

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

Agriculture Committee
February 21, 2017

[LB617]

The Committee on Agriculture met at 1:30 p.m. on Tuesday, February 21, 2017, in Room 2102 of the State Capitol, Lincoln, Nebraska, for the purpose of conducting a public hearing on LB617. 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, ladies and gentlemen. Welcome to the Agriculture Committee. I am Chairwoman Lydia Brasch. Before we begin with the committee's agenda today, please let me introduce the members of the committee who are here with us thus far and the staff who will be assisting the committee today. First, I want to introduce Vice Chair Senator Carol Blood from District 3. And the other members that are present include Senator Chambers, District 11; Senator Lowe, District 37. And Senator Krist will be joining us. He's presenting a bill in another committee. He's District 10. We have Senator Burke Harr, District 8; Senator Albrecht from District 17; and Senator Halloran, District 33. To my right is the research analyst for the committee and it is Rick Leonard. To my left is the committee clerk, Courtney McClellan. We have two pages serving the committee today. Joe is from Omaha and he...you're Joe? Okay, all right. And he's a student from UNL and we've had Joe here before. And Sam who is from Bellevue will be joining us in a minute, but he's also a student at UNL. Today we will be hearing LB617 that will be introduced by Senator Wayne. And for the audience, we do ask that you be respectful of everyone who testifies and of each other. Please keep all your conversations among yourself to a minimum and, if necessary, please take them out into the hallway. Please refrain from any expressions of support or objection from the testimony that's here today. No one should address the committee except as a witness while seated at the witness table. The committee will address you as they are asked if they have questions. And please turn off your cell phones and any electronic devices or put your cell phones on silent or vibrate. If you must be on a phone conversation, please take it out to the hallway. If you do not plan to testify on the bill but you would like to record your position on a bill, there's a yellow sheet that's located outside the door where you can do so. These will be a part of the hearing record. However, only persons who testify will be included on the committee statement. And for the witnesses here today, the introduction by the senator will be done first who is sponsoring the bill. And if you do plan on testifying, please fill out a green sheet before you come up to testify. These are also located on the table outside the door of the hearing room. When you testify, please indicate your name and your contact information on the green sheet; whether you're testifying in support, opposition, or neutral on a bill; and whether you're here representing yourself or if you're here representing an organization. As you come forward, please give your green sheet to the page. And when you begin, first, please state your name and spell it for the benefit of the transcribers and tell us if you're presenting the testimony on behalf of yourself or the organization. If you have any handouts, please gesture the pages who will take any copies and distribute them to the

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

Agriculture Committee
February 21, 2017

committee. We request that ten copies are made of any handouts. Today we are using the light system. Everyone will be given five minutes to testify. For four minutes you will see a green light at the table. At one minute remaining there will be a yellow light. And when the light turns red, we ask that you do conclude your testimony. I believe with that we are ready to start on LB617. Senator Wayne, will you please come forward. Welcome.

SENATOR WAYNE: Good afternoon, Chairman Brasch and members of the Agriculture Committee. My name is Justin Wayne, J-u-s-t-i-n W-a-y-n-e, and I represent the 13th District which is in north Omaha and northeast Douglas County. Before we begin, I want to thank...I think it is paramount to establish that hemp is not pot and is not used to get high. As I will discuss, there is a tradition of hemp production in this country and also in Nebraska as crops are used for numerous and profitable things. Hemp has been incorrectly stigmatized. Federal guidelines mandate that THC levels in industrial hemp fall below the .3 threshold to be in compliance. For your reference, the weakest forms of recreational marijuana right now registered at about ten times that potency. Nebraska and United States have a long history of hemp production. It first began with English settlements in Jamestown, Virginia, and half a century later George Washington, Thomas Jefferson grew hemp on their lands. Hemp was first reported growing in Nebraska just after the Civil War; and by 1910, the crop was grown all throughout the state. The very seed that we are asking to be permitted in this legislation is called the Nebraska Heritage seed, beckons that tradition of our traditional...a tradition in Nebraska that was developed in our state. Hemp can be used for fabrics, yarns, ropes, papers, insulation material, drywall, animal bedding, industrial oils, body care products, and many more. The page handed out a little statue or plastic capitol that was actually made from hemp. And hemp is one of the best...did not everybody get one? [LB617]

SENATOR BRASCH: No... [LB617]

SENATOR WAYNE: Oh, okay. [LB617]

SENATOR BRASCH: Technically, we are not allowed props. [LB617]

SENATOR WAYNE: Yes, I understand. [LB617]

SENATOR BRASCH: So this is not here in front of you. (Laughter). [LB617]

SENATOR WAYNE: I understand. Thank you, Chairman. So with that, hemp can be used and according to a 2015 Congressional study, the global market has over 25,000 products that are made from hemp. Over 30 nations currently allow for hemp production, producing over 40

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

Agriculture Committee
February 21, 2017

million pounds of hemp per year. This bill expands upon the 2014 legislation that allows the growth of hemp within the state's research facilities. We already knew this plant wasn't dangerous and we opened it up for the universities to start the work of researching hemp. We have expert farmers, scientists, industrialists, and centuries of history to prove that hemp is safe and can be used to make money for Nebraskans. It is the next logical step to pave the way for production in Nebraska. LB617 is modeled off of similar legislation that was passed in 2013 in Kentucky called the adopt the Industrial Hemp Act. In 2014, just to give you an effect of how effective this can be, in 2014 there were 33 acres of hemp in Kentucky. That grew about...and last year it grew to 2,350 acres--over 100 percent increase. This year it's expected to triple. In 2015, there was over 500 jobs in Kentucky that is based strictly out of the hemp business that was a result of this legislation. We believe it's time to make sure Nebraska has that same kind of revenue and generate the same kind of jobs. Every Nebraskan and every American business spend more each year on byproducts of hemp. Last year over \$600 million in hemp products were sold nationwide, even in Nebraska today we can walk down to Haymarket Park or down to just not that far from us on O Street and buy hemp products whether it's hemp oil or CBDs. But our farmers in Nebraska can't grow that product although it's sold in Nebraska. I do not think that's right and I think it's incumbent on us to change that. The bill calls for the creation of the Nebraska Hemp Commission to oversee the permitting process and compliance. There are a couple things that we are going to work on as far as the amendments. I'm currently getting an amendment drafted. As you'll notice, there was a fiscal note in February 17 and we knew that there was going to be an additional one on the 21st. So it was hard to draft an amendment the same day to address some of those concerns, but I can answer some of those questions about those concerns as it relates to the amendment. The amendment will eliminate the inspection by the State Patrol, thus reducing that fiscal note and turn that inspection back over to the Department of Ag where it probably should be because this is an agricultural product. The amendment also will address some of the fiscal as far as the fees. Currently already in the bill it says that the commission will structure a fee up to the amount of the cost of running the program. We clarify that by saying that fee, whether it's the licensing fee or any other types of fees associated with growing, will be equivalent to running the cost of this program. So it will be fiscally neutral. With that, Chairman Brasch and members of the committee, please allow this legislation to make it to the floor so we can have an opportunity to openly discuss with the body as a whole the important legislation regarding hemp and hemp production in Nebraska. At this time I'll answer any questions. [LB617]

SENATOR BRASCH: Thank you, Senator Wayne. I see Senator Blood has a question. [LB617]

SENATOR BLOOD: Thank you, Chairwoman Brasch. Senator Wayne, I actually have multiple questions. You know I like to get things straight in my head so I truly understand an issue. You touched briefly down on the fiscal note. In fact, you and I discussed it this morning. It looked like the Fiscal Office was going approximately \$500 per grower for the permit. Are you

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

Agriculture Committee
February 21, 2017

proposing \$2,000 to make it so it turns that fiscal note around and makes it self-sufficient?
[LB617]

SENATOR WAYNE: We are looking at allowing...making sure...we are drafting the language to make sure that the fee will cover the cost of running the program. I know initially...and the reason I didn't want to put \$2,000 in because Senator Burke Harr told me a story about Final Reading and the Fiscal Office changing the numbers. So I didn't want to put a number in there but I wanted to make sure that the commission and the body understood that the fee will cover the cost of running the program the fee must be set to cover that cost. [LB617]

SENATOR BLOOD: So what range are you thinking the fee would have to be in order to cover the cost? [LB617]

SENATOR WAYNE: I'm looking at \$2,700 I think is what we were looking at. But there are...the bill does allow for grants, contributions that can maybe help offset some of that fee. But we are making an amendment to make sure the fee covers the cost. But I couldn't use an exact number because of the story Senator Harr told me. [LB617]

SENATOR BLOOD: So are other states... [LB617]

SENATOR HARR: Right? [LB617]

SENATOR BLOOD: I'm just going to keep going. [LB617]

SENATOR LOWE: There goes the bus. (Laughter) [LB617]

SENATOR BLOOD: So do other states have the department of ag do the checks as opposed to law enforcement because whether you agree with it or not, hemp is not excluded as a controlled substance under federal guidelines... [LB617]

SENATOR WAYNE: Correct. [LB617]

SENATOR BLOOD: ...which is why I think State Patrol was initially included in the checks. Are the other states using the department of ag for these checks or are they using law enforcement?
[LB617]

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

Agriculture Committee
February 21, 2017

SENATOR WAYNE: It is different state by state. But what's interesting is, one, hemp is not marijuana. But this bill does not legalize hemp in the sense of anybody can grow it. Rather it expands the research to be outside of just the university. But the university and the Ag Department still have control over it. So instead of having a university have in their greenhouse it growing, we are going to really do a pilot program around what it actually takes to farm it. So real farmers can farm it in a pilot program. So it's not legalizing it in the sense that one day I'm just going to wake up and go do it. You still have checks and balances from the Department of Ag and the department of...and the university overseeing the research of it. [LB617]

SENATOR BLOOD: And I understand that. And I'm not sure my question...let me rephrase it. So we know that...you know it's not marijuana. Okay, that I understand. But the federal government still sees it as a controlled substance. So knowing that, under federal guidelines isn't there an expectation that we have to be able to report that it indeed stays hemp and nothing else? [LB617]

SENATOR WAYNE: Yes, so there's a whole entire permitting process when the seeds are first...they have to get approved by the DEA and exempt from DEA, which the Kentucky law, which I sampled this off of, does. And in fact, the first time the Kentucky farmers got a shipment, the DEA held it up and they had to verify that it met the threshold of less than .3 percent. So that's still going to be there as that safeguard. DEA is still going to be able to check and make sure that's there. And then locally the police did...the State Patrol did point out in their letter, which is correct and which is why we're also exempting them from the requirement to allow two searches, is in Nebraska and throughout the country there's the Open Field Doctrine. That has not changed. So if they think it is illegal marijuana, they have the right to go in there and get it tested because it's plain sight and they can also double-check it on their own. [LB617]

SENATOR BLOOD: And burn it, right? Under that statute they can also burn the field, can't they? [LB617]

SENATOR WAYNE: I'm sorry? [LB617]

SENATOR BLOOD: Under that statute they can also burn the field if indeed they find that it is... [LB617]

SENATOR WAYNE: Yes, but what I would submit that they probably won't burn the field. Rather, they would seize all the operations, hold a criminal investigation. And then our bill also calls for that you would lose your license and you may never get the license again. So there is controls in that regards. But I'm pretty sure they won't burn it initially. I'm pretty sure they would

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

Agriculture Committee
February 21, 2017

seize it and make sure they have all the correct poundage so they can charge them with the right crime. [LB617]

SENATOR BLOOD: And who oversees it in the state that you templated this after? [LB617]

SENATOR WAYNE: Both the department of ag, multiple universities throughout... [LB617]

SENATOR BLOOD: But not law enforcement? [LB617]

SENATOR WAYNE: Law enforcement does participate with it and they work together. [LB617]

SENATOR BLOOD: And so... [LB617]

SENATOR WAYNE: Nothing is stopping law enforcement underneath this bill. [LB617]

SENATOR BLOOD: Would you be comfortable if law enforcement were kept in your bill? [LB617]

SENATOR WAYNE: Yes, I would be comfortable with it. I think the determination of the fiscal note...right now underneath their fiscal note that they proposed, it would be \$10,000 per farm to inspect. I think that's a little high...yeah, because there's 100 farms. I think that's a little high, but they can still inspect that even whether they're in the bill or out the bill because of the Open Field Doctrine. [LB617]

SENATOR BLOOD: One more question, so...it's a two-part question. How many other states have pursued this? [LB617]

SENATOR WAYNE: Multiple state have pursued it in different forms. It's just Kentucky seems to be the leader in this and that's where I base it off of and they're seeing the most growth. But this was actually instituted under the 2015 or 2014 Farm Bill, the U.S. Congress freed it up to allow universities and other entities to start doing pilot programs. So now states are catching on. I think we as Nebraska should take a lead in this instead of falling behind like we sometimes have in other areas. This is an opportunity for us to lead. [LB617]

