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**HALLORAN:** Good afternoon, 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. For the safety of our committee members, staff, pages and the public, we ask those attending our hearings to abide by the following procedures. Due to social distancing requirements, seating in the hearing room is limited. We ask that you only enter the hearing room when it is necessary for you to attend the bill hearing in progress. The bills will be taken up in the order posted outside the hearing room. The list will be updated after each hearing to identify which bill is currently being heard. The committee will pause between each bill to allow time for the public to move in and out of the hearing room. We request that everyone utilize the identified entrance and exit doors, which are clearly marked on each side of the hearing room. Please note that the exit doors on the-- my right, your left side--

\_\_\_\_\_ : If you live in the north--

**HALLORAN:** We request that you wear a face covering while in the hearing room. Testifiers may remove their face covering during testimony to assist the committee members and transcribers in clearly hearing and understanding the testimony. From committee members, I will leave it to your discretion to wear face covering because we are adequately protected by plexiglass dividers and we have adequate social distancing from the testifiers and the public audience. I'm choosing not to wear a face coverings so that the transcribers can clearly hear my statements. Pages will sanitize the front table and share between testifiers. Public hearings for which attendance reaches seating capacity or near capacity, the entrance door will be monitored by the Sergeant at Arms, who will allow people to enter the hearing room based upon the seating availability. Persons waiting to enter a hearing room are asked to observe social distancing and wear a face mask covering while waiting in the hallway or outside the building, which I doubt that anyone's waiting outside the building today. The Legislature does not have the availability due to the HVAC project for overflow hearing rooms for hearings, which attracts several testifiers and observers. We ask that you please limit or eliminate handouts. The committee will take up the bills and 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 the proposed

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legislation before us today. Committee members might come and go during the hearing. This is part of the process as we have bills to introduce in other committees. I ask that you abide by the following procedures to better facilitate today's proceedings. Please silence or turn off your cell phones. Please move to the reserve chairs when you are ready to testify. These are the first two chairs, available chairs on either side of the center aisle. Introducers 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. And please fill out the green sign-in sheet before you testify, please print. And it is important to complete each form in its entirety. When it is your turn to testify, give the sign-in sheet to the page or committee clerk. This will help make a more accurate public record. If you have handouts, please make sure you have 12 copies and give them to the page when you come up to testify and they will be distributed to those members of the committee. If you do not have enough copies, the pages 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. And I would ask you to spell your name slowly for, for people like myself that have trouble capturing the whole name. It's very helpful. We will be using the light system for all testifiers. You will have-- how many are here as proponents today for LB572? OK, how many opponents? OK, five minutes. We will be using the light system for all testifiers. You have five 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 is ending. 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 to-- on my left, Senator Gragert.

**GRAGERT:** Good afternoon, Tim Gragert north-- District 40: northeast Nebraska.

**LATHROP:** Steve Lathrop, District 12, which is Ralston and parts of southwest Omaha.

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**BRANDT:** Tom Brandt, District 32: Fillmore, Thayer, Jefferson, Saline and southwestern Lancaster Counties.

**HALLORAN:** To my far right.

**BREWER:** Tom Brewer, District 43, which is 13 counties of western Nebraska.

**GROENE:** Mike Groene, representing the people of Lincoln County.

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

**HALLORAN:** To my right is committee research analyst Rick Leonard and to my very far left is committee clerk Rod Krogh. Our pages for committee, for the committee today are Reid Preston, he is a sophomore at UNL and is a major in agriculture economics; and Jason Wendling, he's a sophomore at UNL with a major in political science and history. With that, we will begin with the first bill today, LB572. The first proponent testifier, I expect that will be coming up will be Adam Sawyer, chairman of the Brand Committee. And I have allowed for John Widdowson, the executive chair of the Brand Committee, to join him, not to testify. John won't be testifying, but if there's questions from the committee for the, for the executive director, John Widdowson, he will be available during that period of time. So turning the chair over to Vice Chair Brandt and I will take the testifier stand.

