

Transcript Prepared by Clerk of the Legislature Transcribers Office
Agriculture Committee January 28, 2020

HALLORAN: Welcome to the Agriculture Committee. I'm Senator Steve Halloran. I'm from Hastings, Nebraska, and represent the 33rd Legislative District. I serve as Chair of this committee. The committee will take up the bills in the order posted on the agenda. Our hearing today is your public part of the legislative process. This is your opportunity to express your position on a proposed legislation before us today. The committee members might come and go during the hearing. This is all part of the process as we may have bills to introduce in other committees. I ask that you abide by the following procedures to better facilitate today's proceedings. Please silence your cell phones. OK. Please move to the reserved chairs when you are ready. Those would be the front row on either side. And these-- and introducers, excuse me, will make initial statements, followed by proponents, opponents, and neutral testimony. Closing remarks are reserved for the introducing senator only. If you are planning to testify, please pick up a green sign-in sheet that is on the table at the back of the room. Please fill out the green sign-in sheet before you testify. Please print. It is important to complete the form in its entirety. When it is your turn to testify, give the sign-in sheet to the page or to the committee clerk. This will help us make a more accurate public record. If you do not wish to testify today, but would like to record your name as being present at the hearing, there is a separate white sheet on the tables that you can sign for that purpose. This will be a part of the official record of the hearing. If you have handouts, make sure you have 12 copies and give them to the page when you come up to testify and they will be distributed to the committee. If you do not have enough copies, the page will make sufficient copies for you. When you come up to testify, please speak clearly into the microphone. Tell us your name and please spell your first and last name to ensure we get an accurate record. We'll be using the light system for all testifiers. You will have four minutes to make your initial remarks to the committee. When you see the yellow light come on, that means you have one minute remaining. And the red light indicates your time has ended. Questions from the committee may follow. No displays of support or opposition to a bill, vocal or otherwise, are allowed at a public hearing. Committee members with us today will introduce themselves starting at my far left.

MOSER: Mike Moser, District 22. That includes Platte County, Stanton County, and a little bit of Colfax County.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Agriculture Committee January 28, 2020

SLAMA: Julie Slama, District 1: Otoe, Nemaha, Johnson, Pawnee, and Richardson Counties.

LATHROP: Steve Lathrop from-- I represent Ralston and parts of southwest Omaha.

BLOOD: Senator Carol Blood. I represent District 3, which is western Bellevue and southeastern Papillion, Nebraska.

BRANDT: Tom--

HALLORAN: Thank you, Senators. And to my far right-- sorry. There is a procedure here.

B. HANSEN: Senator Ben Hansen, District 16, Washington, Burt, and Cuming Counties.

CHAMBERS: I'm somewhat nervous from this unusually large turnout, but I'm Ernie Chambers. I represent the 11th District in Omaha, but really I represent the good, bad, ugly and everybody who needs help.

BRANDT: And I'm Tom Brandt and I represent Fillmore, Thayer, Jefferson, Saline, and southwestern Lancaster County.

HALLORAN: And Senator Brandt is the Vice Chair of the Ag Committee. To my right is research analyst for the committee, Rick Leonard. And to my far left is committee clerk, Rod Krogh. Our page for the committee is a veteran and she's been here before, Veronica Miller. She's a junior at UNL with a major in political science and Spanish. OK. With that, we will begin the proceedings with LB803, Senator Hughes. Good afternoon and welcome.

HUGHES: Thank you, it's a pleasure to be here.

HALLORAN: It should be.

HUGHES: Yes, it should be. Good afternoon, Chairman Halloran and members of the Agriculture Committee. For the record, my name is Dan Hughes, D-a-n H-u-g-h-e-s, and I represent the 44th Legislative District. I'm here today to introduce LB803, the Pulse Crop Resources Act. This bill creates the Pulse Crop Resources Act. The intent of the bill is to protect and foster the help-- health, prosperity, and general ware-- welfare by protecting and stabilizing the pulse crop industry in Nebraska and the economies of the areas producing pulse crops. This act addresses pulse crop growers of the state who would

Transcript Prepared by Clerk of the Legislature Transcribers Office
Agriculture Committee January 28, 2020