SENATOR BLOOD: My concern is that there seems to be so many of this that's been initiated across the United States, but I actually have somebody in my family who buys hemp clothing because it's just so much more durable and comfortable than most man-made products and they

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

Agriculture Committee
February 21, 2017

get overheated easily and so they discovered hemp and it's been a wonderful thing for that person. But he can't find anything viable in the United States. He gets it all from Canada. [LB617]

SENATOR WAYNE: Correct. [LB617]

SENATOR BLOOD: So what are they doing with this hemp that they're not...I know we talk about all the things that they can do with it. What are they doing with it in the United States if they're not making clothes or yarn or...I mean what's the product used for mostly, besides capitol? [LB617]

SENATOR WAYNE: So there's a small manufacturing facility right outside of Plattsburgh who just started a hemp processing plant. There's a couple other ones here. The issue is right now most of the hemp has to be bought from China or Canada. And Canada is seeing a boom right now in the ability to grow hemp and sell it to America because obviously it's cheaper than shipping it from China. But they are processing. The big thing right now in America we could use it for is plastics. Right now the pellets that are being used, hemp is one of the more durable and cheaper forms that can be done. And so looking at my district in particular, I have Airlite Plastics, who probably could benefit from this and there are other companies around the world who could benefit from the pellets that could be created out of hemp for plastics. So right now the problem is we have to ship all the hemp in and manufacture it here to put it on the market. Or what we're seeing like with hemp oils and hemp clothing, they're manufacturing it where it's at and selling it here at a higher price for...and we're losing out on that market. [LB617]

SENATOR BLOOD: You keep talking about the market though. I mean, I'm not seeing the market at all in the United States. So you're saying it's a processing issue? [LB617]

SENATOR WAYNE: No, there is a market. There's hemp oils. There's CBDs. There's hemp clothes. There is a market and that market can come back. I mean I'll give you an example. In World War II, the biggest market was the U.S. government, who after we basically in 1937 said we could not grow hemp anymore, came back to farmers and said we need you to grow hemp because Japan has cut off our supply of hemp for making clothing. The market is there. The issue is, why you probably can't see it on a day-to-day basis is we haven't let it flourish like it should. [LB617]

SENATOR BLOOD: Okay. Thank you. Sorry for so many questions. [LB617]

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

Agriculture Committee
February 21, 2017

SENATOR BRASCH: Thank you, Senator Blood. Senator Krist has joined the committee. Senator Harr. [LB617]

SENATOR HARR: Thank you, Madam Chair. I have a couple questions. And first of all, thank you. I had two parts of the bill outlined and you addressed somewhat both of them. One was on page 7, 2(f) about the application fee. And glad to see that there will be an amendment on that if for no other reason we maybe charge a little bit more and then raid it, we need it in the short term when we have shortfalls like other groups, like our Bar fees. And then the other one is on page 9, Section 11. It says, "The commission shall be responsible for monitoring the industrial hemp grown by any license holder and shall provide for random testing of the industrial hemp for compliance with"--I'll say THC--"levels and for other appropriate purposes at the cost of the license holder." My questions is, is the commission limited to random testing or can they just go out anytime they want? [LB617]

SENATOR WAYNE: I think it will be imperative because we're easing the concerns of many in the public to allow them to go whenever they want. And I'm willing to draft that language to make sure that happens. [LB617]

SENATOR HARR: Okay. I appreciate that. And as far the market, isn't that kind of a chicken and egg? If you don't have the product, you don't have the market. So which comes first, the market or the product? [LB617]

SENATOR WAYNE: Correct, Senator. [LB617]

SENATOR HARR: Okay. And then was this legislation, did you draft this yourself or is this based on a model or was this pulled from another state or I guess is it benchmarked against any other state? [LB617]

SENATOR WAYNE: Yes, so in the research that we did on the first ten days, (laugh)...no, it was prior to that. But we looked at other states who started it. But Kentucky seems to be the gold standard. It seems to be they have the most investment. For example, besides the growth in tripling the number of farms, there's private investment now and manufacturing is around there. And because it's all around the industrial products language of the...industrial production language of the federal government's guidelines which we're still operating underneath. And so that was the only one who had it that flexible that allowed the commission and the universities to use it that way. And I think it's imperative that if they're able to grow that much that soon, we should be able to model after that gold standard. [LB617]

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

Agriculture Committee
February 21, 2017

SENATOR HARR: Okay. And so let me ask you about Kentucky. What have been the results of the testing...or the growth of that industry in Kentucky? [LB617]

SENATOR WAYNE: The growth is now today there's over 500 people directly employed by the hemp production or the hemp industry, which three years ago there was none. So that's 500 jobs they brought in that short of time in Kentucky. Two, the acres have went from 33 acres to 2,350 acres. So it's significant growth. I have not been able to research any farmers who have been prosecuted yet. Granted, I did not look in every county for any issues. But my search did not see anybody who wavered because the compliance is there and because farmers are in the business of growing a product to make some money and they see this as a gold rush opportunity to do so. And this isn't the first time this has been in front of the Legislature because many legislatures also see this as the same kind of gold rush to grow our economy. [LB617]

SENATOR HARR: And I'll ask one last question in line with the comment. Do you know, does the growing of hemp require a lot of water? [LB617]

SENATOR WAYNE: That I do not know off the top of my head. [LB617]

SENATOR HARR: I will tell you it does not. It's a good dryland crop. And finally just to...as a comment, Trader Joe's in Omaha sells hemp seed as well if you ever go there, for salads and seasoning and stuff. So it's readily available across the state. Thank you, Madam Chair. Thank you, Senator Wayne. [LB617]

SENATOR BRASCH: Thank you, Senator Harr. Are there questions? Yes, Senator Halloran. [LB617]

SENATOR HALLORAN: Thanks, Madam Chair. Thank you, Senator, for bringing this to the committee. Kind of along Senator Blood's questions or comments about the marketplace, as a producer myself I'm always a little bit concerned about things that come down the pike as the next gold rush for farmers to produce, some niche crop that turns into just an expensive venture on their part to grow it. I'm not saying that this is the case. But how is the value of hemp determined? And maybe to your advantage it's not on the Chicago Board of Trade. [LB617]

SENATOR WAYNE: It's not on the Chicago Board of Trade, but it estimates right now with Nebraska farmers losing about \$1, \$1.05 a bushel in corn and wheat with the declining prices, you would definitely offset and make that up right now. Based off of what the market of selling...and the only reason why I'm saying this, we don't know it but selling the product, we

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

Agriculture Committee
February 21, 2017

know it's a \$600 million industry and you look at what right currently we're producing, and if we were to double that, let's say if Nebraska mimics Texas, I mean Kentucky... [LB617]

SENATOR HALLORAN: I'm looking for the finite economics of it. Do you know what the cost of production is? [LB617]

SENATOR WAYNE: I don't. No, sir. [LB617]

SENATOR HALLORAN: Or what the gross revenue per acre or the net revenue per acre might be? [LB617]

SENATOR WAYNE: No, I can get that from going back to the Kentucky farmers. [LB617]

SENATOR HALLORAN: I'm just curious because I mean farmers will obviously want...I mean they're going to need to know that unless there's some guaranteed contract at a given price before they grow it. But along Senator Harr's concern about establishing a fund and then later raiding it, maybe you want to put an amendment in there that if ever that comes down the pike in the future, that if the funds to be disbursed that it goes back to the producers and not the state government. Thanks. [LB617]

SENATOR WAYNE: Thank you. And I'll get you that information on follow up. [LB617]

SENATOR BRASCH: Thank you, Senator Halloran. Senator Krist. [LB617]

SENATOR KRIST: It seems to me like we've heard this bill in a committee that I've been in before. And it came out of committee and it just didn't make it to the floor to be heard. And I don't know if you said that to begin with or not or if you made that part of the record yet. [LB617]

SENATOR WAYNE: Yes, in answering the question, I said it's been before the Legislature before. [LB617]

SENATOR KRIST: Okay. And one of the things that was brought up, and you may want to include that in your notes back to the committee, is that the...even at times prior to 1937, 1938 when they could no longer grow it, it was a crop of choice given the fact that it is a dryland, as Senator Harr said, dryland crop. And the rotation in some places very close to the Sandhills, for example, as ditch weed kind of terminology we use, it put a lot of farmers in a bad way during

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

Agriculture Committee
February 21, 2017

that time when they actually shouldn't have been or couldn't afford to be put in a bad way. So I think it's good to note that no matter what's happening in Kentucky, we had a viable portion of our economy, viable meaning proportionally for the population we had in those years as in today. And I'd also say, I'll make one more comment about the stealing from the funds. The wine industry, as I've said in this committee before, has a wonderful setup. They take every dime that should be taxed in some way or another and it goes into a research fund that goes back to the University of Nebraska which could be used...a portion of that money could be used to better and grow the hemp industry in the state of Nebraska. So both of those things I think are worth being put on the record. Thank you. [LB617]

SENATOR BRASCH: Are there any other questions from the committee? I would like to ask a question. When the reference is made to the bill in Kentucky, and I'm not certain if that was brought out earlier, but has...in Kentucky are you aware is there any documentation received from the federal government that their program is within the bounds of Section 7606 of the 2014 Farm Bill? [LB617]

SENATOR WAYNE: I have not heard from the federal government. They've been operating for three years and there hasn't been any litigation from the federal government, DOJ so I don't... [LB617]

SENATOR BRASCH: Because I believe some of the states do have attorneys' general opinions from what I've read on this. You may want to... [LB617]

SENATOR WAYNE: I will research it. [LB617]

SENATOR BRASCH: And have you asked for an Attorney General's Opinion for this bill at all? [LB617]

SENATOR WAYNE: I have not. [LB617]

SENATOR BRASCH: You have not? [LB617]

SENATOR WAYNE: I have not. [LB617]

SENATOR BRASCH: Okay. And then my other question is because of the Farm Bill, you know, if you explained it in your opening but the Farm Bill, the federal provides part of the Controlled Substances Act that: an institution of higher education or a State department of agriculture may grow or cultivate industrial hemp (1) if the hemp is grown or cultivated for purposes of research

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

Agriculture Committee
February 21, 2017

conducted under an agricultural pilot. And we did pass a bill several years ago where the university has a pilot program running. And I believe just this year they're bringing forward information. And it's finally getting some substance. Are you aware of the university's program? [LB617]

SENATOR WAYNE: Yes. Yes, Chair. [LB617]

SENATOR BRASCH: Have they been in communication with you on your bill at all? There's no...? [LB617]

SENATOR WAYNE: No, we had just brief dialogue, but we have not had any extensive conversations regarding the bill. [LB617]

SENATOR BRASCH: And then does the Industrial Hemp Commission--you're talking about forming a commission here--do they meet the requirements of this Section 7606, that the pilot should be conducted by the Department of Agriculture? [LB617]

SENATOR WAYNE: Well, the bill authorizes the Department of Agriculture to run it. The commission is overseeing and setting fees for it. So the actual running of the program would still fall underneath the federal program. But I can research that for you. [LB617]

SENATOR BRASCH: And so it would require some hiring and staffing and program building, correct, for testing... [LB617]

SENATOR WAYNE: Correct. [LB617]

SENATOR BRASCH: ...and field visits? And so there is a fiscal note even aside from the one that the State Patrol...? [LB617]

SENATOR WAYNE: Correct, the fiscal note... [LB617]

SENATOR BRASCH: And you're attempting to meet that through fees instead of General Fund or Department of Ag. [LB617]

SENATOR WAYNE: Yes. The fiscal note is \$293,000 according to the Department of Ag. And so we would meet that through fees. [LB617]

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

Agriculture Committee
February 21, 2017

SENATOR BRASCH: Okay. All right. And then a final question that I have is that is there any requirement that the grower licensed to grow the demonstration plot, because these are still test plots, do so in collaboration with academic research, with personnel, or directly in consultation with the Department of Agriculture to design their demonstration plot to produce actual research? Are these growers willing to do the documentation, the science, the work with the scientists and the department to ensure that this is more than economic development, it is still a research plot but outside the university? [LB617]

SENATOR WAYNE: Yes. So on page 8, Section 5 of the bill it talks about the research program: to the furthest extent possible based on location, soil type, growing conditions, variations. So we try to include other relevant factors as far as how it grows. And that's part of the research. But we can clear that up in any amendment to make sure it's more specific for growers to have that duty. [LB617]

SENATOR BRASCH: I see Senator Halloran has a question. [LB617]

SENATOR HALLORAN: Yeah, Senator Wayne. Maybe it was in here and I missed it, but do you have an estimate of how many licensed producers that you would anticipate? [LB617]

SENATOR WAYNE: No, the Fiscal Office based it off of the initial hundred that were started in Kentucky. And that's how we started it. But I wouldn't know that number until we pass the bill. [LB617]

SENATOR HALLORAN: Sure. No, I understand. But that's kind of where you come up with the \$2,500, \$3,000 per licensee. [LB617]

SENATOR WAYNE: Correct, correct. [LB617]