-----: Senator Brandt, [INAUDIBLE].

**BRANDT:** OK, we'll--

-----: -- go ahead and testify at this time?

**BRANDT:** No.

-----: Or we'll wait until later?

**BRANDT:** So what will happen is Senator Halloran will introduce the bill, we'll go through proponents, opponents and then we'll do the neutral. OK, that's, that's the order. Welcome, Senator Halloran, to your Ag Committee.

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**HALLORAN:** OK, I could stand up. Well, thank you, Senator Brandt, and I want to clarify, it's not my Ag Committee, it's our Ag Committee. Thank you. I'm Senator Steve Halloran, H-a-l-l-o-r-a-n, representing Legislative District 33. LB572 proposes a series of revisions to the Nebraska brand law. I won't go into too great detail, but will state that there are actually a series of distinct policy changes, each of which might have been a standalone bill. There is a detailed explanation of these elements in the staff briefing. First, LB572 would expressly authorize the Brand Committee to begin offering electronic inspection as an alternative to physical brand inspection. The bill would provide for cattle that are identified by EID tag or other nonvisual identifiers to be enrolled with the Brand Committee. The option of the inspection holds promise in reducing cost and inconvenience to the industry and the Brand Committee. I have asked John Widdowson, who will be following me sometime during the testimony, testimony, to be prepared to explain the concept, how the brand committee would implement it and how it would benefit the industry. This bill would also address registered feedlot fees. The registered feedlot program allows feedlots to ship cattle without inspection. This substitutes a recordkeeping and auditing regimen. While the current registration fees are tied to a per-head inspection fee, this is not a true inspection fee since animals are not physically observed. The fee is only applied to the one time feedlot daily inventory and the effective fee for animal is less than half what the inspection fee would be. Additionally, the fee currently raises far more than it costs to carry out the audit program. LB572 would recognize the registered feedlot fee as an audit fee rather than a true inspection fee. Although the bill indirectly ties the amount to the inspection fee rate, the annual audit fee is intended to more closely match the actual cost to the Brand Committee to implement. I have coupled the revision to the registered feedlot fees with a temporary two-year reduction in inspection-- general inspection fee until July 2023. I bring this change in part because of the substantial cash reserves that have been built into the Brand Committee's cash fund. It is anticipated that the fee schedule in the bill would result in revenues for a time falling below expenditures and would necessarily draw down the cash fund. After the two years, the inspection fee could be adjusted to more closely match revenues with expenditures. The bill also includes adjustments to the brand recording and other fee caps that would allow the committee options to

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manage their revenue base as necessary. Next, LB572 would partially address an emerging issue with the growing use of background and lots. Current law requires that all cattle entering a registered feedlot be inspected for brands unless those cattle were inspected at the point of origin and are delivered with brand inspection documentation and the cattle moved directly to the feedlot. Since this was enacted, it has become more common for feedlots to first place their cattle with a backgrunder which triggers the requirement for a second inspection of cattle when they eventually enter the feedlot. LB572 would allow a limited exemption to this inspection requirement if the cattle are placed at a backgrunder lot where 100 percent of the cattle in the background lot are owned by registered feedlot. LB751 [SIC] to follow proposes a more comprehensive solution through the creation of a registered backgrunder program. But the limited backgrunder exemption in this bill allows the exemption limited to when potential commingling of feedlot-owned cattle with cattle owned by others is not an issue. Finally, LB572 would classify a series of violations of brand law provisions as infractions enforceable via citation. Those sections amended and the violations are listed in the staff briefing under the section of the bill. As you recall, last year, after our hearing on 1200 and LB1156, I introduced LR378 to review the brand law and formed an informal task force made up of diverse stakeholders with the cattle sector. The task force met formally four times, the last by Zoom in December. The task force mainly went over LB1200 element by element to see if there were ways to improve the bill. While we did not always agree, all parties made a sincere effort to try to resolve some of the outstanding issues that have emerged with the brand law, and the input I received was helpful. I anticipate that elements of the bill may not be supported by all of those with an interest in the bill. Some believe this bill goes too far and others may think it doesn't go far enough. But I believe that there are portions of the bill that have wider agreement. And after today's hearing, I am hopeful there will be some elements that we can, that we can move forward with this year. Thank you for your attention and I will attempt to answer further questions, although I may say that there will be plenty of people with solid expertise to follow me that could probably better address most of those questions.