like a checkoff program to generate funds for research to promote, to market promotional efforts. And it would also make them eligible to benefit from National Pulse Crop Coalition for such things as revenue insurance. Pulse crops include dry peas, lentils, chickpeas, faba beans or lupine. These crops have been grown in Nebraska for quite a few years now and are gaining in popularity with farmers as an alternative crop. One of the, or the things that the bill does, it is establishes a checkoff based on the volume of the crop. So 1 percent of the market price would be the checkoff. And generally peas and beans or chickpeas are sold per hundredweight. So for every 100 weight, there would be a 1 percent checkoff of the price of that commodity. So if in our case we grade-- we grow dry bean-- or dry peas. So they're about \$6 a hundred. So it would be 6 cents for every 100 bushels would be used as a checkoff. This bill also creates a board that would administer those funds. It sets up a five-member board that divides the state into three districts based on where the production is pretty much average of the three parts of the state. And there are two members that are appointed at-large. This also allows the chickpea growers to have access to revenue insurance. And that's probably the biggest part, the biggest driver behind this bill, because currently there's no federal crop insurance for pulse crops in Nebraska. And by-- by having a checkoff and having a-- an association, they can join the national association. And then the chickpea growers only will be eligible for revenue insurance as part of the federal government program. I do have a handout that I gave to you from Roland Rushman. He intended on being here. But unfortunately, there was a death in his family so he could not make it, but his testimony was handed out. He is the point man for the farmer organization who brought this legislation to me that want to have a checkoff to foster their industry to promote for research and market development as an alternative crop in Nebraska. Personally, we have grown dry peas on our farm for the last four or five years. It's proving to be a nice mix in our crop rotation, and that's allowed us to eliminate the fallow period because we are lacking on rainfall in some years. So it's important that we can find a way to try to gain a little bit of revenue in that year rather than just putting, you know, spending money and not having any return. That is the only crop that we grow that does not have a checkoff on it. So the wheat, the corn, the pinto beans, those crops all have checkoffs. And in my previous life, I had the opportunity to serve on the Nebraska Wheat Growers Association. So that would be like the growers group that advises the board that would administer these checkoffs and offer input as to how those dollars could best be spent for research and market development. I was also on

Transcript Prepared by Clerk of the Legislature Transcribers Office
Agriculture Committee January 28, 2020

the national board for the wheat checkoff and got a firsthand look at how those promotion dollars that are collected from me, the farmer, are leveraged with federal dollars to promote our wheat production overseas. A lot of the foreign countries that we deal with, the foreign governments put money into research and they put money into market-- market promotion. But in the U.S., the federal government doesn't put any money into market promotion for crops. They do have funds available that you can leverage with checkoff dollars and make them go farther. But there's no government program to promote wheat and corn overseas. So I'm a big believer in checkoffs. It's a way for those involved in the industry can help themselves. And I would certainly encourage the committee to advance this bill. According to the University of Nebraska pulse crops checkoff, in 2018 there were approximately 80,000 acres in Nebraska that were raising field peas, lentils and-- yeah, field peas, lentils and chickpeas, chickpeas. So with that, I'd be happy to try and answer any questions. I do know I have an expert coming behind me; so if I can't answer it, I'll pass it off to him. But thank you for your time.

HALLORAN: Thank you, Senator Hughes. Any questions? Senator Blood.

BLOOD: Thank you, Chairman Halloran. Thank you, Senator Hughes. I'm a big fan of everything you're talking about. So-- but I have a couple of questions that came to my mind reading through the bill, kind of comparing it to some stuff we've talked about over the last three years on ag. So I understand that they're not considered a dry bean; that they're considered a legume. But I noticed that our Dry Bean Commission has vacancies and they especially need people from District 4. Is there some reason that the garbanzo and chickpea and pea farmers can't step up and be on that board and use their checkoff system?

HUGHES: The-- and that was part of the hang-up of getting this because chickpeas and garbanzo beans are the same thing.

BLOOD: Right.

HUGHES: So it's two names for the same product. And according to the Dry Bean Commission enabling legislation, they were to collect a checkoff on all beans or dry beans. So we went to the Dry Bean Commission and asked them if they would be willing to give up dry beans from their jurisdiction and allow it to be in the pulse crop legislation under chickpeas, because that is the-- that is the main crop that needs the revenue insurance.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Agriculture Committee January 28, 2020

BLOOD: [INAUDIBLE]

HUGHES: That's the only crop that can get revenue insurance. And that is a big part of why we would like to see this legislation get done.

BLOOD: So if they were to participate in the Dry Bean Commission, they can't-- they cannot get that revenue insurance.

HUGHES: Correct.

BLOOD: OK. And then the other question I had was on the fiscal note. And it's like a little petty thing and I know that. So it talked about \$13 to \$17 per hundredweight. Isn't it more like \$10?

HUGHES: It depends on the crop. Now, the dry peas that we raise, I think currently are \$6 or \$7 a hundredweight. The chickpeas are a more valuable crop.

BLOOD: Right.

HUGHES: So I don't know. I can't tell you what the price of those would be today.

BLOOD: That's what it was referring to.

HUGHES: Yeah.

BLOOD: And I think they're a little off on that.

HUGHES: They, well, they are a more valuable crop. You know, I'll be the first to admit that. I've never raised chickpeas. You know, I've got a neighbor that's raising them, and we're kind of watching how their operation goes to see whether we want to try and implement that. It's a different growing season. So it does create some problems, would not fit as well in our operation as dry peas do.

BLOOD: They're delicious, I'll tell you that.

HUGHES: I love hummus, I do.

BLOOD: So that-- so that clarified what I needed to know. I just wanted to make sure we weren't creating a new committee. You know, I don't want to do Hatfields versus McCoys. I want to make sure we're doing it for a specific reason. And you're telling me that if they

Transcript Prepared by Clerk of the Legislature Transcribers Office
Agriculture Committee January 28, 2020

don't start their own committee, that they can't have access, at least the chickpeas, to revenue insurance.