SENATOR HALLORAN: Okay. [LB617]

SENATOR BRASCH: Any other questions? Yes, Senator Lowe. [LB617]

SENATOR LOWE: Thank you, Chairman, and thank you, Senator. Going along the same lines, if, say, there's only 50 or 25 farmers the first couple years, will the fee base then increase depending on that to cover costs? [LB617]

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

Agriculture Committee
February 21, 2017

SENATOR WAYNE: Well, the current fiscal note is based off of a hundred farms. So if there's less than that then, going to the wine industry, maybe we make sure we make sure any funds used goes back to research and then the next year they can lower that amount based off of projections of what's happened. That's currently what most people do is base it off of projections. [LB617]

SENATOR BRASCH: Are you staying for closing? [LB617]

SENATOR WAYNE: Yes, ma'am. [LB617]

SENATOR BRASCH: All right. Are there any other questions? Maybe we'll save them for closing. Thank you. [LB617]

SENATOR WAYNE: Thank you. [LB617]

SENATOR BRASCH: Will the first proponent please come forward. If you are here in favor of the bill to testify, please come forward. Welcome. Please state and spell your name. [LB617]

FRANK SHOEMAKER: (Exhibit 1) Madam Chairman, it's nice to be here today. My name is Frank Shoemaker, F-r-a-n-k S-h-o-e-m-a-k-e-r. I'm from Holbrook, Nebraska. I appear here this 21st day of February, 2017, in support of LB617, the Nebraska Industrial Hemp Act. When I go into a grocery store, the food I buy comes from many different places around our world. Many of us give proxies to corporations to produce and provide all our food, clothing, shelter, education, care of the sick and elderly, care for our prisoners. What was once carried on in our communities is delegated, not produced locally. When we delegate these services to others, we lose our communities. Relegalizing the cannabis plant presents an opportunity to support local, sustainable jobs producing value-added products in demand in the global marketplace. Many young people can't find employment in rural Nebraska and are forced to move where there is job security and the services a community offers. The greatest reason for job losses today is not some foreigner. It's technology. And those jobs lost to bigger and better tractors are not coming back. My father's generation built the hospitals, schools, churches, libraries, and airports in rural Nebraska. But now we see them dwindling away as farms get bigger and communities shrink. As these institutions and the jobs they bring end, so does the community. The Nebraska good life has changed to being nice as we become urbanized. The drug war began in 1970 when Congress placed marijuana, including industrial hemp, in Schedule I of the Controlled Substances Act because it was considered to have no accepted medical use. Since then, 31 states have defined industrial hemp as distinct and removed barriers to its production, and 15 states have hemp pilot programs or research. Nebraska does not allow our farmers to produce hemp, nothing. And the research allowed has gone unfunded by the Legislature. The Nebraska Industrial Hemp Act,

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

Agriculture Committee
February 21, 2017

LB617, states: The development of industrial hemp production and commercial markets for hemp products within Nebraska is important to its economic well-being. Although industrial hemp remains nominally in Schedule I of the Controlled Substances Act, the Omnibus Appropriations Act of 2016 and the Agricultural Act of 2014 provide strong protections for the production and use of industrial hemp. The Omnibus Act bans the federal Department of Justice from expending funds to prosecute the use, possession, and sale of industrial hemp and precludes the use of federal funds to prohibit use and research of industrial hemp in accordance with the Agricultural Act of 2014. Section 7606 of the act holds no federal funds appropriated through any bill may be used to block industrial hemp operations in states that have industrial hemp laws. Because Section 7606 does not sunset as does the Omnibus Act on April 28 of 2017, there is little risk the DOJ will prosecute participants in the hemp industry. The total retail value of industrial hemp products in the United States in 2013 was \$581 million from food and body products, clothing, auto parts, building materials, and other products. Based on most recent production and price averages, the estimated value of an acre of hemp from seeds and from the stalks is \$800 an acre. Prohibition goes beyond the bounds of reason in that it attempts to control a man's appetite by legislation and makes a crime out of things that are not crimes. A prohibition law strikes a blow at the very principles upon which our government was founded. The global drug war is a failure with disastrous consequences for individuals and societies around the world. Cannabis prohibition affects everyone by creating a black market that puts harmful substances in the hands of criminals and children. Please help us end misguided prohibition. The contribution to our society and culture of those who use cannabis cannot be denied. No longer can the industrial properties of cannabis be denied. The hemp business flourishes in our communities using foreign-produced hemp. Prohibition does not work. For 80 years, usurious taxation, overregulation, and criminal laws have subsidized industries that replace cannabis products, yet a \$600 million hemp market exists in the U.S. today. Thank you. [LB617]

SENATOR BRASCH: Thank you, Mr. Shoemaker. Did you state that you are here with an organization or on...as yourself as a farmer? [LB617]

FRANK SHOEMAKER: I am the founder of the Nebraska Hemp Company which is a nonprofit in Nebraska, a nonprofit company. [LB617]

SENATOR BRASCH: Very good. We just want that for the record as well. So questions from the committee? Yes, Senator Harr. [LB617]

SENATOR HARR: Thank you, Madam Chair. Thank you for coming, Mr. Shoemaker. Let's just pretend for a second I drank the Kool-Aid and I decide this is a good bill. Do you think this provides adequate support to lay the groundwork to grow the hemp industry in Nebraska? [LB617]

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

Agriculture Committee
February 21, 2017

FRANK SHOEMAKER: This bill? [LB617]

SENATOR HARR: Yeah. [LB617]

FRANK SHOEMAKER: What I believe is that it's not the regulations we need. What we need is support in research and development of markets, of products. We need this from the university. We need...what we need is like the department of agriculture in Kentucky has decided that this is a good thing for the state. And when you have that attitude, then you can build things out of hemp plastic. You can employ 500 people in a year. You can do all these things. So, yes, I think this bill is an excellent place to go with hemp. And you know, if we'd had the money three years ago, we could have done a lot of research. We could have done a lot. The university would have been willing to do some work. But with no money, nobody was willing to do any of the work. [LB617]

SENATOR HARR: Thank you. [LB617]

SENATOR BRASCH: Yes, Senator Krist. [LB617]

SENATOR KRIST: So thanks for coming, Frank. I love the reference to Kool-Aid, but I'm not going to do that. (Laughter) So that model that I talked about with supporting the industry growing and capturing some of the proceeds in whatever way we do and funding the research is one that you would support? [LB617]

FRANK SHOEMAKER: Yes. [LB617]

SENATOR KRIST: Elaborate on that and what you think that would do, please. [LB617]

FRANK SHOEMAKER: What we know is that we know this plant has been used for 40,000 years, but we don't know why. Well, we've finally figured out why and that is because our bodies have an endocannabinoid system that lines up with cannabis. Now...so that talks about the research that's needed in the medical field. The research for products in markets in the industrial, I call it agricultural cannabis, industrial hemp field. I made...I have hemp plastic and I have a 3D printer and I made...I make a lot of things. And I just got from Amsterdam hemp 3D film that I have made the models of the Capitol. And I've discovered that with 3D printing we can do anything. We can make airplanes. We can make cars. We can make whatever you want to make--microphones. So we need the research. It's really critical that we have the research. And to fund that research I think...I agree, I hadn't thought about it, somehow to take some of the profits and

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

Agriculture Committee
February 21, 2017

put those into our educational institutions and get that research. I think we need to do that.
[LB617]

SENATOR KRIST: Well, I'll make that point again and foot stomp it for Senator Wayne because our grape production and our wine industry in the state of Nebraska would still be flailing had it not been that reinvestment and that infusion in the university that got them looking at the technology and horticulture and growth and cross-pollination. That's what I see being the best use for initially 50 percent of all taxes that would be taken from this industry until we can grow the industry. And I'm throwing a number out. Please don't think that that's going to be it. But I still think that it's probably the best way to grow an industry that still needs to have some technological data worked out and tweaked, if you will. [LB617]

FRANK SHOEMAKER: I appreciate that. [LB617]

SENATOR KRIST: Thanks for coming. [LB617]

SENATOR BRASCH: Thank you, Senator Krist. Senator Blood. [LB617]

SENATOR BLOOD: Thank you, Senator Brasch. I love being on this committee because everybody comes from a different point of view and I always learn so much. I appreciate what you shared because it answered some of the questions that Senator Wayne wasn't sure about in reference to acreages and a little more to the history. But I'm going to play devil's advocate right now and I do this with the most respect, so my intent is not to come across as being rude.
[LB617]

FRANK SHOEMAKER: No, that's all right. [LB617]

SENATOR BLOOD: So I'm just giving you that caveat in front. [LB617]

FRANK SHOEMAKER: No problem. [LB617]

SENATOR BLOOD: Would you say that in general, especially the further out west we go, Nebraska is a pretty conservative state? [LB617]

FRANK SHOEMAKER: No. [LB617]

SENATOR BLOOD: You wouldn't say that? [LB617]

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

Agriculture Committee
February 21, 2017

FRANK SHOEMAKER: No, not at all. [LB617]

SENATOR BLOOD: Who did they elect President in Nebraska? [LB617]

FRANK SHOEMAKER: Excuse me? [LB617]

SENATOR BLOOD: Who did they elect President in Nebraska? [LB617]

FRANK SHOEMAKER: (Laugh) We're talking about cannabis, right? [LB617]

SENATOR BLOOD: There's a reason I'm leading up...in general, would you say...I know the people you hang out with probably aren't. But...and I mean that with respect. [LB617]

FRANK SHOEMAKER: May I respond? [LB617]

SENATOR BLOOD: Sure. [LB617]

FRANK SHOEMAKER: Nineteen seventy-nine, we passed a law decriminalizing marijuana. So we never went along with the drug war until the DEA drug task force came into Nebraska. So that's what I'm referring to. Conservative, sure we are. We're farmers. We want to...we put something in the ground, we want to make money off it. That's what we do. [LB617]

SENATOR BLOOD: And in general, I think that Nebraska is trying to be good people. You're referring to the bill in '79. We believe that crimes should...punishment should fit the crime. We want people to do well. We love our neighbors. With that said because I'm trying to set a foundation here, would you say that your message is very important in making sure that everybody understands what hemp is truly about, how marijuana and hemp are two different issues? Would you say that your message is very important in clarifying that? [LB617]

FRANK SHOEMAKER: Yeah, I believe that. [LB617]

SENATOR BLOOD: So there's two suggestions that I would have for you reading this. You talk about the cannabis industry and then you refer to a police state. [LB617]

FRANK SHOEMAKER: Oh, at the bottom. [LB617]

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

Agriculture Committee
February 21, 2017

SENATOR BLOOD: I would encourage you to not say things like that because then it gives the impression that hemp is a radical thing. And I just am worried that your message takes it past being, hey, this is a great new way to farm into a minority that many people will be turned off by. And so I have concerns when I get information like that only because I think it's something in your point that doesn't need to exist. [LB617]

FRANK SHOEMAKER: I apologize. [LB617]

SENATOR BLOOD: Don't apologize in any way. [LB617]

FRANK SHOEMAKER: We have more people in prison... [LB617]

SENATOR BLOOD: I'm trying to help you... [LB617]

FRANK SHOEMAKER: We have a lot of people in prison here in Nebraska and we need to deal with it. [LB617]

SENATOR BLOOD: We do. [LB617]

FRANK SHOEMAKER: And these are jobs. These are local, sustainable jobs. [LB617]

SENATOR BLOOD: But that's a separate issue, right? [LB617]

FRANK SHOEMAKER: How do we get these people back in our society? [LB617]

SENATOR BLOOD: I don't...again, I'm not disagreeing with what your thoughts are. I...my concern is that when you market in a way that makes it seem extreme then it becomes an extreme bill. [LB617]

FRANK SHOEMAKER: I'm with you. [LB617]

SENATOR BRASCH: Thank you, Senator Blood. Any other questions from the committee? Yes, Senator Halloran. [LB617]

SENATOR HALLORAN: Thank you, Madam Chair. Thank you, Mr. Shoemaker. Great testimony. Can you give me a little more detail on the economics? As a farmer, I'll grow anything

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

Agriculture Committee
February 21, 2017

legally. Whenever if we make it legal I will grow it. But what would be the economics? And I understand it's chicken and egg. You've got to have the product before you have the market. You've got to have the market before you have the product. Right now I know how much I'm losing on corn. That's no secret but...to your point, Senator. But that doesn't make anything else necessarily that comes down the pike a viable alternative crop for me economically. So can you help us out with the economics? [LB617]