**BRANDT:** Are there any questions for Senator Halloran? Seeing none-- oh, excuse me, Senator Cavanaugh.

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**J. CAVANAUGH:** Maybe these folks, other folks have expertize in areas of the process, but thank you, Vice Chairman Brandt, thank you, Senator Halloran, for bringing this bill, which clearly you put a lot of effort into. But as a matter of the bill, it allows for the implementing, I guess you would call it nonvisual inspection, electronic inspection, and then there's all these penalties that are laid out. Is there any penalty for removal of the nonvisual inspection that was added? As a penalty?

**HALLORAN:** I don't think they're-- no, I don't believe there is.

**J. CAVANAUGH:** Is there a reason we wouldn't want to do that?

**HALLORAN:** Well, most people wouldn't want them removed on purpose because they're, they're, they're an identifier. And unless, of course, the animal was stolen, someone might want to obviously remove them then. But if they're kept, if someone is caught stealing them, there will be a far bigger penalty for stealing than there will be removing the tag, for example.

**J. CAVANAUGH:** Got you. Thank you.

**HALLORAN:** You're welcome.

**BRANDT:** OK. Seeing no other questions, thank you, Senator Halloran. And now we'll ask for the first proponent. Welcome.

**MELODY BENJAMIN:** Thank you. Good afternoon, members of the Agriculture Committee. I'm Melody Benjamin, M-e-l-o-d-y B-e-n-j-a-m-i-n, I am on the staff of Nebraska Cattlemen working part, particularly with brand regulation and legislation. I live at Lakeside, which is in Senator Brewer's district. Today I'm testifying on behalf of the Nebraska Cattlemen and the Nebraska Farm Bureau. I want to thank Senator Halloran and Senator Brandt for the work they've done to find consensus among the stakeholders on the efforts to modernize the brand statutes. The difficulties of finding middle ground in an industry which has many segments is something quite difficult at times. Nebraska Cattlemen's members can appreciate that. We have segments in our membership. We have seed stock producers, cow-calf producers, backgrounders, yearling grazers, registered feedlots and nonregistered feedlots. Our membership spans both inside and outside the inspection

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area. We have worked to find balance on brand policy for many years. For example, in the past 12 years we have had four task forces bringing folks in, both members and non, to find the compromise, best compromises for policy. We like the fact that Nebraska Cattlemen's industry is segmented, but that brings challenges as each segment has its own outlook. We will-- you will hear today and perhaps from constituents that LB7-- LB572 goes too far and you will hear that LB572 does not go far enough. While our membership does not necessarily agree with all provisions of LB572, for example, the language addressing backgrounder lots, it is important to our members brand-- to our membership that brand statutes are modernized and better reflect how business needs to be conducted today. Compromise is not evil, it is important for all interests to find ways to come together. We feel that negotiating and discussing provisions in good faith is important as it's being, as is being open to new ways of doing things and not just being focused on our own interests. It was our hope that the working group would do their work in this manner. Key provisions of LB572 include the voluntary use of electronic identifiers to have an electronic inspection. This is not required. It is an option, though, for the nearly two million cattle identified with RFID tags each year in Nebraska. Raising the maximum allowed fees on brand recording brings Nebraska's fees more in line with surrounding states, as well as generating more revenue from Nebraska brand owners that are outside of the inspection area and creates revenue from that area. The fees outlined are maximum allowed, and as the brand committee is made up of producers, they are always very hesitant to raise fees. There is a shift of revenues and fees, which better reflects the cost of providing the services with each brand-related activity. We strongly support the provisions which allow the brand investigators to write waivable citations for certain infractions. Replacing the surcharge with actual mileage incurred by the inspectors should prevent the inspection fees needing to rise simply to cover the mileage overhead the Brand Committee incurs. The membership of Nebraska Cattlemen wants to see modernization of brand statutes. It is not an easy task, as each segment has differing perspectives. Our members want compromise and progress. We want to continue to not only maintain the recording of brands, brand inspection and brand investigations for our members who rely on these activities to ensure their trade cattle-- stray cattle come home, but find solutions for our feedlots within the brand inspection area for