HUGHES: That's correct.

BLOOD: Thank you very much.

HUGHES: Uh-huh, thank you.

HALLORAN: Thank you, Senator Blood and Senator Hughes. Any further questions for Senator Hughes? Senator Brandt.

BRANDT: Thank you, Chairman Halloran. In Roland's testimony, and I don't know if you had an opportunity to read that, in the state of Nebraska in 2015, there were 10,000 harvested acres and in 2019 there were 62,000. That's a huge amount of growth in just four or five years. Is there potential for this crop to move from western Nebraska, maybe further east to maybe help us diversify?

HUGHES: I-- I will defer to the gentleman coming behind me. But yes, I believe that is true. I think there are some dried peas that are being raised in the eastern part of the state. They are-- they are legume, a pulse crop but a legume. And I think they would fit very well across the state. But I'll-- I'll leave it to the gentleman coming behind me for sure.

BRANDT: All right. Thank you.

HALLORAN: Thank you, Senator Brandt and Senator Hughes. Any further questions of Senator Hughes? If not, sir, thank you very much.

HUGHES: Thank you.

HALLORAN: OK. We will proceed with proponents. Welcome. Good afternoon.

STRAHINJA STEPANOVIC: Good afternoon.

HUGHES: You must be the expert [INAUDIBLE]

STRAHINJA STEPANOVIC: That's what they say. Yes, my name is Strahinja Stepanovic. I'm originally from Serbia, just a small country in southeast Europe. And I'll spell out my name as S-t-r-a-h-i-n-j-a. That would be my first name, and my last name would be S-t-e-p-a-h-i-n-j-a. No, that's not correct. I'm sorry. This is a

Transcript Prepared by Clerk of the Legislature Transcribers Office
Agriculture Committee January 28, 2020

language I never learn how to spell. OK. My last name would be S-t-e-p-n-o-v-i-c. I apologize for that.

HUGHES: That's fine. Thank you very much.

STRAHINJA STEPANOVIC: OK. So yeah, it's-- it's been a real honor and privilege to seat among you guys in front of the-- I'm really honored to represent and serve Nebraska people and I know they're the best people in the world. I've lived here with my family for ten years and I haven't met better people in my life. And you guys are honored and I've been honored to serve the amazing Nebraska people. So I've been honored to be here today, talk about the checkoff. This research started about five years ago. I've had several farmers in the region that grew field peas about 20, 30 years ago, and it never picked up. And I backed as a facilitator trying to figure out working in an Extension Office. There's major crops like corn and wheat. And unfortunately, nobody asked me those questions. You know, farmers started asking questions about these specialty crops that they don't have a lot of information on and said, I'm sorry, guys, I don't have any information. But I'll do my best to do the research and help you guys grow the best crop you can. The-- the program research and Extension program expanded tremendously. We've got some starting-- startup grants, then we got more grants. The grants that we got initially together with my colleagues at UNL throughout the state were focused on trying to figure out how they fit in our rotation. They're like Senator Hughes mentioned, they're a legume crop. That basically means you guy-- you don't have to fertilize it like corn and soybeans. They live in a synergism with bacteria that provides a nitrogen fertilizer to them basically. That's fairly beneficial in rotation because you cannot only minimize your inputs that year on fertilizer, but you minimize inputs next year on your fertilizer as well. And then-- and then we work with several specialists in soil health, insect management, every aspect of production. And we have come a long ways where we have learned a lot about how to grow field peas. And they became actually a really good crop across the state. We have tried to expand them. As we were doing this research, more interest came in central Nebraska, then the more interest came in in eastern Nebraska. So we have done studies across the state. And I can talk a lot more in detail if you guys would like to know the benefits of those and how they fit in, in a farming landscape in Nebraska. But another part that I worked on is facilitating the industry development. We did not have a place to go with field peas. So my part was to, like in 2014, was to try to find these processors and bring

Transcript Prepared by Clerk of the Legislature Transcribers Office
Agriculture Committee January 28, 2020

him to Nebraska. So I acted a lot as facilitator and we haven't had anybody that locally buys peas when I started. Now we have like three to four processors in Nebraska and we have outside state buyers, probably three or four outside state buyers for the peas and chickpeas outside the state. And now I also work with RMA, USDA RMA, Risk Management Agency, to develop and expand federal crop insurance. And I do believe the revenue insurance, if, you know, deciding to go with the National Coalition, getting revenue insurance can be extremely, extremely valuable tool for risk management in Nebraska. And I do have another 30 seconds. But you know, the checkoff idea started with the farmers and I invited them to about 15 farmers. And I said, what do you guys want me to do? And they said, we all support the idea, but you do the survey. So I've-- you guys handed that survey out to you guys, explains and details every question. I tried to be really straightforward, to the point where, you know, what we found out is that farmers do largely support the checkoff. There's a little bit of difference as to how the guys would go about it, but the large majority did support the checkoff.

HALLORAN: OK.

STRAHINJA STEPANOVIC: And I will be happy to answer any questions.