FRANK SHOEMAKER: Yeah, we go through this periodically, obviously farmers. You know, somebody...this is the next great thing and we plant a little bit of it and it doesn't work out. But the \$600 million figure is a real figure. And that cannabis comes from China, from Canada, from Russia, from the Ukraine, from every place but the United States. And so it's a 600 million dollar industry today building auto body parts. I would say to you it's a real tough go for us farmers to get in that market today so we've got to do our own markets. We've got to do things with hemp plastics. We have to use the new technology, the new research to develop these things. And so the chicken and the egg is true. But if I can put it in rows and if I can take a combine in there and I can get the seed and I can squash that seed and get those oils, I can put that oil in my diesel pickup today and it will run. And so that's a start. But then we start...I can't...if I have a shredder, I can shred those stalks and I can put lime in them and I can make hempcrete and I can build a house. I can do that stuff today. What else comes down the road, I don't know. But Canada, Britain, these people have...they've done that basic research and they're building homes and they're using the oils to do these things. So, yeah, it's...I think what we're looking at is a whole different market than what's there today and we have to develop our own markets and we need the help. We need the help of the other institutions. We just really need the help. It's a brand new industry. It's not a brand new industry. It's an old industry, you know, but. [LB617]

SENATOR HALLORAN: You understand the nature of my question though. [LB617]

FRANK SHOEMAKER: Yeah... [LB617]

SENATOR HALLORAN: Ultimately, caveat emptor, let the buyer beware. The producer has to be willing to invest \$100,000 or whatever it might be to plant X number of acres at the market risk. And we all understand market risk too. But I'm just kind of...I'm just trying to rifle it down to what is it per acre? What's it cost to put in an acre? I'm just curious. And then can we sell it, because I have grown some specialty crops before and frankly I've not been able to sell them. [LB617]

FRANK SHOEMAKER: Yeah. [LB617]

SENATOR HALLORAN: And I sit on the costs. [LB617]

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

Agriculture Committee
February 21, 2017

FRANK SHOEMAKER: Colorado put 2,000 acres of hemp in last year. So those guys are selling it somewhere. I don't know where they're selling it. [LB617]

SENATOR HALLORAN: I've sold things at a loss. So selling it isn't my...you understand what I'm saying. You're a farmer. [LB617]

FRANK SHOEMAKER: Yeah, I am. Yeah, I've sold things at a loss too. [LB617]

SENATOR HALLORAN: Anyway, I'm not trying to hound you on the issue but to farmers, from a practical note, we have to find farmers...we have to have it so farmers can recognize it's a viable thing to grow economically or not. You know, I'm not too worried about the commercial side of it making money. I'm worried about the producers being able to get paid for what they produce. [LB617]

FRANK SHOEMAKER: Yeah, right. Yeah, me too. I agree 100 percent. And those markets have to be developed. Even if you say you've got a \$600 million market here, you don't have any market for your hemp. [LB617]

SENATOR HALLORAN: And it'd be not legal. I understand that now it's hard to have a quantity to sell. I understand that too. But anyway I appreciate your testimony. Thank you. [LB617]

FRANK SHOEMAKER: Thanks. [LB617]

SENATOR BRASCH: Any other questions from the committee? Yes, Senator Lowe. [LB617]

SENATOR LOWE: Thank you, Mr. Shoemaker, for traveling halfway across the state or even further. That's the great thing about our second house. You are willing to travel and come to speak before us. [LB617]

FRANK SHOEMAKER: Thank you. [LB617]

SENATOR LOWE: Along those same lines, you say you can draw the oil out of the hemp plant and make it so you can run your diesel truck. Is that viable? At what cost per gallon would that oil be compared to diesel? [LB617]

FRANK SHOEMAKER: Well... [LB617]

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

Agriculture Committee
February 21, 2017

SENATOR LOWE: Would it be at the \$3 a gallon price? [LB617]

FRANK SHOEMAKER: If I'm getting \$800 an acre for my hemp and I've got stalks and I've got oil to sell, I suspect I can make some money out of doing that. I don't know. [LB617]

SENATOR LOWE: At \$2.50 an acre, the same price as diesel fuel to burn in somebody's truck, because that's the example you used, that you can take the oil out and you can burn it in your truck. Me being a buyer, I would buy it at \$2.50 a gallon because it supports Nebraska agriculture. But if it's \$6 or \$7 a gallon, I probably wouldn't buy it. So just because we can make it doesn't mean there's a market for it is my concern. [LB617]

FRANK SHOEMAKER: Sure. [LB617]

SENATOR LOWE: You know, you stated about Kentucky planting. Do they have manufacturing companies for the clothing and other things like that there? [LB617]

FRANK SHOEMAKER: You know, I don't think anybody in the U.S. is making hemp clothes. I don't think anybody is good enough to make the fiber yet. Canada has struggled with that for ten years. [LB617]

SENATOR LOWE: With all our technology we're not good enough? [LB617]

FRANK SHOEMAKER: Well, you think we would be. [LB617]

SENATOR LOWE: It's an old profession. And you use industrial cannabis in your descriptions. So they are kissing cousins? [LB617]

FRANK SHOEMAKER: It's one plant. The cannabis plant is one plant used totally different ways. It has 280 cannabinoids in it. Different...I can't tell you about--because I don't know; I'm not an agronomist--about the plant itself. Industrial hemp is a whole different ball game than the medical side of it. Just different constituency, different products, food, fuel, and fiber come from agriculture. Medicine comes from the other side. Totally different, different world. And when I talk about diesel, I'm talking only about products. That's all. And pricing, we just don't know until we get going on the thing because we got all sorts of inputs. What I can say to you is that it's a drought resistant crop, it goes good in rotations, and we know it grows in Nebraska because of the ditch weed that we have. And we know also that that ditch weed, that the strains of ditch weed are perhaps our most valuable resource in our state today. Thanks. [LB617]

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

Agriculture Committee
February 21, 2017

SENATOR LOWE: Thank you. Thank you for coming. [LB617]

SENATOR BRASCH: Thank you, Senator Lowe. I just have one other question. Are you a farmer, and if so, what crops do you have? [LB617]

FRANK SHOEMAKER: In 2006, I ran for the Legislature and lost. I quit farming and I started doing some other things. I'm a lawyer and a farmer. And I farmed 1,500 acres, two pivots, and a cow-calf herd. And I've got 11 acres left that I want to grow hemp on it. [LB617]

SENATOR BRASCH: Okay. And your other crops are... [LB617]

FRANK SHOEMAKER: Corn, wheat, milo, alfalfa. [LB617]

SENATOR BRASCH: And corn also makes plastics, are you aware of that? [LB617]

FRANK SHOEMAKER: Sure. [LB617]

SENATOR BRASCH: Is there a reason that there's not a demand for corn plastic or that people would prefer to have hemp plastic over corn plastic? When you're talking about the plastics market, tell me why that's an advantage to have... [LB617]

FRANK SHOEMAKER: Why hemp would be an advantage over corn? [LB617]

SENATOR BRASCH: The plastic derived from it. [LB617]

FRANK SHOEMAKER: Oh, I can tell you that actually. This plastic that we're using that we have here today is made from the inner core of the hemp plant. And the inner core has microfibers; and so when the plastic is made, those microfibers make that plastic stronger. Corn does not have that. Hemp is unique in that sense. [LB617]

SENATOR BRASCH: With the fibers in it. [LB617]

FRANK SHOEMAKER: And so the reason I say that and I know that is because I started out with a nozzle that would print petroleum plastic. And I had to change...a bigger nozzle because of those hemp fibers that are in that film. So, yeah, there is a reason for that. But I... [LB617]

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

Agriculture Committee
February 21, 2017

SENATOR BRASCH: Okay. I just...no one has made that clear. I do know that there is plastics that say I'm made from an ear of corn which is incredible, and I didn't know if there was a benefit to hemp plastic. And you're saying it's the strength. [LB617]

FRANK SHOEMAKER: Um-hum, yeah. [LB617]

SENATOR BRASCH: Very good. I have no other questions. Any...thank you for your testimony, Mr. Shoemaker, and we'll hear from the next proponent. [LB617]

JOHN HANSEN: Madam Chairwoman, 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 Nebraska Farmers Union. We have had a long and interesting involvement in this issue in that in the...we started down the trail with helping push the University of Nebraska research, in helping them get research for cellulosic ethanol in 1991. We worked with the Nebraska Energy Office to help secure those grants to do that. So we're always looking for alternative uses of crops and ways to make money and do all those things to help serve family farmers and ranchers. And I think because of that, I ended up being called one day by Dr. Elizabeth Peele of the Oak Ridge Laboratory in Tennessee who was doing a lot of research at that time on industrial hemp development as a crop that was well suited for their region to try to replace tobacco. And tobacco farmers were looking for alternative crops. And so it seemed like a good fit. And she needed someone to help her trying to figure out how it is that you would possibly grow, cultivate, harvest industrial hemp. And of all the strange calls I get at the office, that one was kind of toward the top. But I used to be in the seed business. I had plates for every kind of milo, every kind of drill. We did all different kinds of crops and seeds and whatnot and I said, well, I think you could modify a planter and use it with different kinds of appropriate plates. I think you could plant it. I think you could drill it. I think you could do all these things. But just don't let it get too big or you won't be able to cut it because it becomes woody when it gets larger and it will tear your sickles apart and your sections apart. And so that started a conversation they went on for a number of years. And just oddball calls back and forth about technical problems. And I was asking her as many questions as she was asking me. And one of her focuses was if you looked at Canada and you looked at what they were doing, they were obviously developing and utilizing this plant in a far different way than we were, and they were using a lot of it for cellulosic ethanol and still do. And that caught my attention. And she said, well, John, why...this is Nebraska for Pete's sakes. You've got water short basins in the southwest part of the state, been struggling with water issues. Your climate is well suited to growing industrial hemp. Why don't you guys try to develop this crop because it would be a good crop, a good mix for Nebraska? You guys ought to be thinking about this. So we did and we tried to develop a three-state strategy between Colorado, Nebraska, and Kansas to try to do some research projects where we could experiment with industrial hemp and switchgrass and do trials and that kind of thing to see which would, in fact, yield the most. And, of course, then we ran into all the prohibitions and all of that. Senator Schrock carried a bill that

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

Agriculture Committee
February 21, 2017

we invested a lot of time and effort on to try to move this whole process forward. And in that particular case, I think we had an outstanding hearing. We had all kinds of products from building blocks to all different kinds of consumer items, clothing, building materials, oils, you name it. It was an incredibly good hearing. But it would be fair to say that facts, logic, reason, information did not triumph. And Senator Schrock still reminds me of the whooping he took that day on that hearing because there was no explaining to the hard opposition. And I would say that while the opposition is still out there, it is mellowing a bit. And as we look forward to meeting the climate challenges of our state and looking at different kinds of crops and things that we can do that are drought tolerant, that are economically viable, I think this particular crop has a lot of potential because it is so versatile and is so well suited to growing. And I say that because my job as a kid was to kill the stuff off, along with about 20 of my dad's other favorite weeds that he hated. And so we spent a lot of time...and year after year you could cut these things down and you could kill them off; the next year they come right back. And so they were very resilient, especially on the bottom ground near creeks. So I think that there's a path forward and that path forward might be on this bill, if nothing else, is to give it another good look by the committee with an interim study and try to figure out what is the most appropriate kind of way to pursue the door that has at least been opened to us with research because I think that this particular plant has a lot of upside potential. With that, I would be glad to end my comments and answer any questions if I could. [LB617]

SENATOR BRASCH: Thank you, Mr. Hansen. Questions from the committee? Yes, Senator Krist. [LB617]

SENATOR KRIST: Is there anything else out there on the horizon that you could say would be a crop that we should look at besides hemp? [LB617]

JOHN HANSEN: Well, in my opinion, I think that you have to look at what's headed our way, and what's headed our way is...in 45 years, the University of Nebraska says we're going to have...2012 will be a typical year in Nebraska. So you have to look at crops that can withstand heat and more gaps in moisture. And I think that we're going to see more...some crops that we've seen before like triticale and some of those things and even different kinds of wheat and small grains and legumes and things that get by with less water and can take more heat. So I think we're in the process of starting to think through where are we at, where do we need to go? And your question is one that we ask as we interact with the university as we try to think about what do we need in order to get the facts we need to figure out how do we prepare for a change in climate, which is, we think, well in process. [LB617]

SENATOR KRIST: Thank you. [LB617]

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

Agriculture Committee
February 21, 2017

SENATOR BRASCH: Thank you, Senator Krist. Senator Harr. [LB617]

SENATOR HARR: Thank you, Madam Chair. So I grew up...one of my weeds I hated was the thistle. Do you have any good byproducts for thistles? [LB617]

JOHN HANSEN: No, but I just want you to know that I really, really hate musk thistles. [LB617]

SENATOR HARR: Exactly. [LB617]

JOHN HANSEN: And we were able to track them to one neighbor in particular who fell out of favor in the neighborhood because he never cut his and that put all of the rest of us at a huge disadvantage. [LB617]

SENATOR HARR: All right. Thank you. [LB617]

SENATOR BRASCH: Thank you. Senator Albrecht. [LB617]

SENATOR ALBRECHT: Thank you, Chairman Brasch. Mr. Hansen, you seem to have been around here probably longer than most of us on the committee, except for Senator Chambers. But how often has this bill come before us, did you say? [LB617]