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movement of cattle when there's no change of ownership, as well as keeping them financially competitive with feedlots out of the inspection area which are in Nebraska and other states. We urge the committee to move LB572 forward and not kick the can down the road yet again. Thank you for your time and I will take questions.

**BRANDT:** OK, thank you, Ms. Benjamin. Are there any questions? Senator Cavanaugh.

**J. CAVANAUGH:** Thank you, Senator Brandt. And thank you, Ms. Benjamin, for being here. This maybe is a really basic question, but what is a backgrounder lot?

**MELODY BENJAMIN:** So a backgrounder yard would usually take up freshly weaned calves or smaller calves and use a ration that grows them up to an appropriate size to go into the finishing yard. It's something that's becoming more and more prevalent as the margins become tighter. They don't want to keep those [INAUDIBLE] the rations are a little bit different for a longer time. So they use these backgrounding yards to allow them to grow.

**J. CAVANAUGH:** And so a backgrounding lot would be full. If there was 100 percent of the animals were owned by a feed lot I think is what Senator Halloran said. So that would be basically a part of the feedlot.

**MELODY BENJAMIN:** Yes. And that's why we have a little problem with that language. That's, if we could change that, we'd change that a little bit, because we don't think that's practical the way business is done.

**J. CAVANAUGH:** Could you explain to me why?

**MELODY BENJAMIN:** Right. Most of the people that do backgrounding, they're smaller-sized yards and they maybe feed their own cattle and then take in some cattle from the registered feed yards or maybe even nonregistered feed yards to feed. If they have to be 100 percent one entity's cattle, that, they wouldn't even have their own be able to have their own cattle in there. And it also kind of puts them at the beck and call of that registered feed yard. You will hear on the next bill that we tried to find an answer to that, so it was a more



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business-to-business association instead of one business telling the other how to do business.

**J. CAVANAUGH:** OK, so basically you're saying it's more like this 100 percent thinks the exception wouldn't necessarily apply to a lot of people then.

**MELODY BENJAMIN:** Right.

**J. CAVANAUGH:** OK.

**MELODY BENJAMIN:** They might choose not to do this because of that 100 percent.

**J. CAVANAUGH:** I see. Thank you for clarifying that for me.

**BRANDT:** OK, any other questions? Senator Groene.

**GROENE:** Thank you. Did you say there's two million cattle in the state of Nebraska annually that are already having electronic ID or--

**MELODY BENJAMIN:** Yes, they're either using them for in-herd management or for one of the third party verified programs that requires that.

**GROENE:** So they're, they're not-- they're branding and also doing this?

**MELODY BENJAMIN:** They may be branding as well, but they may not be as well. I just know from reports from the RFID manufacturers that there's about two million head each year in Nebraska that are, that are have those tags put in.

**GROENE:** So these-- I'm simple on this because I'm in the hills [INAUDIBLE], but they run it through a sensor, as they run them through the sensor catches them if, if they're tagged and--

**MELODY BENJAMIN:** Right.

**GROENE:** -- counts the cattle?

**MELODY BENJAMIN:** So many of the people on, on the ranch or farm, they have what they call a handheld wand. And so as the cattle come through the squeeze chute or an alley, they can scan them that way. There is

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more sophisticated, where they have panel readers maybe at the sale barn. Some of those are doing that. Some of-- you'll hear from some of the feedlots that have panel scanners that can scan. There's two types. There's a low frequency, they pretty much need a scanner pretty close to them. And they're developing a high frequency that they can almost scan an entire potload of cattle in a second. So the technology is developing very quickly and changing often. But there is a, there's a lot of tags used for in-herd management for these third party verifications today.