HALLORAN: All right. Thank you. I'd love to pronounce your name, but I'm not gonna try.

STRAHINJA STEPANOVIC: I would like to spell my name, but [LAUGHTER] I try.

HALLORAN: I'll refer to you as Mr. Expert. Senator Moser.

MOSER: Do these crops grow better in western Nebraska because of the difference in the climate or the soil?

STRAHINJA STEPANOVIC: So far in my experience, there's no crop that grows better in western Nebraska as one really important factor, and that's rain. And we just don't get enough rain. They fit better in rotation. You know, what's corn and soybean rotation here? It's predominantly summer crops because we have so much water. In western Nebraska, we don't have enough water to, well, that's what we are trying to find out. So when you start having less water, what we have found out with good residue management that minimizes the evaporation from the soil, try to minimize all those water losses, with good residue management and fallow like Senator Dan Hughes mentioned, we're

Transcript Prepared by Clerk of the Legislature Transcribers Office
Agriculture Committee January 28, 2020

growing two crops in one year-- in three years or one crop in two years, typically. And the guys have come to realization we have issues controlling weeds in fallow. The property taxes are high. The cash rent is high and the commodity prices are going low. So, if we have to pay cash rent and spend all the money spraying weeds and go like, you know, from \$50 to \$90 to the acre in minus and then grow a really good wheat crop that's not priced really well on a market, that's not-- that's at two years, that's really hard to make it. And that's where we found peas and chickpeas and lentils to really find a good fit because you don't lose money. You actually either break even or generate revenue. You don't spray as much or use less chemicals. You put more carbon into the system, which improves your soil health. And eventually you will have a certain penalty on next year's wheat crop. So you won't make as much money on wheat. But because they're higher priced than wheat, they usually have a profitability advantage over the current system.

MOSER: Are yields of these crops better than, you know, more bushels per acre or more hundredweight per acre than what you get with wheat or--

STRAHINJA STEPANOVIC: They're not.

MOSER: --soybeans?

STRAHINJA STEPANOVIC: They're not. Usually we-- we grow winter wheat. That would be more compatible to like a spring wheat crop. Every-- every crop, a cool season crop, there's two types of cool season crops: ones that are planted in the fall and ones that are planted in the spring. Usually the winter crops that are planted in the fall yield about 50 to 60 percent more than the spring planted crop. So there's spring wheat, winter wheat; there's spring peas and winter peas. And with, for example, I may not be here to see the winter peas gain ground here, but there's some research in Kansas that, in the past two years, he found a-- my colleague, Lucas Haag, from Kansas found some genetics that overwintered for peas and they made like 60 to 100 bushels. So that's really significant. We haven't done that research because we don't-- the genetics on winter survival for peas is not as validated. We're more looked into spring peas. There's a lot more that we can learn from-- about these crops that can, you know, improve the future production.

MOSER: OK. Thank you very much.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Agriculture Committee January 28, 2020

HALLORAN: Thank you, Mr. Moser. And thank you, sir. Any other questions? Senator Hansen.

B. HANSEN: Thank you, Mr. Chair. Thanks for coming and testifying, Mr. Stepanovic. Right?

STRAHINJA STEPANOVIC: Yes. Yes, sir.

HALLORAN: Very good.

STRAHINJA STEPANOVIC: That will be S-t-e-p [LAUGHTER]

B. HANSEN: That's fine. [INAUDIBLE] a bunch of Czechs. It's very similar. Just one question about the survey that you did. You said the majority of people presumably wanted a checkoff.

STRAHINJA STEPANOVIC: Um-hum.

B. HANSEN: And so I'm looking on question 5, which is the question it sounds like would you want a checkoff or not? And is that right?

STRAHINJA STEPANOVIC: Question 5 is would-- because there's a couple ways you can go about the checkoff. If we have a percentage-based system like Senator Dan Hughes proposed in the bill, then you-- you have an option to join the National Coalition. The membership in the National Coalition costs the checkoff \$10,000 and you get the benefit of revenue insurance, which is very important for a lot of farmers. So that was the question. Now, the National Coalition does several things. They do policy development, marketing, promotion and all those kinds of things. So I just asked the farmers, do you guys think that the activities of this-- of this association are beneficial to the industry? And a large majority of them said yes. And the actual question was that refers to what are the pulse crops checkoff should be established is actually the last question--

B. HANSEN: Oh, I see it here.

STRAHINJA STEPANOVIC: --on the last page.

B. HANSEN: Yeah. Gotcha. OK.

STRAHINJA STEPANOVIC: And I did a couple surveys, and since-- it's a small industry. So the word goes a long ways. So I've sent about 250 letter surveys and then we analyzed the letter surveys. I, you know, I take those a lot more seriously. And then because then people sit down

Transcript Prepared by Clerk of the Legislature Transcribers Office
Agriculture Committee January 28, 2020

and think about these and then they call me and ask questions. And then we also did a survey at the field day, which--it's just like we invite farmers to come and look at these plants and learn more about them. So they-- they tell me at the field day, we hand them out-- the survey-- and they get it to me. And then we had the little bit of the discussion of how will they go about it and would they support it.