JOHN HANSEN: Well, there's been different iterations, Senator Albrecht. And the Schrock bill was more just a general kind of opening up and how do we do that. [LB617]

SENATOR ALBRECHT: And how long... [LB617]

JOHN HANSEN: Senator Wallman's efforts were to get to the opportunity to do a more limited research. [LB617]

SENATOR ALBRECHT: And how long ago would you say that was? [LB617]

JOHN HANSEN: Well, Senator Wallman was a couple years ago. [LB617]

SENATOR ALBRECHT: Okay. [LB617]

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

Agriculture Committee
February 21, 2017

JOHN HANSEN: And Senator Schrock, I don't...I hate to put a year on it because I'd embarrass myself. But I've only been here since 1990, so I haven't been here near as long as Senator Chambers. [LB617]

SENATOR ALBRECHT: Maybe I should have asked him because he's been on Ag for a long time. [LB617]

JOHN HANSEN: Senator Chambers, I found out, has a better memory of more bills before the Ag Committee than I do, which is troubling from my perspective. [LB617]

SENATOR ALBRECHT: So with those two that you've talked about, is the Ag Department studying this right now, is that what they said? [LB617]

JOHN HANSEN: The university, and Ag has something to do with it. I'm not quite sure what. [LB617]

SENATOR ALBRECHT: You don't know to what extent? [LB617]

JOHN HANSEN: Not to what extent. But going back to Dr. Elizabeth Peele, what really brought those federal research efforts, and that's a federal research laboratory at Oak Ridge, is she said it was just the blind opposition, the DEA just made everything so incredibly complicated and difficult to pursue economic possibilities for alternative crops like that. And she said they just finally threw in the towel. And that part of this issue skews the public perception. It skews the rollout, the costs. We're very worried about high fees that are...and undeveloped markets. That's not a good mix. But I do think looking at this kind of big picture from my perspective, this crop has potential and we ought to try to figure out a way to make it work. [LB617]

SENATOR BRASCH: Thank you, Senator Albrecht. Any other questions from the committee? Yes, Senator Lowe. [LB617]

SENATOR LOWE: A couple of questions, first of all, since Senator Harr brought up his thistles, if I'm a conservative farmer and I've never liked cannabis and my neighbor decides to grow industrial hemp, we all know that the mourning dove, it's his favorite meal. And what he leaves behind on somebody else's field will be a new hemp plant. Do you see it spreading involuntarily? And since you said that once it gets a certain size it's hard to cut and go through, that maybe a farmer raising corn will it eventually bind up my combine once it gets to be 14 feet high? [LB617]

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

Agriculture Committee
February 21, 2017

JOHN HANSEN: Well, Senator, I don't see this as a problem for commercial row crop production. I think herbicides and cultivation deal with it. You know, the unwanted places that this weed goes thanks to our friends, the mourning doves, are fence lines and anyplace where they hang out or perch. And that's usually how they're spread and they're, for the most part, they're now already. So I don't know whether having more total crop available would make that situation worse or not. But in terms of traditional row crop production or rotation farming, I just don't see it as a...it's never made it...it's never been a problem for us up to now in any of those settings. [LB617]

SENATOR LOWE: My thought was if you have 300 acres of industrial hemp, that's a lot more for the doves to come in and spread, not only doves but blackbirds or whoever else would find the seed tasty. My second thought was you talked about the hemp fibers and the corn fibers for industrial use for plastics or whatever, along with switchgrass. We already have our ethanol plants making distiller's grain and their product is viable for plastic. Is there...do you think there would be any difference between the two plastics that come out of it or...? [LB617]

JOHN HANSEN: I don't know. But the fuel stock, of course, for corn ethanol is corn. You can also use milo. But in the case of cellulosic, I've been saying for so many years now that there's no point in me changing my story which is I think we're about three years away from commercial deployment of cellulosic ethanol. I just as well stick with it and sooner or later that horse has to come in. The advantage of cellulosic it that you...with switchgrass and other kinds of cellulosic-based crops, you can produce ethanol and you get a different set of byproducts that you can use, but you can get there with less water and you can...and if we're looking at a less-water scenario, then those kinds of things make sense. And so the amount of...I'm trying to remember the data, but the amount of paper that you can produce from industrial hemp is about equal to what you can do with small timber in terms of creating pulp, except that you can do it every year or every other year rather than once every 15 years. So there's just a lot of commercial uses, in my opinion, for cellulose production like that that merit further investigation and catches our imagination when you look at...you know, if you can't raise irrigated corn, what can you raise then? What do you raise to make a living? How do you make that work? [LB617]

SENATOR BRASCH: Any other questions from the committee? Seeing there are none, thank you very much, Mr. Hansen. [LB617]

JOHN HANSEN: Thank you very much. It's been a pleasure. [LB617]

SENATOR BRASCH: Will the next proponent please come forward? Welcome. Please state and spell your name. [LB617]

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

Agriculture Committee
February 21, 2017

JOHN LUPIEN: I'm John Lupien, J-o-h-n L-u-p-i-e-n. I represent my company, Bastcore, LLC, B-a-s-t-c-o-r-e. That stands for bast fiber which is on the outer part of the hemp stalk, and core wood which is the wood on the inner part of the stalk. Senator Wayne mentioned a company that was setting up in Plattsmouth. That's us. We're moving off the farm where we've been developing prototype equipment and moving into production. I can talk pretty clearly and relevantly about markets and what the price of the crop is, all that stuff. We currently import bales of hemp from Canada, Colorado, and are about to bring some in from Kentucky. We make textile fiber so, yes, we are on the verge of making textiles in America. We're about to start spinning trials with a company called Patagonia. They're an outdoor clothing company. They're into sustainability. We've also been working very closely with a nonprofit organization out of California that's called Fibershed. They work with a lot of cottage mills around the country, alpaca mills. There's a couple here in Nebraska. So we blend the fibers and we make...we're doing a project right now with Indian groups in Colorado to make rugs called the Colorado cloth project. Last year we finished the Kentucky Cloth Project with them. And we also are on the verge of starting to work with companies like Hanesbrands. Now there's a wide spread in the pricing of these fibers at this time now. We are going to sell at like \$10 a pound into the textile fiber market for these niche markets initially, but the vision out in the future with a company like Hanesbrands is they want a substitute for polyester, a natural fiber that has similar properties, which is what cottonized hemp has, at a price at cotton or a little bit below cotton. And so that's off in the future a little bit. So there's plenty of market runway for us in that regard. But the fiber is really only a small portion of the hemp stalk. We work with the wood as well. And we've heard a lot about plastics and all that. Yes, the wood can be used to make plastics. It's called composites. It's where you blend a resin with the fiber from the wood and that's called a composite. And I think you mentioned a company that's doing it with DDGS. They use PLA which is the corn plastic resin. We're going to do the same thing with a company up in northeast Nebraska that does that right now. We're going to start making pellets with them here pretty shortly but with our hemp wood fiber. It's kind of a microfiber. And then you can get really technical. The wood can also be dissolved in, say, like an ionic liquid and turned into nanofibers and all sorts of fancy fibers. We're working with a company in Alabama toward some of those products but that's more downstream. The wood can also be used for animal bedding. It's excellent for chicken bedding because it absorbs ammonia, horse bedding, high-end equine bedding, stuff like that, hempcrete is another. But what we've targeted is oil drilling fluid products. There's a huge market for that. I wouldn't recommend fuels. I don't think it's going to be competitive even as cellulosic ethanol. I think it's going to have way more application as oil field chemicals. We use it right now as a product called loss circulation material, so it's a green oil field chemical which almost sounds like an oxymoron. But what it is, is it's used to stop the loss of the fluids when you're drilling which is the biggest pain point for the industry so we've talked with ExxonMobil, we've talked with Chevron, and we've talked with Saudi Aramco and we're going to start moving product here very, very shortly. That's just one market for the wood and it's a very nicely priced market for the wood and will support development very nicely for us. But there's many, many more: cement

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

Agriculture Committee
February 21, 2017

additives for oil drill well applications, the proppants, you can use them when you're doing fracking as well. And this is a big deal because it's a green product and it can be washed out effectively and...well, we're going to have a market here in Nebraska. That brings us to the problem--we can't grow here in Nebraska. We're importing into this state. We tried to work under Senator Wallman's bill with Director Ibach and also with the university. Director Ibach did not want to really write up the rules in a true sense of the way that they were presented. And the rules presented in LB1001 I believe it was, it says either the Department of Agriculture or a postsecondary institution. The Department of Agriculture pushed everything on to the postsecondary institution. We had to go through the university. The university, of course, wanted a lot of money. We initially thought we were going to be able to grow 20 acres. That quickly went down to two acres of test plots and we were asked to file for an R&D grant. And so for two acres we would have put in \$25,000 and then the state would have given \$100,000. It didn't make sense economically for us and I don't think it would have made sense for the state either. What's the problem? The problem is farmers are not allowed to grow under the current rules of LB1001. This new bill does allow for that to occur. Do we need a commission? I don't know. It would be nice to get government backing and be able to support that. But I think we're a lot further along than everyone thinks. The markets are here right now. Farmers, what we...the crops that we purchase right now, the straw is kind of a waste stream. So it's a lot like flax straw. They harvest for the seed, we take the stalks. We take them at \$100, \$150 a ton. There can be anywhere from two to four tons per acre of waste and that's a great, great market for us to tap into. [LB617]

SENATOR BRASCH: Thank you, Mr. Lupien. We've exceeded our five minutes. [LB617]

JOHN LUPIEN: Oh, sure. [LB617]

SENATOR BRASCH: And we went beyond that. But to be fair to all the other testifiers... [LB617]

JOHN LUPIEN: Sure. [LB617]

SENATOR BRASCH: ...I wanted to go ahead and...we'll have questions from the committee. Senator Harr. [LB617]

SENATOR HARR: Thank you, Madam Chair. Did you want to quickly finish that thought, or were you near the end? [LB617]

JOHN LUPIEN: No, that's...oh, well there's...okay, I'll quickly finish that thought. Really there's three crops for industrial or three things that come out of industrial hemp: the stalks which are

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

Agriculture Committee
February 21, 2017

the fiber and the wood, the seed which is a grain crop for nutraceuticals and food products, and now what's developing as CBD. And CBD can go two directions. It can go kind of a medical crop or it can actually be a triple purpose crop. And what's funny about that is hemp from Nebraska has been brought over to Colorado, blended with a European variety. We're working with that hemp right now. It's being harvested for triple purpose. They take the tops off just like you take them off for seed. They harvest the flower for the CBD. They harvest the seed just to...the bonus. And they're looking for markets for the seed. They're there, but they need it for next year's planting and then we're purchasing the stalks and they did this up in the San Luis Valley. So there are definitely markets for the farmer and those are developing as we speak right now. We're missing out. [LB617]

SENATOR HARR: And there's a fourth you missed and that is people from the cities wanting to come out and go dove hunting. And I would be one of those people. I would like to be. I already do it and I would love to come out. So if you get it going, I would love to come dove hunting. [LB617]

JOHN LUPIEN: Well, it's in other states. So I'm sure...I don't know if they have dove up in the San Luis Valley. It's pretty high up. [LB617]

SENATOR HARR: Thank you. [LB617]

JOHN LUPIEN: It's from our hemp though. There's even Nebraska hemp that's found its way over to Israel and is being developed for CBD production now as well. So we have a unique situation in Nebraska where we didn't...hemp was never placed on the noxious weed laws. So hemp just continued to grow here unlike other states where they actually spent money and went out and destroyed it. So we have a heritage here, seed collection. And part of Senator Wayne's bill addresses that which is really what I think the research at the university right now is focused on is trying to capture that because they see the value there. [LB617]

SENATOR HARR: Thank you. [LB617]

SENATOR BRASCH: Any other questions from the committee? Yes, Senator Lowe. [LB617]

SENATOR LOWE: I understand that staying home is a good thing, but why did you put your manufacturing plant in a place where you can't grow your product? [LB617]

JOHN LUPIEN: We're centrally located. [LB617]

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

Agriculture Committee
February 21, 2017

SENATOR LOWE: Well, I mean like Kentucky or Canada or someplace where you don't have that extra transportation cost? [LB617]

JOHN LUPIEN: Well, one, I'm married and I live here (laugh). Two, we're centrally located so we can bring hemp down, you know, and it's still under 10 cents a pound all the way from Canada, Colorado, Kentucky. So we can move around pretty easily. As long as it's in the big square bales, it transports very easily. [LB617]

SENATOR BRASCH: Any other questions from the committee? Seeing there are none, thank you, Mr. Lupen (phonetically)? [LB617]

JOHN LUPIEN: Lupien. [LB617]

SENATOR BRASCH: Thank you very much. Any other proponents, please come forward. You're here to testify in favor of this bill? Welcome, Senator Wallman. [LB617]