**GROENE:** Thank you.

**BRANDT:** Any more questions? Senator Gragert.

**GRAGERT:** Thank you, Vice Chair Brandt. And thank you for your testimony. I just would like to ask you a question on this backgrounding lot. If the background lot was registered, would that individual be able to have his, his or her own cattle under that or it would just go to that particular feedlot--

**MELODY BENJAMIN:** Sure.

**GRAGERT:** -- that would be there?

**MELODY BENJAMIN:** So as it's written in LB572, it has to be 100 percent of the cattle that's moving on to the registered feedlot. So they wouldn't be able to mix unless they were electronically ID'd, all the cattle were in there so they could, they would have a second layer of security. As you will hear in LB571, that we will talk about next, it's, it's a bit different about that. There is other identifiers used than just the electronic IDs.

**GRAGERT:** OK, thanks.

**BRANDT:** Senator Cavanaugh.

**J. CAVANAUGH:** Thank you, Vice Chairman Brandt. And again, thank you, Ms. Benjamin. So you might not be the right person for this, but just as a general matter, what, what's the-- does every person who uses the Brand Commission every year? And what do they use it for?

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**MELODY BENJAMIN:** So I live in the brand inspection area, I've done so all my life. We brand our calves, but we also use electronic IDs in them. That brand is, is a visual, visual mark that we can tell, the neighbors can tell whose animal it is. And then when we sell the animals, they are inspected for ownership, that brand indicates that they are ownership. So, yes, everything my mama cows, unless they're leaving the ranch, aren't inspected yearly. But the progeny are if they leave the ranch or if we move them out of the inspection area. So that's how that brand is utilized, is as a proof of ownership.

**J. CAVANAUGH:** So for a like a regular person, not a feedlot owner only, their cattle would be inspected just at the feedlot or when they're being sold? I guess the sale barn.

**MELODY BENJAMIN:** So if I, if I sell them at home, they can be inspected at home, if that's just a private transfer of ownership. If I take them to the sale barns within the inspection area, they'll be inspected there. If-- and I would inspect them before I sent them to a feedlot, just so my neighbors are ensured that I don't have one of their animals mixed in there. That's just good neighbor practices. But if I would want to send them and own the cattle all the way through, they would be inspected either entering that backgrounding yard or right in when they entered the feed yard.

**J. CAVANAUGH:** And so when you have them inspected in your house, that means somebody comes out to your house.

**MELODY BENJAMIN:** An inspector comes out to my house and does the inspection. And currently the way this, it's structured, all the overhead is in that inspection fee. Plus there's a \$20 surcharge which does not at all reach the level of the, what the, what the Brand Committee is paying out to that inspector to do the travel.

**J. CAVANAUGH:** That was going to my next question, because I didn't understand how changing the \$20 would save us money.

**MELODY BENJAMIN:** Yeah, a lot of their inspections do not even begin to cover the overhead of the inspector's salary and benefits and the mileage. So the mileage would, would help mitigate some of that overhead.

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**J. CAVANAUGH:** And so when you're shifting it from \$20 to, to mileage, that means you as the person having them come to your house is paying mileage?