B. HANSEN: Great. And the only reason they haven't done a checkoff yet is just because it's never really been--

STRAHINJA STEPANOVIC: It's a new crop, yes. You know, Senator Hughes, like even I mentioned here, we had like this-- the growth has been just unreal because we had maybe 20,000 acres in 2014. And then once we kind of facilitated this, you know, grow where we want to grow. And then more seed dealers, more available seed, and then more buyers and more research, kind of, to connect all that, we have expanded to 70,000, 80,000 acres in a state, throughout the state. So it's been growing really fast. And, you know, just so-- so. So, yes, I'm sorry. What was the question?

B. HANSEN: You answered it already. You're fine.

STRAHINJA STEPANOVIC: Yeah. So the expansion was pretty. It's a new crop is what I'm trying to say.

B. HANSEN: Makes sense it's expanding now [INAUDIBLE] That makes sense.

STRAHINJA STEPANOVIC: Yeah, it's a new crop. We're thinking about future, like it's been so useful to some people. For example, we survey farmers on these educational meetings. Here's what they had to say about how the guys that implemented field peas in their rotation. They were able to reduce fertilizer by 21 percent, increase biodiversity by 41 percent, better utilize available water by 32 percent, and then lower production risk with 18 percent having another commodity that they can market. Increased profitability, 24 percent-- indicated that; far more sustainably, 26 percent; improved soil by 23 percent; and add 30 percent on all of that as the guys that indicated all of the above. So, you know, implementing these things into their crop rotation, as a lot of guys see a value going forward having things like checkoff of a sustainable funding source for research that can develop a better varieties. They can facilitate new processors to come in. And I've done that in the past where I-- I get on a phone call with the pet food industry and they're like, how many acres you

Transcript Prepared by Clerk of the Legislature Transcribers Office
Agriculture Committee January 28, 2020

have? They need volume. And I'm like calling these farmers, call this guy and tell him if you, you will be willing to sell. So another processor comes in. It's amazing how small the industry is. And there's more direct marketing the Nebraska growers can benefit from. And-- and, you know, with the checkoff having a board, a group of farmers that can actually do that. And if you join the National Coalition, we have, for example, a farmer that can go in and present us nationally. They have an outreach to so many processors. They're looking what's going on in Nebraska. So they came to Nebraska and said, you know, we would like you guys to join us. I said, well, what do you offer? So it's been-- it's been a tremendous experience being in the middle of all that and seeing it grow from, you know, such a small industry to something that can become even better in the future.

B. HANSEN: Thank you.

HALLORAN: Thank you, Senator Hansen. Thank you. Any other questions? I have a quick question. And I understand the market value is driven by supply and demand. But it's more directly marketed, right, to the processor, between the processor and the producer?

STRAHINJA STEPANOVIC: Yes, the marketing is very specific. It's a lot more who you know. And I would say it is fairly large commodity. It's grown on 2 million acres in United States, but Nebraska has a really small share of that. We're like 2 to 3 percent of the acres on the-- on the pulse crops, at least field peas, chickpeas and lentils. So our advantage in Nebraska is the-- it's-- pulses are used largely in the pet food industry. And the pet food industry is largely in Kansas. They have about 20 different receiving points in Kansas and they have no storage. So they're like first contacting Nebraska. We need tomorrow X amount of bushels, they deliver. So we have a large advantage of the northern states where these pulse crops are actually grown as a staple crop, more like corn and wheat. So we have like a positional advantage, geographical advantage compared to the northern states. But largely, most of the peas are exported to-- to either China or India. India holds like a 50 percent market demand. And that has been a really issue because in the past two years, like 2018, they put the 50 percent tariff on pulses. Now imagine we're talking about 20 percent on soybeans and everybody is talking about imagine 50 percent tariff on pulses. So, for example, and the price went down like 20, 30 percent. And-- and that's where the revenue insurance, these policies really kicked in. For North Dakota, the guys that purchased revenue insurance, there's about 80 percent of the farmers.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Agriculture Committee January 28, 2020

They got a total of 20, I think about \$26 million indemnity payments for farmers. The guys that bought just yield insurance, they got \$2 million. So you can see how beneficially that revenue insurance really protected them from that market crash. They had the good yield. So a lot of the guys didn't get the yield insurance. But when the price went down, the guys that actually purchased revenue insurance, that was very beneficial for them.

HALLORAN: I'd like to visit with you off-mike on this. It fascinates me a little bit because on the other commodities, basically we have what we call a price discovery system, a Chicago Board of Trade, right?

STRAHINJA STEPANOVIC: Uh-huh.

HALLORAN: Which I have some chagrin with that concept. And I'm just-- I'm just a cautionary note for pulse growth, pulse crop growers. Please don't allow yourselves to be traded on the board of trade. It's not traded now, is it? I mean, there's no futures market for pulse crops.