NORM WALLMAN: Good afternoon, Senator. Chairman Brasch, members of the Ag Committee, well, here I am. And I thought things would go faster, but that's why people are upset with government. You know, it goes too slow. And I think we've seen a massive shake-up in D.C. on account of this. Things move too slow. And so the history of this is that George Washington grew it, Thomas Jefferson, John Adams. And they used it to make paper, rope... [LB617]

SENATOR BRASCH: Senator Wallman, would you spell your name for the record. [LB617]

NORM WALLMAN: Oh, excuse me. N-o-r-m-a-n W-a-l-l-m-a-n. [LB617]

SENATOR BRASCH: Very good, thank you. [LB617]

NORM WALLMAN: I'm sorry. [LB617]

SENATOR BRASCH: No problem. [LB617]

NORM WALLMAN: And so they made paper, rope, and cloth and Betsy Ross's flag was made out of hemp. And the Declaration of Independence, the drafting was on hemp paper. And there's a foreign government uses mostly hemp clothing for the military because it's tough. And the soil types it takes, you know, as a producer--I'm a farmer, by the way--and it's pretty good for your

Agriculture Committee
February 21, 2017

soil. And you don't need much fertilizer or pesticides. And it can be planted in very early spring, like right now you could plant it. And, you know, soybeans or corn would probably get killed by late frost. But hemp can take it pretty good. And I used to have hemp next to our pasture, Union Pacific Railroad, thanks to them. And it never did seem to get in the pasture much. So it can be planted very early. And so it's...be...it's also good to break the cycle of corn and beans. Like in my area it's mostly corn and beans, corn and beans. And you have an alternative crop in there. And I agree with you. Alternative crops, they're hard to sell. Like sunflowers, canola, we tried this in our area and a bunch of different stuff. I'm always interested in new stuff that can make money, Senator Krist. (Laugh) And it's tough to make money now in corn and beans. And so it's good to break that cycle. And economics, the way it averages out, the information I got, about \$573 an acre. And so you can find it in foods, supplements, healthcare, body products, auto parts, insulation, and construction materials like plywood and things--a lot of neat things I looked into what they can make. And who is leading the hemp parade today? Kentucky. And I'd like to think we're just as progressive as Kentucky. So I want to thank Senator Wayne for bringing this forward. And if you have any questions, I'll try to answer them. But hempcrete is another product that's good. They use that in drywall, insulation, plywood, house wrap, siding, and things like that. And so it's a multiuse crop. And I think it's an alternative. I've been to Australia where they use sugarcane for cellulosic ethanol and they get a lot of money...it makes more money for them than corn. So I think it's a good product. I would encourage you to get it on the floor for debate. And I know it's a...what the ramifications are. It's not marijuana. It's industrial hemp, so there's a big difference. And thank you very much. [LB617]

SENATOR BRASCH: Thank you, Senator Wallman. Senator Harr. [LB617]

SENATOR HARR: Thank you, Madam Chair. Am I to understand...thank you for coming, Senator Wallman. It's a pleasure to see you back here. Am I to understand from your testimony today that you think it's going to freeze again? [LB617]

NORM WALLMAN: Yes. [LB617]

SENATOR HARR: We're not going to stay in the '70s? (Laughter) Seriously, my question though really is, we passed a bill of yours about four years ago. [LB617]

NORM WALLMAN: Yes. [LB617]

SENATOR HARR: How does this bill differ from your bill and how is this the...why is this the next step and why is this necessary? [LB617]

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

Agriculture Committee
February 21, 2017

NORM WALLMAN: Well, hopefully they'll get the thing moving better. This was...I got the door open I thought. And I think, you know, as far as financing, the monies and that, we have corn checkoff, we have soybean checkoff, we have beef checkoff, we have pork and wheat, all these checkoffs I pay. And I'd have no trouble if I grow this here to have a checkoff, finance it. And I think it's important to push your own product. I always voted for checkoffs because I think it's important to push your beef, your grains, corn, beans. And so I think...plus I think it could be a win-win for the state, tremendous. [LB617]

SENATOR HARR: Thank you. [LB617]

SENATOR BRASCH: Thank you, Senator Harr. Senator Krist. [LB617]

SENATOR KRIST: You foot stomped I think what I was trying to bring across and I think Senator Wayne has got it--somehow we need to finance. Your bill, as I remember, is not very much different, in fact, at getting things moving. But it was not sustainable given the fact that they--the Department of Agriculture or the University--didn't believe in it and therefore it was put on the back burner. And no one had enough cash to continually see it through. So two fine points and I want to tell you I'm trying to keep up your tradition. I think I've called the question about a half a dozen times already this year. Senator "Question" Wallman. [LB617]

NORM WALLMAN: (Laugh.) [LB617]

SENATOR KRIST: Thank you, sir. Thanks for coming by. [LB617]

NORM WALLMAN: Thank you. [LB617]

SENATOR BRASCH: Any other questions from the committee? I do have one. Senator Wallman, it is good to see you back here. You were here before I had been elected and you also were here during a very severe economic downturn... [LB617]

NORM WALLMAN: Yes, I was. [LB617]

SENATOR BRASCH: ...for the Legislature. And you know what it was like to have a bill with a fiscal note, correct? [LB617]

NORM WALLMAN: Absolutely. [LB617]

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

Agriculture Committee
February 21, 2017

SENATOR BRASCH: And so you have an understanding when we do look at the fiscal note, I don't think it's enough for a checkoff program or excise tax. They're talking about some big permitting. The bill also talks about private gifts to fund it. And your bill was a good start and it's just now I believe getting to the point where they're getting some data and information and it's through the university and it complies with the federal Farm Act is what I...have you read this bill? [LB617]

NORM WALLMAN: Yeah. I think the federal Farm Act, I don't know what's going to come out. But I think it's going to be a big change. And it's going to be not so good for the farmer probably. But we've got a southern person on the Ag Committee now, Chair. [LB617]

SENATOR BRASCH: And Kentucky does have their horses and their...a lot of pastureland there. So I think this might be to make up for some of the revenue there perhaps. [LB617]

NORM WALLMAN: Sure. [LB617]

SENATOR BRASCH: But again, good to see you. I have no other questions. [LB617]

NORM WALLMAN: Good to be here. [LB617]

SENATOR BRASCH: Thank you. Next proponent, if you're in favor of this bill please come forward. Welcome. State and spell your name. [LB617]

BILL HAWKINS: (Exhibit 2) Chairman Brasch, members of the Ag Committee, my name is Bill Hawkins, B-i-l-l H-a-w-k-i-n-s. I'm with the Nebraska Hemp Company as director of research and development. We are a nonprofit, educational group that is researching and developing the hemp industry from certified Nebraska seed to finished, value-added products. I won't waste a lot of your time. You've heard plenty of testimony. There is evidence out there that this is a viable economic crop. What I put before you is a testimonial letter from David West who sent this to the previous Ag Committee hearing and I thought it was pertinent today because I praise Senator Wayne for bringing this bill back up. What LB617 does is direct the State Ag Department to actually act with this important agricultural crop. Senator...David West is a plant breeder, plant scientist who did the first trials in the state of Hawaii in the 1990s. That sounds a long time away, but it wasn't a century ago. He is a world-leading researcher on industrial hemp and he recognizes the germplasm that we have in our ditch weed here in Nebraska. It is the genetics of the previous farming of hemp. And as was previously stated, most other states have eradicated it. We have the world's largest depository of those genetics and that's why Senator Wayne's bill is imperative to get on that. Our original bill with Senator Wallman that we worked

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

Agriculture Committee
February 21, 2017

with him and really thank him for coming today and for working on that before and it was previously stated by Mr. Lupien allowed for postsecondary institutes or the Department of Agriculture to do these pilot projects. Our Department of Agriculture chose not to do that and I would say that it was more the director than the other participants in the State Ag Department. In that time, the department of Kentucky ag has gone from 0 acres to 2,300 acres. And, yes, they have over 40 processors, companies that have invested in infrastructure, created local sustainable jobs, and are producing value-added products from this plant. It is a...I just got a call from the Kentucky department of agriculture that I went out and took and he gave me some figures of 1,000-2,000 pounds of seed per acre and 5 to 6 tons of fiber. It depends on who grew the crop and when they planted it. One thing they did mention is that last year they tried some early plantings which we're recommending. Their plantings froze off because of the seed that is not adapted to the United States. It comes from Europe. It comes from Canada. Our Nebraska heritage seed right now is getting ready to germinate. I've spent over 40 years observing the growth of this plant. I'm a horticulturalist. I work with sustainable ag on alternative crops such as grapes for decades. This crop is germinating right now. I have observed it and taken pictures of it in a...after a snowstorm six inches high with the temperatures going down to 18 degrees. So our genetics are tremendously valuable. If we wait another year or two, we will have a very difficult time catching up. There are businesses ready right now to come in and set up infrastructure and create jobs here in Nebraska to start processing this. Dave Vetter from the Grain Place, over almost 30 years of organic food processing in Marquette, Nebraska, just put in \$2 million worth of new infrastructure in his processing deal, will start pressing hempseed oil and processing hemp flour immediately. He has a hemp product that he's producing for a customer that he is dropping because of the cost of hemp seed is going up. Even though that acreage is going up, the demand is so great for that valuable food source that the cost is going up. So I am here for any questions. Please help us get this valuable agricultural crop into our system as a rotational crop so that we can add sustainable local jobs and create value-added products here in Nebraska. [LB617]

SENATOR BRASCH: Are there any questions from the committee? Yes, Senator Lowe. [LB617]

SENATOR LOWE: Bill, we talked earlier. [LB617]

BILL HAWKINS: Yes. [LB617]

SENATOR LOWE: Thank you, Chairman, and thanks for coming today. You said there are 40 different facilities now. [LB617]

BILL HAWKINS: Over 40 processors in Kentucky. [LB617]

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

Agriculture Committee
February 21, 2017

SENATOR LOWE: What are they making? [LB617]

BILL HAWKINS: You know, the manufacturer is Mr. Lupien and so he's probably more educated in that. But they are producing...I know they're doing the medical part, but the food part is squeezing the hemp oil out. It can go into bath and beauty products. The flower itself, they are using it for high-protein chicken feed primarily. It can go into cattle feed. But the issue is it is so valuable as a food product right now that even the oil for fuel is thousands and thousands of acres down the line because it is so valuable as a food product. And I think that's the most valuable part, is high of protein as soybeans without the allergy, digestive, or estrogen issues. And when soybeans are struggling to get out of ground, hemp is already a foot, two foot tall, canopying the soil, keeping it cooler, adding organic matter to it, building the soil up. And you get a fiber and a grain crop off of it. And so I can't state specifically what types of businesses and what types of products, but the infrastructure and the machines are being used all over this world to produce products right now. This suit coat and my jeans are made out of hemp. This is Rawganique, a company out of Washington State. They are growing their hemp in Europe and doing the textiles in Europe. They would bring that company here into the Midwest immediately if they had the opportunity to. They would love to be able to be in the United States producing textiles. Canada has not...has been doing this for 30 years almost. They still don't have textiles. With Mr. Lupien's machine that cottonizes the fiber, we can have textiles here in Nebraska. You can have niche little weaving factories all over the state so these students that are going to the University of Nebraska and studying textile design, they don't have to leave to go to New York City. They can go back to their hometowns in these industrial parks that are sitting there empty all around your state and provide an economic development package for Nebraska right now. It's happening in other states and we've lost out already three years. Please help us to clean this bill up and present it to the floor because it gives us a chance to catch up. You know, if you've ever been in the races, and my uncle ran race horses, if you're not out of the gate first you have a hard time winning that race. And we didn't get out of the gate first. But I believe in the economy of Nebraska and the entrepreneurship and the community building that we have in Nebraska or I wouldn't be here. I would have left a long time ago. I chose to stay here and this gives us an opportunity to...Mr. J.W. (phonetic) was my uncle's racehorse that was a mudder. And when it was raining and mudding, it didn't matter. That horse would come from behind and win that race. And so that's what...all we're asking for is that opportunity to get back in the race because we have the genetics and the people that can make it happen. So any other questions? [LB617]

SENATOR BRASCH: Thank you. I believe we have another question. Senator Chambers. [LB617]

BILL HAWKINS: Yes, sir. Senator Chambers. [LB617]

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

Agriculture Committee
February 21, 2017

SENATOR CHAMBERS: Just a comment, not getting out of the gate first is kind of (inaudible) to Nebraska. So that's what you'd expect. I meant you don't want it, but Nebraska seems to need to see everybody almost cross the finish line. Then they say, hey. And you just, as you said, have to hope it's not too late. [LB617]

BILL HAWKINS: We are still in the race and this is a...this is just another rotational crop. The new buzz is cover crop that adds organic matter. This is a cover crop that also produces \$500 or \$600 worth of income from fiber and seed at the same time. It is truly amazing that we've spent 80 years not researching this plant and prohibiting it with what it can do. And the plastics, bioplastics, there's a plant, the Laurel plant in Senator Lowe's district, that produces 800 pounds of...it's a ground fiber...or just the particle that builds the pellets for bioplastics. That is an endless market. We cannot produce enough of that to feed the market. Bioplastics is an unsatisfiable appetite right now in the world market. And so there are so many valuable products that can be built from this plant that there will be certain ones that will take precedence. We can bring those international-national companies in and set up processing facilities all over the state, so. [LB617]