**MELODY BENJAMIN:** Yes.

**J. CAVANAUGH:** OK, and then that now I, now I'm on the more of the same page.

**MELODY BENJAMIN:** Yes.

**J. CAVANAUGH:** Thank you. I appreciate that.

**BRANDT:** OK, any other questions? Seeing none, thank you Ms. Benjamin.

**MELODY BENJAMIN:** Thank you.

**BRANDT:** Next proponent.

**BRENDA MASEK:** Good afternoon.

**BRANDT:** Welcome.

**BRENDA MASEK:** Yes, hello, Vice Chairman Brandt and the members of the Ag Committee. My name is Brenda Maske, B-r-e-n-d-a M-a-s-e-k, I am currently serving as president elect of the Nebraska Cattlemen. But today I am here to testify as a cow-calf producer in support of LB572. My ranch is located in the southeast corner of Cherry County, which makes me a resident of the 43rd District and a constituent of Senator Brewer's. Nebraska is probably the beef state. There are several different segments that make up our industry that is a large portion of the economy of this state. To get cattle from birth to harvest, it takes a lot of intricate design of separate segments with separate responsibilities. Last year, the Legislature came to-- they came together to pass the great compromise bill of LB1107. Was this the answer to all property tax woes in Nebraska? No, but it was a good start. It propelled the property reform boulder into motion. And then several offspring bills have rolled out this session. LB572 has the makings of another good compromise bill. Is this bill perfect? No, but it is a good start. It shows the different segments of the beef industry, that make up the largest industry in this state, have come together for the benefit of the industry as a whole and have not

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wasted the, the committee's time with all the research and inputs that all the members of the group put in. The economy of this state relies on the different segments of the cattle industry cooperating to make Nebraska the beef epicenter. You, the senators of the committee, have the opportunity to assist, to assist this in advancing this bill so it can begin to-- so we can start the process and begin modernizing and improving the Nebraska Brand Committee. One personal note, I will go into my, my brand that I have registered, that I use has been in my family since the early 1900s. And a little research that I did on the cost of a trademark for a traditional business is about \$424 average. I do not have a problem paying up to \$50 a year in the future at some point instead of the \$12.50 that I pay now to insure the use and the security of my brand. And it is the trademark of my ranch and the heritage that it represents. As a rancher in the Sandhills, I am very committed and passionate about the Brand Committee continuing to provide protection for my property and I may continue to reap the benefits of the protection of brand inspection and investigation from the Nebraska Brand Committee. Again, I would like to thank Senator Halloran for requesting LR378, Senator Brandt and the 2020 Ag Committee for overseeing the working group. And thank you, 2021 Ag Committee for your time today. I would be happy to take any questions.

**BRANDT:** OK, any questions for Mrs.-- Miss Masek? Senator Cavanaugh.

**J. CAVANAUGH:** Thank you, Vice Chairman Brandt. Thank you, Ms. Masek, for being here. Just so I'm clear, I apologize, I'm going to be the guy that asks the really basic questions today. You're saying you're OK with paying \$50 up from \$12. That's just a fee, that's not the per head. That doesn't take [INAUDIBLE]?

**BRENDA MASEK:** No. Sorry. Correct, Senator Cavanaugh. Very good question. That is the the registration fee costs right now. It costs \$50 every four years. It's a, it's, it's paid every four years. And that's what I was referring to.

**J. CAVANAUGH:** Got you. But there's still-- this bill wouldn't eliminate a, a per-head fee or anything like that?

**BRENDA MASEK:** No.

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**J. CAVANAUGH:** You would still be paying that based on the number of cattle--

**BRENDA MASEK:** No, no. Yeah, I would still pay that like, like Ms. Benjamin explained, that any time I sell cattle, they, they are brand inspected. Or a few years ago, I had to take my heifers to a backgrounding lot or a feedlot because of the drought and I had to pay brand inspection into that lot.

**J. CAVANAUGH:** OK.

**BRENDA MASEK:** And that was a per head fee.

**J. CAVANAUGH:** That's a great segway to my question that you made me think of, which is, so you pay this per-head fee only at the transactional level when you're selling them or moving them to someplace?

**BRENDA MASEK:** Correct. Only when it's change of ownership or if you want to assure that, that those are just your cattle going into a, into a facility and you don't have anybody else's mixed in with it.