STRAHINJA STEPANOVIC: And that's very interesting. The way they come up with the-- with the price for revenue insurance is they call the processors, what are you guys offering, what's a projected price? So they get the organ-- the national organization calls the processors and asks what's a projected price?

HALLORAN: I like that.

STRAHINJA STEPANOVIC: So that's a really nice, nice way to--

HALLORAN: Thank you so much. Any-- any other questions? I'm going to call you the Energizer Bunny, because you're quite energetic about this. I like it. I like your enthusiasm.

STRAHINJA STEPANOVIC: Thank you. I appreciate that comment.

HALLORAN: Thank you so much.

STRAHINJA STEPANOVIC: Yeah, thank you.

HALLORAN: Any other proponents? Good afternoon. Welcome to the Agriculture Committee.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Agriculture Committee January 28, 2020

ANSLEY FELLERS: Thank you. Thank you, Chairman Halloran and members of the Agriculture Committee. My name is Ansley Fellers, F-e-l-l-e-r-s and I'm-- A-n-s-l-e-y F-e-l-l-e-r-s. And I'm here on behalf of the Nebraska Farm Bureau testifying in support of LB803, Senator Hughes's bill which creates the Pulse Crop Resources Act. The act is intended to create a checkoff for pulse crops like chickpeas, lentils and peas, versatile crops which could play a role in healthy diets, promote biodiversity, and improve soil health. Nebraska Farm Bureau supports commodity producers' right to establish state checkoff programs when there is broad-based support for such checkoff from those paying it. According to a University of Nebraska Extension Survey, which you just heard about, while growers might not know exactly how the checkoff should be set, most respondents appeared to support creating the Nebraska pulse crop checkoff to be used for research, promotion, and education. Establishment of the Nebraska pulse checkoff could also provide our state a seat on the USA Dry Pea and Lentil Council and a revenue-based crop-- crop insurance product for growers. I do want to note while we believe at Nebraska Farm Bureau that checkoff boards need proper resources to carry out their mission, we do believe any adjustment in the checkoff rate should occur only after having gathered input from the producers who pay the checkoff. We would encourage the exploration of an amendment which would require at minimum, a public hearing before any checkoff rate adjustment is enacted. Over the years, Nebraska Farm Bureau has had the opportunity to work with many, many checkoff boards for the advancement of Nebraska agriculture, and we look forward to continuing those relationships in the future. We appreciate the opportunity to offer our support for LB803 and thank Senator Hughes for bringing the bill and hope the committee will advance it-- advance it out. I'd be happy to answer any questions you might have.

HALLORAN: Thank you, Mrs. Fellers. Any questions from the committee? Seeing none, thank you very much. Any other proponents? Good afternoon, Mr. Hansen.

JOHN HANSEN: Chairman Halloran, members of the committee, for the record, my name is John Hansen, J-o-h-n H-a-n-s-e-n, which is more simple to spell than some. And I'm here in support of this bill and we have been getting some calls from some of our growers, the west end of the state. And they are in support of this and are concerned. They are-- they think that there's value, which we agree and we have supported, trying to create more different kinds of cropping opportunities in the state for both production purposes, but also soil

Transcript Prepared by Clerk of the Legislature Transcribers Office
Agriculture Committee January 28, 2020

building purposes. So we think this fits in both of those. And we've also heard-- we would agree with the testimony of Nebraska Farm Bureau and the points they raised. But we would also say that some of our growers in the west end of the North Platte Valley are particularly concerned about what's going on in the sugar industry and that they are struggling because of the early freeze. And they're saying the more you can do to try to help support the diversification of crops in the west end of the state, it would be much appreciated and helpful. And with that, I would end my comments and be glad to answer any questions if I could.

HALLORAN: Thank you, Mr. Hansen. Any questions from the committee? Senator Chambers.

CHAMBERS: Mr. Hansen, you remember telling me the other day when both of us were much younger, not we were younger yesterday, but speaking of a time when we were much younger, you had arranged for me to give a talk at the school you attended. Am I correct so far?

JOHN HANSEN: I think so, yes.

CHAMBERS: Then death threats began to come in in such volume that the police actually suggested that it be canceled.

JOHN HANSEN: Yes.

CHAMBERS: Well, I've done a little investigation and I have some evidence as to who may have been the--but I'm not going to say anything [LAUGHTER]. That's all I have.

HALLORAN: Any further questions from the committee? Seeing none, thank you, Mr. Hansen.

JOHN HANSEN: Thank you very much.

HALLORAN: Any other proponents for LB803? Any further proponents? Any opponents to LB803? Any opponents? Any neutral testimony, my favorite? Seeing none, that draws an end to LB803.

BRANDT: Got to close.

HALLORAN: Thank you, Senator. Oh, would you like to close?

HUGHES: I would love to.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Agriculture Committee January 28, 2020

HALLORAN: I was looking for a waiver. I'm sorry.