SENATOR BRASCH: Senator Chambers. [LB617]

SENATOR CHAMBERS: Chambers and Lowe, Lowe and Chambers, natural. (Laughter) [LB617]

BILL HAWKINS: Bioplastics, there you go, gentlemen. There's your chance. [LB617]

SENATOR BRASCH: All right. Make sure we don't have a conflict of interest here. [LB617]

BILL HAWKINS: Nope, we'll keep that cleaned up. [LB617]

SENATOR BRASCH: All right, yes, Senator Krist. [LB617]

SENATOR KRIST: I feel like I'm in an episode of The Graduate with all these plastics. (Laughter) It's just a comment. [LB617]

BILL HAWKINS: I try not to tell people about plastics. I have a readout on hemp plastics and I don't tell people very often about that because we want to keep it to ourselves. And so it...you know, we just need a chance and this bill really directs us and we'll work with whatever way we can to fund this so that there isn't a fiscal note. So we can work with the Ag Committee and Senator Wayne. And again, I thank every one of you senators for coming through this session and really taking this at heart because this can provide an economical stimulus package for

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

Agriculture Committee
February 21, 2017

Nebraska. And as our revenue is proving and you are making your input cost back on corn, it would be good to have a profitable rotational crop, so. [LB617]

SENATOR BRASCH: Seeing there are no other questions from the committee, thank you, Mr. Hawkins. [LB617]

BILL HAWKINS: Thank you very much and thank you for your time. [LB617]

SENATOR BRASCH: Will the next proponent come forward? If you're in favor of the bill, please come forward. Seeing no other proponents, I do have letters and communications for the record. (Exhibits 3-5) We have Bill Grothe representing self; Ismail Dweikat, D-w-e-i-k-a-t, representing self; and Kurt Behrends representing self. Are there any opponents to this bill? If you're here in opposition please come forward. Seeing there are none, if you're here...we do have letters for the record here. (Exhibits 6 and 7) Opponents would be Greg Ibach, the Department of Agriculture; and Colonel Brad Rice from the State Patrol. Now if you're neutral, please come forward. Welcome, sir. Please state and spell your name and if you're representing self or an organization. [LB617]

MARVIN HAVLAT: Okay. Senator Brasch, other committee members, my name is Marvin Havlat; that's M-a-r-v-i-n H-a-v-l-a-t, and I'm a farmer from the Pleasant Dale area. And in the area we...affectionately locally known as the Bohemian Alps. I think it's one of the highest density areas of native hemp that there...you know, just naturally growing. I can't compete with the corn and the soybean farmers because I have heavy clay. Heavy clay produces really good marijuana. It holds the moisture better than silt and sand and so it's really drought resistant. I grew up on this farm and downhill from the cow lot we used to have these giant jungles of hemp and so I never thought much of it. But there are some things I came up here to testify. I spent the last three years in Colorado. Last year I grew a test plot in Del Norte, Rocky Ford, and Fort Morgan. The one in Del Norte got to 12 feet tall and it was a pretty nice crop. The one in Rocky Ford, which was only an acre and a half, we got it in too late and the drought hit it, just burned up. And the one in Fort Morgan, well, it made it but it was .04. So the federal government came in there and nobody was going to smoke this stuff and destroy it because it was one-tenth. What's really going on with this THC level, the United States federal government went to Philippines to find the lowest hemp plant THC that you could find. Jerry Bricker, he's a professor from Wesleyan University, he spent years going around this state and testing THC levels of Nebraska hemp and it's anywhere between .1 and .5 he found. The only thing I don't like about it is if you think you have an ability to abuse the environment with corn and nitrogen chemicals, hemp or cannabis is "nitrophile." . It means you can grow it right in straight manure and it'll go, go, go, go. I always thought of going out and raking the lots, large cattle feeders, planting my crops in there. Right now the price of hemp seed in Colorado is \$25 a pound and that's just like Nebraska

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

Agriculture Committee
February 21, 2017

hemp seed here. The price of CBD clones right now are \$10 apiece and they will drop to \$4 later in the spring. But most of those people won't sell you those clones for \$10 unless you're under contract from them. And they will. I know one grower, because he was good, he got \$350 a pound for his CBD buds last year. But all they do I guess is extract the oil out. Colombia is plowing up flower fields--I'm kind of in the flower business--to put in CBD clones. The same thing is going in South Africa and in Europe. So it must be a heck of a medicine is all I know. My grandson sells CBD oil in a shop in Omaha. I couldn't believe he did that. Three level...three different grades, you know. I've been up here over 40 years but it seems like, I don't know, I got thrown out of this building maybe a half dozen times by the State Patrol after I testified down in the...we don't want your kind here. I've been indicted and thrown in prison twice over this issue, once by the state of Nebraska and once by the federal government. The first time Nebraska accused me of putting the eastern half of the state under marijuana cultivation. What I didn't know and anybody at the time was you couldn't grow marijuana in Nebraska because it flowered so late. It wouldn't produce any smoking parts. Well, I found that out sitting up in Yankton from just...Yankton is where they put all the political prisoners in the United States who opposed the drug war. That's what's going on up there. I've met some fine people in Yankton. So...and, Senator Chambers, when the State Patrol indicted me, they spent three years dragging me. I'd show up in these courtrooms. There would be nobody there. When I got to Seward, this court-appointed attorney, and I didn't know it at the time, he was a real estate attorney. He jumps all over me. Yells at me for three and a half hours and I pled no contest. Well, that's the same thing that happened to those people in...there were five of us in Seward who showed up for free barbeque and we all went...indicted and thrown in prison. For what? You couldn't produce anything that they said we were producing. Chief Justice Hastings says right on my appeal to him, you're not guilty of what you're charged with, but you're guilty of what you had done two years earlier. So then I went and talked to the grand jury witness because I figured out who that was. Well, I had to tell them something. They were going to throw my wife and six kids. I was going to...wife...you know, and I said so you tell everybody else we were growing hemp with you...or marijuana. State of Utah I gave one speech to a bunch of broke potato farmers. I wasn't a mile out of town. Boom, I got arrested for false and inconsistent statements. I'm totally convinced Utah, the Tenth Federal District, that's a foreign country within the United States. I can't understand what Karl Malone was ever doing there. I know the attitude there and I know what those people believe. I want to build airplanes, fighter...I was a fighter pilot and I came around the corner one time with my combine. It jammed my cylinder up. I spent two hours trying to get it out. That was the guy over at ag engineering. Well, if we packed this down because the fiber is real strong, we put epoxy in there, we can shape any kind of airflow we want. I think...(inaudible) if you make fire out of this thing, you'd turn so fast you would black out. I also think I could make cargo ships out of this stuff that would haul cargo to space. Hemp seed, this state should be a closed carbon loop which would be hemp seed oil. Hemp seed oil won't be sold for fuel at first. It will compete against olive oil. Olive oil is what, \$6 a quart. So hemp seed has better fat distribution than olive oil. So for a while it's not going to be sold as fuel.

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

Agriculture Committee
February 21, 2017

Ten years ago Osborne had a meeting up in Kearney. He brought this scientist from Canada down and other people. They testified that they had gotten 20 tons of biomass per acre and then they showed their charts and it had hemp seed oil up here, corn here, and soybeans down here. That was a meeting put on by Ed Schrock. Ed Schrock, he dropped the bill because the DEA came down out of Omaha on his little corner office down there and told him you drop the bill, Ed. Well, I happen to know Ed very well and also some of his friends. It didn't end there for Ed. He had all kinds of financial trouble with the federal government always inspecting him after he dared submit the hemp bill. [LB617]

SENATOR BRASCH: Mr. Havlat, we are a little over on the red time, but we do have a question from the committee if you would, please. Senator Blood. [LB617]

SENATOR BLOOD: Thank you, Chairwoman Brasch. Just for clarification, are you neutral or in favor? [LB617]

MARVIN HAVLAT: I am sort of neutral. Why, because you can abuse this plant. I wrote the organic farming bylaws for the state of Nebraska. I got a soybean field with preemergent I invite you all to this spring and see what you think of that boiling off the field. [LB617]

SENATOR BLOOD: Okay. And I'm just trying to clarify, so... [LB617]

MARVIN HAVLAT: I think it can be abused. I think it has potential. [LB617]

SENATOR BLOOD: So that would be an opponent. [LB617]

SENATOR BRASCH: He's testifying in the neutral. [LB617]

MARVIN HAVLAT: No, I just want to bring up things so you can think about it. [LB617]

SENATOR BLOOD: Okay. I appreciate that. I'm just clarifying for my own. [LB617]

MARVIN HAVLAT: Okay. [LB617]

SENATOR BRASCH: Are there any other questions from the committee? Seeing there are none, thank you for your testimony today. [LB617]

MARVIN HAVLAT: All right. Thank you. [LB617]

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

Agriculture Committee
February 21, 2017

SENATOR BRASCH: Any other testifiers in the neutral here? (Exhibit 8) Seeing there are none, we have one letter to enter from Nathan Leach who is neutral testifying as self. Any other neutral testifiers? Seeing there are none, that concludes the hearing on LB...oh, we a...excuse me, a closing here. I didn't see you behind the chair there. I apologize. Senator Wayne. [LB617]

SENATOR WAYNE: Thank you. [LB617]

SENATOR BRASCH: Thank you so much. [LB617]

SENATOR WAYNE: I appreciate the feedback. I do understand there's going to be an amendment. I appreciate the feedback from Senator Krist regarding the wine industry. I think that's critical to making sure we continue to grow. I just want to mention that four countries-- France, China, Chile, and the Ukraine and the Ukraine being the fourth biggest producer and the third biggest exporter and one of their biggest customers is the United States. And in fact in 2014, we had such a hemp shortage here we were planning on buying it as part of the loan program to help Ukraine. That's how big their market is. It's over a \$600 million market that last year was spent on hemp products alone. And I know there's kind of a hint regarding the federal government and I read the letter from the Department of Agriculture. The federal government decided not to challenge or pursue anything regarding marijuana laws as it relates to Colorado, Oregon, and those states who have already approved it, including medical marijuana in California. I do not believe that hemp, as they've already demonstrated in the last three years, the federal government has not pursued Kentucky around hemp because it's not even close to marijuana which they decided not to pursue. This is not the same as marijuana. It's not being treated the same as marijuana. It's not a gateway to recreational bills relating to marijuana. This is truly an industry of a product and a crop that has been used or used to be used in Nebraska for a long time and we are looking to bring that back to allow farmers the option whether they can make the educated choice of what the market says and the financial market or whether they should grow it or not, we want to provide them with the option. And the option is if they choose to grow they have to participate in data research by the Department of Agriculture and the university to make sure, one, they're in compliance with the licensing program, but more importantly we can continue to grow this industry and be a leader in the country, not somebody waiting to catch up. And with that, I'll answer any other questions. [LB617]

SENATOR BRASCH: Thank you, Senator Wayne. Senator Krist. [LB617]

SENATOR KRIST: You know, there's nothing that...thank you for bringing this, Senator Wayne. There's nothing that makes me more irritated than a department head, commissioner, or whatever writing a letter and spooking us with false accusations about the things that might happen if we went down the road that he should have gone down when Senator Wallman's bill was passed

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

Agriculture Committee
February 21, 2017

several years ago. Ibach didn't want to do it. He didn't do it. He was a stick in the mud who's prevented us from doing some of the things that needed to be done. And this committee had better put this bill out in whatever form it takes. It needs a little work. We need to make sure that the money is sustainable and that the program is sustainable. But I want to read for the record because many of you may not get the chance to look at this letter. "The agency suggests the following issues", c, "There remains ongoing conflict between the federal Controlled Substances Act, CSA, which classifies industrial hemp as marijuana and thus a Schedule I controlled substance and state laws allowing the cultivation and growth of industrial hemp. The Department has reviewed case law, Attorney General Opinions from California, South Carolina, and New Mexico and Department of Justice, DOJ, memorandums which conclude that: regardless of the legality of growing industrial hemp within a state". Do you see anyplace in here where they reviewed anything in the state of Kentucky? [LB617]

SENATOR WAYNE: No. [LB617]

SENATOR KRIST: I'm sorry. I'll let you respond to this in a minute. I've got to get this off my chest. The point being that they've so closely aligned hemp with THC levels that would make it marijuana, consumable marijuana and no other definition is possible when they go from one extreme to another. [LB617]

