food Financing Initiative could provide an immediate impact in grant funding to small businesses and rural communities that are struggling with food security and access to healthy foods. This fund could create immediate impact and address food insecurity to so many who are SNAP users who live in poverty in rural communities today. According to census data from 2010, 13.3 percent of rural Nebraskans were living in poverty; 18.9 percent of children living in these same rural areas were food insecure. Not only would HFFI initiate food access for those who need it the most, but it would provide economic benefits to the businesses that enact these positive efforts. Rural communities receive incredible benefits from having a grocery store in the community. According to a report conducted in 2015 by Kansas State University, the economic contribution of rural grocery stores in Kansas averaged anywhere from \$600,000 to \$650,000 per community. Not only do rural grocers work hard to provide healthy food to their local communities, but they often are community centers and job creators. Rural groceries often struggle to keep adequate fresh fruits and vegetables in their stores. I live in Scribner, Nebraska, a rural community. I see it all the time that we struggle to keep those products in stores, be it from lack of storage facilities, lack of demand from consumers to provide the adequate size in wholesale purchasing, so when the grocer goes to purchase from their wholesaler, they don't have enough volume to purchase to justify buying that good. Therefore, they can't supply it. And this is something that the Healthy Food Financing Initiative could provide direct funding for, is to provide grant funding for

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Transcriber's Office

Agriculture Committee
February 07, 2017

facilities to store these products, to create demand like the FINI grant and Double Up does is create demand for these products that allow these groceries to supply these in greater quantities. As further consideration is given to this Double Up Food Buck and FINI grant bill, I'd like to state that we are supportive. We just want to see more work to be done in the future to support food insecurity access in rural communities because this is a significant issue that we see all the time. We have people that talk to us about and are very concerned about. We believe it needs to be the beginning of a concerted effort and not a once-and-done kind of thing. Thank you very much for your time and I'd be happy to answer any questions that you have. [LB260]

SENATOR BRASCH: Thank you, Mr. Ready. Are there questions from the committee? Seeing there are none, is there anyone else that wants to testify neutral on this bill? Seeing there are none, Senator Hansen, would you like to close? [LB260]

SENATOR HANSEN: Yes, I would. Thank you, Senator Brasch, and members of the Agriculture Committee for hearing LB260. As I said in my introduction, I am looking forward to working with the community and the collective stakeholders on how to best forward advance this issue. You know, my bill as written was...assumed the federal funding would be coming this cycle and it turns out it is not, so that's something that we're going to have to take into account. I do want to address a couple of things. Senator Harr, I appreciate your comment specifically about kind of the long-term effects, including healthcare. That's something that may be lost to the forest for the trees there, but I just took for granted, I forgot to mention in my introduction. That's obviously one of the goals of promoting both healthy eating and making sure healthy eating is accessible. That just long-term effects and some testifiers mentioned them from health to, you know, health and healthcare results to kids being able to do better in school. There are all sorts of compounding effects there that that can happen very clearly with...when healthy eating is more accessible. And to that point, I was thinking in my mind, I would love to see a fiscal note that would show me the Medicaid savings in 2027 if we pass this bill. As well as, Senator Blood, I appreciate your comments kind of specifying who the populations this does apply to. Obviously, Vanessa from UNL Extension shared some of the numbers, and you know, that's kind of my anecdotal experience is, it's a lot of children, it's a lot of seniors who are kind of in this area where they're struggling to have adequate food. And so from there, I'm more than happy to work with the committee and stakeholders to move forward. [LB260]

SENATOR BRASCH: Are there any questions from the committee? Seeing there are none, thank you, Senator Hansen. And we will be taking a five-minute break before we start on the next bill. [LB260]

BREAK

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Transcriber's Office

Agriculture Committee
February 07, 2017

SENATOR BRASCH: We will proceed on LB274, and Senator Halloran, welcome.