HUGHES: I will be very brief. Thank you. And I want to publicly thank Strahinja for his efforts on behalf of the pulse crop growers in the state of Nebraska. He has basically drug this on his shoulder by himself to get us to this point. So he's done a great job. Looking-- I texted my son while I was listening to his, and we are marketing our peas. They're going to Gaviola in Hastings. And also we have a company in Texas who has contracted us or contacted us wanting peas. The pulse crops are grown in the Pacific Northwest, you know, Montana, Idaho, Washington, Oregon, the Dakotas. So we have a very strategic geographical advantage to not only the pet food producers in Kansas, but also farther south. So I think it's something worth exploring. The, the winter peas that Strahinja talked about, I think-- I liked the sound of that, the increased production capability of planting a winter-- winter pea crop. So I appreciate the committee's time and would certainly urge you to advance this bill out. And I would certainly be definitely willing to work on any type of amendment that would allow for the body to have a public hearing before they change the checkoff amount. Thank you.

HALLORAN: OK. Thank you, Senator Hughes. Appreciate it very much. For the record, we have a letter for the record neutral position, Dan Hinman, with the Nebraska Bean Growers Association. OK, that draws a close to LB803. We'll proceed to LB972. Welcome, Senator Brandt.

BRANDT: Good afternoon, Chairman Halloran and the Ag Committee. I am Senator Tom Brandt, T-o-m B-r-a-n-d-t. My legislative district is number 32: Fillmore, Thayer, Jefferson, Saline, and southwestern Lancaster Counties. Today I am introducing LB972. LB972 is a bill to allow for the Nebraska Department of Agriculture to allow for a 15-month testing period for germination of certain seeds. This bill is not directing the department to set the testing directly. Our intent is that the department will allow for a 15-month test period for native flowers and native grasses. Right now, germination testing for these native plants is set at a nine-month interval. This is set in department regulations. This frequency of testing becomes expensive for people and businesses that sell these seeds. Germination testing is not as imperative to native seeds as it is for crop-producing seeds. The doctor testifying after me is far more knowledgeable than I am on this subject. She brought us the idea for this bill and she will talk about possible amendments to this bill. Thank you for your time and I would be happy to answer any questions.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Agriculture Committee January 28, 2020

HALLORAN: Thank you, Senator Brandt. Any questions from the committee? Seeing none.

BRANDT: OK.

HALLORAN: Thank you. First proponent for LB972. Good afternoon. Welcome.

DR. KAY KOTTAS: Thank you. Chairman Halloran, let's see if I can get this to--

HALLORAN: I can relate.

DR. KAY KOTTAS: Feel like I'm losing myself in this chair. Chairman Halloran and members of the Ag Committee, my name is Dr. Kay Kottas, K-a-y K-o-t-t-a-s. I have a doctorate in environmental studies and I'm a former instructor of botany, horticulture and North American plant identification for the University of Nebraska and for Nebraska Wesleyan. I'm currently the owner of Prairie Legacy Inc. It's an environmental survey company and we do specialize in surveys on botanical lands of native nature. I also own and manage Witt's End Homestead, which is a small farm in Saline County, which has been in my family for over 160 years. I am the chair of the Nebraska Native Seed and Plant-- Native Seed and Plant Producers, which is a small group of native seed and plant producers and proponents of local ecotype seed. I live in Lincoln, Nebraska. However, I spend most of my time in a small farm, that small farm in Saline County. I want to discuss my reasons for support in changing the seed law to allow 15-month testing. So in Nebraska, South Dakota, Kansas local ecotype seed is very difficult to find. In the course of my work doing surveys of these native areas, it became apparent that there is a dearth of local seed in Nebraska and that seed is necessary for-- for restoring remnant prairies, for CRP plantings, for fighting climate change, sequestering carbon, and just it has the genetic properties for plants to survive more readily in this area. I collect seed from some of our last remaining remnant prairies and I produce that local ecotype seed on the farm that I mentioned earlier. The Audubon Society, Xerces Society, USDA all are proponents of local ecotype seed as it ties-- tries to protect pollinators, grassland birds, and other conservation habitat. But one obstacle for raising and selling the seed is the nine-month testing interval. So native seed has natural dormancies that allow it to remain viable for many years. Those dormancies include hard seed coats and chemical inhibitors that require a special treatment for germination to occur. The seed tests consist of two

Transcript Prepared by Clerk of the Legislature Transcribers Office
Agriculture Committee January 28, 2020

parts. One is the purity test, which determines the amount of pure seed, the amount of inert matter, weed seed, crop seed in the lot. The second part is the germination test and that determines the amount of live seed within the pure seed. So taken together, these two tests determine the amount of pure live seed. The costs of those tests are \$150 per lot approximately. I deal with 150 to 200 species per year. That's up to \$30,000 a year just for the initial test. And then again in nine months would-- would be another \$10,000. In discussing this with my colleagues at the-- the native group, we also would like to see the TZ testing, which is already allowed for grass seed, made possible for the wildflower seed as well. And so we'd like to work with the Ag Committee on a amendment for that if we could at some point. If you have any questions.

HALLORAN: Thank you so much, Ms. Kottas. Any questions from the committee? You're going to get off easy here.

DR. KAY KOTTAS: No kidding.