SENATOR WAYNE: Correct, and I just recently got that bill and I was not able to...he's out of the office today. He's not feeling well so I was not able even to address some of the concerns and work on that. Had I known that, we could have found case law and found some test cases because I'm pretty sure there are some in Kentucky. But again, there's been no federal prosecution in Kentucky for the last three years. It doesn't appear to be moving that way. And in fact, there's a lot of bills on the U.S. Senate floor and Congressional floor taking this out of all of that to move to reenergize the hemp bill. So I agree with you, Senator Krist, and I look forward to working with you on this amendment. [LB617]

SENATOR KRIST: Thank you. [LB617]

SENATOR BRASCH: Yes, Senator Chambers. [LB617]

SENATOR CHAMBERS: Madam Chair, members of the committee, Senator Wayne, because Senator Krist is so much younger than I am, he beat me to the punch. But when I heard that letters of opposition were submitted by Brad Rice, the Superintendent of the State Patrol, and Greg Ibach, Director at the Department of Agriculture, I was livid. See, I think...and I'm saying it for the record. I think they fear to come before this committee and say in my presence what they say in these letters. I think it ought to become a policy--it won't--in the Legislature that no letter

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

Agriculture Committee
February 21, 2017

will go into the record if it's submitted by the head of a department or the head of the State Patrol. They have this kind of position where you might give a lot of weight to what they said but it should be open to questioning, challenge, and whatever else happens. The little respect that I had been trying to nurture for Greg Ibach, it's gone. He is a trickster. He is an underhanded, cowardly person who shoots from ambush. And then if a bill comes up that the department has to take a position on, more or less, he'll send some young person here who is not knowledgeable, who is not a lawyer, we've seen that happen before. So that's what I feel about him. Colonel Brad Rice should have just stayed out of it altogether. He doesn't understand the law. He doesn't have anybody in the State Patrol apparently who understands the law. And he, I think, got in water over his depth as he has done on other issues. And whether the media prints it or not, I don't care. But it will be in the record as a part of this hearing. And when the transcript comes out, I'm going to send a copy to both of them because I'm not like they are. Whatever I say it will be in public. I'll back it up and then I'll make sure the ones to whom it's directed will get it. The committee is entitled to something better. But we have the head of the Department of Agriculture and this is the Ag Committee and he won't come up. Now I may have missed it because you know old people, sometimes things get by. Was there a representative from the Department of Ag here that I missed during one of my...? Case made. I'm sorry, Senator Wayne, that I took time from your close to say this. But I wanted it as a part of the record. [LB617]

SENATOR WAYNE: May I respond most briefly? I was very disappointed and I will say this for the record, that on the second paragraph of the...from Colonel Brad Rice, he equates industrial hemp with marijuana. And there is a legal difference that has been defined by not just the federal government, but even in our own statutes we've already defined that. That really concerns me. But again, with all that, I'm willing to work with everybody to make sure we get the amendments tightened to where there's no fiscal note and clean up any language. And I also will stop by the Attorney General's Office and deal with any concerns that they may have. [LB617]

SENATOR BRASCH: Thank you, Senator Wayne. I do have a comment briefly with the State Patrol. A testifier earlier said that there is one plant. And what the difference is may not be physical but it's what's in the composition of it is my understanding from what I heard. And I do know that the State Patrol is being active looking for the bad plant. So my...and he is not here as has been noted. But my question is we know the people will be registered, so we can identify whoever. They paid their permits. There does need to be an inspector and should there be...and I do know that they are actively looking for illegal grow operations in our state. And so I believe--and they're not here for questioning--that the enforcement of those who are registered, will it increase their duties, their staffing? And I believe that's where that this fiscal note came in. [LB617]

SENATOR WAYNE: Correct. [LB617]

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

Agriculture Committee
February 21, 2017

SENATOR BRASCH: I've been on, in my district, ride-alongs with Game and Parks, with anybody who is on our taxpayers' income. And I do know we happened to run across on a ride-along somebody from the DEA watching a field for...so there are fields out there that shouldn't be growing. And so I think there's going to be a management or something in law enforcement that must take place so that those who are registered will be doing what they're doing where we're not giving a opportunity for them to break a federal law. [LB617]

SENATOR WAYNE: So, and that's a great point because, one, the DEA still...let's see, and according to the Open Field Doctrine, right now the State Patrol can drive past anybody or fly over any field. That wouldn't change. What I tried to do and which is what I'm taking out now was to make it explicit they can come on the property at least two times, but I'm going to remove that and fix that with the Department of Agriculture. The issue I have is that--this is a fiscal note issue so I wish Senator Harr was here--is that they base that off of a hundred fields. That is \$10,000 per field to inspect. That can't be, because the Department of Agriculture can currently inspect fields for extremely less. So those are the issues, but we'll work through all those and I'll work with this committee. [LB617]

SENATOR BRASCH: I appreciate it. [LB617]

SENATOR WAYNE: And we will get through it. [LB617]

SENATOR BRASCH: The bill has been drafted very well and I appreciate your looking at these. And that's my only...when we talk about one being so different from the other, we're talking about the composition of the chemicals. But physically, it would be hard for a drone or anything to be able to tell one plant from the other without testing, would that be correct? [LB617]

SENATOR WAYNE: That is correct. But I would submit to you that if I was a mushroom grower, mushrooms have different ways that they could also have issues. If I was a poppy seed grower and it looks just like opium, they would not have the same restrictions. It's the stigma that is put on this plant and that's what I hope we can try to change. [LB617]

SENATOR BRASCH: Very good. I have...I believe we have another question from Krist. Senator Krist. [LB617]

SENATOR KRIST: Part of the problem with sitting around this table and conjecturing what you think you know is that there are untruths that are told, not deliberately, but they are told. It is possible to distinguish these plants from a drone. It is possible to make sure that a grow field is completely different than a harvesting field that is not THC-related marijuana. So there was a

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

Agriculture Committee
February 21, 2017

science presentation that was given to the Judiciary Committee several years ago that basically helped us understand so we knew what the hell we were talking about. So maybe we need, again, to go to the next level just in terms of what is possible today and why we can define that a grow field is where it is and what we're talking about here in terms of industrial hemp, because that's an important differentiation to make. And when this gets to the floor, that will be an important dialogue that we'll have to have. [LB617]

SENATOR CHAMBERS: And excuse me a second, sometimes we don't talk back and forth but I think it's appropriate. [LB617]

SENATOR BRASCH: Senator Chambers. [LB617]

SENATOR CHAMBERS: I'm aware because I was very closely involved in it with the Governor and the Attorney General and the head of the Department of Corrections attempting to import sodium thiopental when the federal department...when the FDA said, the Drug Administration, it is illegal. It has no lawful use in America. It cannot be imported into this country. And the Governor, the Attorney General, and the head of the Department of Corrections continued trying to get these illegal drugs into this country. I pointed out what everybody knew. There was a decision from the appellate court, federal court in Washington, D.C., which issued an order that covered the entire United States because it prohibited the FDA from bringing any of these drugs into this country. The Attorney General said since Nebraska was not a part of the action, it didn't apply to Nebraska. When a federal court makes a ruling that applies to the whole country, Nebraska is a part of the country, just as when that federal court stopped President Trump's order that he gave to ban people from coming to this country, it bound every state in the United States. So for those men to pretend that something like hemp is of such a threat to this country...to this state that they have to send people making false statements when they were trying to bring in illegal drugs--and I'm going to share some of that material I think with my colleagues--I am very upset by it. New people may be impressed by the titles of these persons: The Superintendent of the State Patrol, the Director of the Department of Agriculture. But I can document where they have done things, they tried to do it, against the law. And finally, I was in contact with the U.S. Attorney here. She finally said if those drugs are brought into Nebraska it will violate federal law. And then they said, oh, well, then we will stop now because the U.S. Attorney told us. That is what we're dealing with in Nebraska. And I think when a case can be made for a product, an agricultural product that is being utilized in other parts of the country, scientific evidence is available, nobody is going to cut a stalk of this, put it in their mouth and strike a match to it and draw whatever they can through it and get high. Now they might get sick if you can even do that. But the reason I'm saying it, I hope that these people will not keep sending things like this and not show up themselves. It's unfair to the members of the committee because if I made these allegations in their presence, they would be able to counter them. Then I could have a rejoinder. But all we have is a letter and it's supposed to be taken at face value. And as Senator Krist

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

Agriculture Committee
February 21, 2017

pointed out and everybody can see from what we've heard, there are misstatements. And, Madam Chair, not to interrogate you, but what did you mean when you said they, whoever it was, the components or whatever of these plants are the same? [LB617]

SENATOR BRASCH: I believe I heard a testifier saying there is one plant. And we'll be able to see the transcript. There's one plant that is the marijuana plant that is a hemp plant. But the chemical makeup of the plants for hemp is different than the ones for whatever is being used for... [LB617]

SENATOR CHAMBERS: And this is known, just like there... [LB617]

SENATOR BRASCH: Yes, but it's the...how do you know without inspecting is my question. [LB617]

SENATOR CHAMBERS: Well, there are genetic elements that human beings share with apes and chimpanzees. And you don't have to cut either one of them open and put them under a microscope to see the difference between an ape and a human being, a chimp and a human being. All of the existential universe will have things in common with others. And again, to... [LB617]

SENATOR BRASCH: But you're saying... [LB617]

SENATOR CHAMBERS: ...use gobbledygook and say they have to inspect it...I guess if I saw an elm tree and an oak tree, they're both trees. So I need to inspect them to see that... [LB617]

SENATOR BRASCH: Unless I heard the testifier wrong, he had said that it was a cannabis hemp plant. And I think you can... [LB617]

SENATOR CHAMBERS: But that doesn't justify what these people are saying. That's what I'm indicating. [LB617]

SENATOR BRASCH: Okay. All right. [LB617]

SENATOR CHAMBERS: To try to draw a correlation and a relationship between the kind of hemp plant we're talking about and marijuana that might be on the Schedule I, but I'm through. I just couldn't resist. [LB617]

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

Agriculture Committee
February 21, 2017

SENATOR BRASCH: All right. Thank you, Senator Chambers and Senator Krist. Senator Blood. [LB617]

SENATOR BLOOD: Thank you, Chairwoman Brasch. I just want to build on what Senator Krist said. The senators had an opportunity to be educated on this last month when there was a display on the first floor Rotunda. I don't know if you call it the Rotunda on the first floor too. As a freshman senator, maybe you can hint me to what it's called if not that. But...and then they had...they were in Room 1023 and they had handouts and information and they also had some food made with hemp, legal food made with hemp. And I was really surprised at the lack of attendance and curiosity and people who wanted to be informed. I know I was the only one in there when I was there. It's also right next to my office so it was convenient. So we could lead a horse to water... [LB617]

SENATOR BRASCH: And it is your first year, may I add. They've been here before in the past too. [LB617]

SENATOR BLOOD: The point being... [LB617]

SENATOR BRASCH: Yes, okay. [LB617]

SENATOR BLOOD: ...not that they haven't been before, the point being that every year is a new year and there's an opportunity for education and people that know there's a bill coming up, you would think, would want to come and discuss it, whether they'd heard the...the song and dance could have changed. And it sounds, by looking at this bill, that it has. So that's...I'm just saying... [LB617]

SENATOR BRASCH: All right, just to... [LB617]

SENATOR BLOOD: ...we can talk about education and I'm not dissing my senior senators who may be all-knowledgeable in reference to this issue, but I'm concerned that we talk about education but yet many senators, not all senators, have missed the opportunity to glean that information. [LB617]

SENATOR BRASCH: So is there a question here that you are asking of Senator... [LB617]

SENATOR BLOOD: And so that question being...nope, no question. [LB617]

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

Agriculture Committee
February 21, 2017

SENATOR BRASCH: No question. [LB617]

SENATOR BLOOD: I wanted that on the record. So if indeed there is an opportunity to bring further education, Senator, how would you approach that knowing that it's not been truly successful, at least this year, to make sure that the people who still don't have a clear understanding have the education that they need to truly understand this bill? [LB617]

SENATOR WAYNE: Thank you, Senator Blood, for the question. So for the record, industrial hemp is 400 plants per yard; marijuana is a big ten-pound plant. So you can physically see the difference. But with that being said, that's actually how this bill got to Ag, because years ago it was on Judiciary. And because of all the education in Judiciary, the Judiciary Committee actually struck out provisions saying, no, this is an Ag so we're not going to do...this is actually an Ag plant and it should be an Ag bill. And that's how we wrote the bill based off of what was on in 2013, I believe, that bill. So I'll go back and pull all that information. I'll put some bullet points and I will make sure the committee gets all that information that we did to research this bill. [LB617]

SENATOR BLOOD: But what about the other senators? [LB617]

SENATOR WAYNE: I will... [LB617]

SENATOR BLOOD: Because if indeed it gets out of committee... [LB617]

SENATOR WAYNE: If it gets out of committee, I will meet with every senator one on one to make sure that they get the same information. [LB617]

SENATOR BRASCH: Any other questions from the committee? Thank you, Senator Blood, and thank you, Senator Wayne. I believe now that concludes our hearing on LB617. Thank you for everyone that came here to testify today. [LB617]