SENATOR HALLORAN: Good afternoon, Madam Chair Brasch and members of the Agriculture Committee. For the record, my name is Senator Steve Halloran, S-t-e-v-e H-a-l-l-o-r-a-n, and I represent the 33rd Legislative District. I'm here today to introduce LB274 to the committee for your consideration. I intend to keep my remarks brief this afternoon allowing more time for individuals that will follow me. I'm sponsoring LB274 on behalf of the Nebraska Department of Agriculture. LB274 amends the Plant Protection and Plant Pest Act, Section 2-1073, by adding language that more clearly defines the Nebraska Department of Agriculture's authority to protect agricultural interest of the state and to regulate the movement, treatment, control, and eradication of plant pests within the state. In conjunction with the new language, to grant authority, LB274 would repeal the entire Nebraska Rangeland Grasshopper Control Act, Section 2-1066 through Section 2-1071. I want to thank you for your time and I am willing to attempt to answer your questions. However, your questions may be better suited to the individual that is following me, Greg Ibach, the director of the Nebraska Department of Agriculture. [LB274]

SENATOR BRASCH: Very good. Any questions from the committee? [LB274]

SENATOR HALLORAN: I have one thing to add. I thought about bringing along a box of chocolate covered grasshoppers, but I thought it might be undue influence, so. (Laughter) [LB274]

SENATOR BRASCH: I appreciate your not doing so. [LB274]

SENATOR LOWE: It is getting close to Valentine's Day. [LB274]

SENATOR BRASCH: We are getting hungry here. No questions from the committee, we will ask the first proponent to please come forward. Welcome, Director. [LB274]

GREG IBACH: (Exhibit 1) Thank you. Senator Brasch and members of the Agriculture Committee, my name is Greg Ibach, G-r-e-g I-b-a-c-h, and I'm the Director for the Nebraska Department of Agriculture. I'm here today to testify in favor of LB274 and I would like to thank Senator Halloran for introducing this bill on behalf of the Department of Agriculture. I have additional written testimony that I ask to be placed in the record for this bill, that's being distributed at this time. With me also today is Tammy Zimmerman, the focus area administrator responsible for this program. If you have questions that I'm unable to answer, we'll bring her here to assist with answering your questions. LB274 repeals the Nebraska Rangeland Grasshopper

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

Agriculture Committee
February 07, 2017

Control Act and amends the Plant Protection and Plant Pest Act. The Nebraska Rangeland Grasshopper Control Act is unnecessary. The act was originally adopted in 1941; and over the last approximately 37 years, the provisions of the Grasshopper Act have been implemented twice back in the 1980s and again in 2003. It is inefficient to have the entire act for so few infestation outbreaks of a specific plant pest. Additionally, the provisions of the Nebraska Rangeland Grasshopper Control Act do not accurately mirror the current federal state cooperative program for controlling infestations of grasshoppers. It makes sense to regulate grasshopper infestations under the Plant Protection and Plant Pest Act because there are already provisions for plant pests in that act. The bill amends the Plant Protection and Plant Pest Act to include necessary provisions from the Nebraska Rangeland Grasshopper Control Act. The bill adds the clearly express authority for the department to regulate grasshopper and other plant pest infestations, adds language allowing the department to receive and disburse pass-through funds for the implementation of federal programs related to the plant protection or plant pests, and provides the department express authority to adopt regulations specifically for the implementation of programs and plans involving the movement, treatment, control, and eradication of plant pests in the state. This legislation has minimal fiscal impact on the department which will be absorbed. The department has sought the input of Nebraska Cattlemen, Nebraska Farm Bureau, and the Nebraska Nursery and Landscape Association. The department sent these groups a draft copy of the bill and received no objections and no requests for changes. I ask for your support in enacting LB274 this year and would be happy to answer your questions. [LB274]

SENATOR BRASCH: Thank you, Director Ibach. I see...Senator Blood. [LB274]

SENATOR BLOOD: Did you also send it to the Nebraska Farmers Union to see if they had any input? [LB274]

GREG IBACH: I...probably not. [LB274]

SENATOR BLOOD: Probably...and why would that be? [LB274]

GREG IBACH: Probably just an oversight. Probably just an oversight. [LB274]

SENATOR BLOOD: An oversight. All right. Thank you. [LB274]

SENATOR BRASCH: Yes, Senator Albrecht. [LB274]