HALLORAN: OK. No questions. Thank you so much. Any additional proponents for LB972? Good afternoon.

LAURA DELL-HARO: Good afternoon. Chairperson Halloran and members of the Agriculture Committee, my name is Laura Dell-Haro, L-a-u-r-a D-e-l-l hyphen H-a-r-o. I am owner of Little Beaver Nursery and Gardens, a very small and new local ecotype native seed and plant nursery in Gage County. I grow plant material and seed with genetic origin in southeast Nebraska and northeast Kansas, an ecoregion known as the loess and glacial drift hills. My primary seed sources are remnants that are privately held and protected by small landowners. I expand these sources and seed plots on our property southeast of Beatrice. I am also a member of the Nebraska Native Seed and Plant Producers. I speak in favor of the proposed change to germination test intervals for native forbs and grasses in the Nebraska seed law. The current testing interval of nine months is simply unnecessary for many species of native plants, which can maintain high percentages of viability for years without-- with proper harvest, cleaning, and storage. To extend the interval to 15 months will allow seed producers to avoid redundant testing costs for certain species. In proposing this change to 15 months, we hope to simply account for native seed producers within the law. At significant expense, they test and sometimes retest upwards of 150 species annually. The seed law is not intended to be a financial hindrance to any seed producer, but attempts to maintain a high quality of seed and protect both the

Transcript Prepared by Clerk of the Legislature Transcribers Office
Agriculture Committee January 28, 2020

producer and the consumer. Ultimately, repetitive testing on seed lots with extended viability either increases the cost to the consumer or simply restricts the producer from providing that species at all, which reduces the diversity of seed available from within the state and drives commerce outside of the state. Changing the required testing interval to 15 months is fiscally practical and will improve the diversity of product we are able to provide to consumers. I also affirm Kay's proposal to introduce later changes with regard to allowing TZ tests for native wildflower seed. The dormancy mechanisms of many native species require extended treatments to bring dormancy from 60 days to up to 3 years. These mechanisms are part of the reason native species have persisted so long in our modern, fractured prairies. The ecological value of species like these makes it critical to include them in the spectrum of seed reintroduced to the landscape. A TZ test makes it possible to perceive the potential within the seed when traditional lab tests are inappropriate for the species. This proposed change would simply make it more affordable and expedient to offer difficult to germinate species to the consumer. Thank you for the opportunity to testify.

HALLORAN: Thank you, Ms. Dell-Haro. Are there any questions from the committee? Senator Hansen.

B. HANSEN: Thank you. Just a simple question. So how much does testing cost you?

LAURA DELL-HARO: Well, that would be an excellent question for Kay, because I've avoided actually having seed tested so far because of the expense to our business. We're very small and we simply can't afford it. But I do know that TZ tests cost around \$60, but it's different for a species. And germination and purity tests can cost anywhere from \$100 to \$200 per species.

B. HANSEN: OK. Thanks.

HALLORAN: Thank you, Senator Hansen. Any further questions from the committee? Seeing none, thank you so much.

LAURA DELL-HARO: Thank you.

HALLORAN: Any additional proponents LB972? Welcome again.

JOHN HANSEN: Again, Chairman Halloran, members of the committee, for the record, my name is John Hansen, J-o-h-n Hansen, H-a-n-s-e-n, and I

Transcript Prepared by Clerk of the Legislature Transcribers Office
Agriculture Committee January 28, 2020

am here today as the president of Nebraska Farmers Union and also our lobbyist. We are in support of this bill. At the end of the day, we do this kind of testing in order to be able to protect the folks who are the consumers of these products. And we believe that there is no risk to the public by extending this testing period. And I know just a little bit about these kinds of seeds, because I used to sell them along with a lot of flowers and legumes and native grasses, as a part of my former life as a distributor for Horizon Seeds, which was also Miller Seeds. So Miller Seeds was a-- a Nebraska-based company that harvested and sold a lot of different kinds of native prairie grasses, as well as other grasses, along with the full line of corn and soybeans and conventional crops. So one of my jobs as I was traveling through the country was to keep my eye out for native plants that they were trying to find and harvest, as well as good-looking native prairie grasses. And so Nebraska is well suited toward these kinds of plants. And my experience with-- with legumes and grass seeds as a grower and seller ourselves was that the seeds that are smaller are-- have a longer lifespan and they are-- we-- we sold alfalfas and some of those things that had-- were four or five years old where the germ had been tested every year and never really went down. So I don't think there's much risk to the public by extending this period and hope that the Nebraska Department of Ag would agree with that and thank Senator Brandt for bringing this bill.

HALLORAN: Thank you, Senator [SIC] Hansen. Any questions from the committee? Seeing none, thank you, sir.

JOHN HANSEN: Thank you.

HALLORAN: And further proponents of LB972? Any opponents to LB972? Any opponents? Anyone in the neutral capacity? OK. Seeing none, Senator Brandt, would you like to close? He waives. Letters for the record in support: Stu Luttich, Wachiska Audubon Society and the letter is in your binders. That concludes our Ag Committee hearing today. Thank you so much for being here. And please join us again.