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Transcriber's Office

Agriculture Committee
February 07, 2017

SENATOR ALBRECHT: I just have a question. Again, it was to Farm Bureau and the Nursery Landscape and Nebraska Cattlemen, but I wondered if the grain, corn, and soybean would (inaudible). [LB274]

GREG IBACH: So the repealing of the grasshopper pest probably is more applicable to what we would have done in the past on rangeland, is probably why we addressed those more... [LB274]

SENATOR ALBRECHT: Because we sure have a lot of them during harvest. [LB274]

GREG IBACH: And, but I don't think that the federal programs that are available apply to cropland, they only apply to rangeland. [LB274]

SENATOR ALBRECHT: Grasslands. Thank you. [LB274]

SENATOR BRASCH: Senator Krist, did you have a question? [LB274]

SENATOR KRIST: I did. Thank you for coming, Director. Do you have a copy of the bill in front of you? [LB274]

GREG IBACH: No, I do not. [LB274]

SENATOR KRIST: Did you have anything to do with the drafting of the bill? [LB274]

GREG IBACH: No, well, the department did, but not me personally. [LB274]

SENATOR KRIST: Okay. I see you've got a copy now. Page 6, line 10, number (12), I'm sorry, line 9, number (11). I'm just curious about the new wording (11) the planting of certified seed potatoes in the state; and then the addition of "and" and (12) looks like an addition. Can you tell me what the purpose of that, adding that particular part of the legislation would be? [LB274]

GREG IBACH: Of adding the (12)? [LB274]

SENATOR KRIST: Well, the continuation of the line as I read it, (11) "and". [LB274]

GREG IBACH: My guess is the "and" is a bill drafter craft and probably... [LB274]

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

Agriculture Committee
February 07, 2017

SENATOR KRIST: As in the last item? [LB274]

GREG IBACH: ...may not be that necessary. The number (12) would be to expand that to give us authority, express authority as indicated in the testimony for developing plans and programs to involve the...involving the movement, treatment, control, and eradication. [LB274]

SENATOR KRIST: Yeah, I should have answered my own question first. The "and" is just saying that there is one more item, that would be number (12) and then you've given me a good explanation for number (12). Thank you very much. [LB274]

SENATOR BRASCH: Yes, Senator Harr. [LB274]

SENATOR HARR: Thank you. And thanks for coming in front of the committee on LB274, but my question is regarding LB260. You came in neutral. Why is that? [LB274]

GREG IBACH: So I think that it was an agreement then the way we worked it out with the introducer of the bill as well as working with the Governor's Office to indicate that we didn't necessarily support or oppose the bill and provide factual information to the committee. [LB274]

SENATOR HARR: And what was the agreement? [LB274]

GREG IBACH: And maybe agreement is the wrong word to use. It's just the way we decided to present our factual information with regard to that bill. [LB274]

SENATOR HARR: Okay. But you don't have an objection to it, do you? [LB274]

GREG IBACH: No, in fact we worked with the groups to apply for that grant issue. [LB274]

SENATOR HARR: Okay. Thank you. Now on LB274 on page 5, line 12, you extend it to local agencies. What is a local agency? [LB274]

GREG IBACH: So we're going to...it gives us the receive grants-in-aid or receive and disburse pass-through funds or otherwise cooperate and enter, so I would say that that could include a county extension office or something that wanted to apply for money to be able to work together with locals in their county to eradicate plant pests. [LB274]

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

Agriculture Committee
February 07, 2017

SENATOR HARR: Is local...I was trying to find the definition of local. How would I know what that is? [LB274]

GREG IBACH: I don't know. [LB274]

SENATOR HARR: Okay. Would it be a nonprofit possibly? [LB274]

GREG IBACH: So in the past experience, like in 2003 when we implemented the program the last time, we had lots of producers that had to go together in order to be able to qualify for those cost-share funds. And at that time, we had to have groups getting together, so that's what I would anticipate we are talking about. It's people that are contiguous or in the same locality that are working together to eradicate plant pests in that area. [LB274]

SENATOR HARR: Okay. And it says, federal agency, state agency, or local agency...see where it states federal, state, or local agency. Is it your intent and maybe we just need to define what "local" means, local agency means, because I'm not sure if that's a not-for-profit, a for-profit company or if it's a government entity or if it's a quasi-government entity, if it's an NRD or a...what that is. What would you...and I just, probably we need to clarify this language, what would you intend local agency to mean? [LB274]

GREG IBACH: I think that we'd have to have...I probably should do a little bit more research on that, but I would intend it would be somebody that if we're going to give them pass-through money, we need to have some type of assurance that they're fiscally sound and responsible. And so I need to figure out if we do need to define that term in there or not. [LB274]

SENATOR HARR: So it could be a for-profit company? [LB274]

GREG IBACH: Well, if they're just passing through the funds to cost share with producers, I don't know that that would be a profitable one. [LB274]

SENATOR HARR: Okay. I'll work with you on that. Thank you. Or Senator Halloran, thank you. That's all I have. [LB274]

SENATOR BRASCH: Thank you. Any other questions from the committee? Seeing there are none, thank you, Director Ibach. Any other proponents? Welcome. [LB274]

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Transcriber's Office

Agriculture Committee
February 07, 2017

JOHN HANSEN: Madam Chairman, members of the committee, for the record, my name is John Hansen, J-o-h-n, Hansen, H-a-n-s-e-n, and I'm the president of Nebraska Farmers Union. I have reviewed this bill. I've talked to the Nebraska Department of Agriculture and I believe that the language that's being struck is outdated and that the effort is appropriate and that the functions of helping deal with pests and grasshoppers, in particular, are being covered in the expansion of the Plant Protection and Plant Pest Act. And so I think that the mission is accomplished. It's a probably a more efficient way of doing things and would remind the committee that long before we were Cornhuskers, we were Bug Eaters. And that's how you can tell that your pest program has really gone south. (Laughter) And so we are good with this, and we would thank Senator Halloran for bringing it forward, and I do appreciate the Department of Ag looking for things that they can do to always give us more bang for the buck and streamlining their services and their administrative efforts. And so with that, I would end my testimony and answer any questions if I could. [LB274]

SENATOR BRASCH: Thank you, Mr. Hansen. Yes, Senator Blood. [LB274]

SENATOR BLOOD: Thank you, Senator Brasch. John, can you tell me how many farms or farmers you represent in your organization? [LB274]

JOHN HANSEN: Right now, about 3,500 families and so those are family memberships. [LB274]

SENATOR BLOOD: Usually when the Department of Ag has important bills like this, do you guys...are you contacted or are you left out of the loop? [LB274]

JOHN HANSEN: Sometimes yes, sometimes no. [LB274]

SENATOR BLOOD: I just found it concerning that your name was not on the list. I'm a little curious to find out how business is done. [LB274]

JOHN HANSEN: Well, I...if I were doing it, I would have included us, I would have included probably the Nebraska Grange. I would have included Independent Cattlemen of Nebraska. [LB274]

SENATOR BLOOD: I appreciate that. I, as a freshman Senator, I'm still learning, but sometimes I hear things that to me seems blatantly not right. And then this is one of those cases that I feel like you were left out of the loop. You don't need to respond. I feel that way. [LB274]

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

Agriculture Committee
February 07, 2017

JOHN HANSEN: Greg and I will settle this outside in the hallway. (Laughter) [LB274]

SENATOR BLOOD: Keep it clean. [LB274]

JOHN HANSEN: Keep it clean. [LB274]

SENATOR BRASCH: Thank you, Senator Blood. Any other questions from the committee? Seeing there are none, and thank you, Mr. Hansen. [LB274]

JOHN HANSEN: Thank you. [LB274]

SENATOR BRASCH: Are there any other proponents? Any opponents? Anyone testifying in the neutral? Senator Halloran, would you like to close? [LB274]

SENATOR HALLORAN: Certainly. First, I'm grateful to say that so far to date, there's not a grasshopper association that came to oppose this bill. But in closing, I would like to thank the committee for their time and would ask the committee's support of LB274 and advance the bill to General File. And for Senator Harr's concern, I will be pleased to work with Director Ibach on a definition of "local." [LB274]

SENATOR BRASCH: Very good. Any questions of Senator Halloran? Seeing there are none, that will conclude the hearing. [LB274]