**J. CAVANAUGH:** Would you have the option not to pay it, if you didn't care about them getting confused at the feedlot?

**BRENDA MASEK:** I do believe you have to pay it going in. You don't to pay it coming out because of the secure fencing.

**J. CAVANAUGH:** OK.

**BRENDA MASEK:** But that might be a question for one of the Brand Committee to--

**J. CAVANAUGH:** Somebody else.

**BRENDA MASEK:** -- answer.

**J. CAVANAUGH:** Last question, you might not know the answer to this, which is if you were to house them in a feedlot like that and then transition, would you be subject to a second payment then on that, that per-head basis, if you transfer them at a later date to a different lot or something like that?

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**BRENDA MASEK:** If they were inspected, yes, it would be my financial responsibility.

**J. CAVANAUGH:** So they-- but they--

**BRENDA MASEK:** As long as they were still my possessions, I would be responsible for that, the financial.

**J. CAVANAUGH:** So. Well, my question was more so there is a second financial obligation.

**BRENDA MASEK:** If they have to be inspected out, and that would be what the brand inspect-- Brand Committee is going to have to answer exactly, because I don't, I technically don't move my cattle that way. Usually when I, when I sell them, when they move from my place, they're, they're, they belong to someone else.

**J. CAVANAUGH:** OK, thank you.

**BRANDT:** Any other questions? Senator Groene.

**GROENE:** So maybe-- thank you, Vice Chair. Apologize to the people who have been on this committee before, but so how many times would you pay the fee on the same head? If you go from your pastures to the background lot to the feed yard to the packing plant, how many times could this be multiplied on one, one steer?

**BRENDA MASEK:** On one steer? Thank you for the question, Senator Groene. I'm going to apologize up front that I'm not going to have that because, again, I don't technically, my business doesn't run that way. I mean, I don't-- I think that--

**GROENE:** Somebody from the Brand Committee.

**BRENDA MASEK:** -- this could be better be answered by one of the people that will come up behind me to be, to be correct.

**GROENE:** But question--

**BRENDA MASEK:** In my business, I usually pay just once. But I don't, I don't usually retain ownership going into these type of lots.

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**GROENE:** Don't want to insult anybody, I'm fine with brands. But doesn't this go back to this? Isn't this kind of antiquated? Doesn't this go back to the open range of the 1800s? Everybody has fences now. Why, why isn't this, why isn't this voluntary? You know, a good rancher has good fences, makes good neighbors. A good brand makes good neighbors. It would be common sense to do it voluntarily.

**BRENDA MASEK:** Well--

**GROENE:** Why aren't we reached that point yet?

**BRENDA MASEK:** Unfortunately, Senator Groene, not everybody is a good neighbor and there are nefarious characters out there. And it's very easy to steal cattle, especially out in, in the 43rd District where you don't see your cattle every day. And there, there may be a back road that goes by your pastures and there might not be. Oh, example--

**GROENE:** But--

**BRENDA MASEK:** -- about good fences, if I may address this. A very good example we had just this past year. We had a cow in the community, and I'd gotten a couple of calls, says, I think she's your cow. She's got tags like yours. So I go over there, find the cow, not my cow. Branded on the wrong side. I get a picture of the brand, I, I send it to my brand inspector. He's like, well, it's probably so-and-so. So we call them. No, they don't have any black cows, they only have red cows, so it's not theirs. We went through about, oh, quite a few calls with neighbors and things. And finally, finally we find the owner of the cow and he insists it's not his cow because his cows don't jump fences. And I'm sorry, but cows jump fences, cows swim rivers, and sometimes it's done just by the curiosity of the animal. Sometimes it's done by nefarious people that have the--

**GROENE:** Excuse me, you said this cow had a brand on it.

**BRENDA MASEK:** Yes.

**GROENE:** Well, why didn't you just call a brand committee and find out what brand it was?

**BRENDA MASEK:** We did.



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**GROENE:** Oh.

**BRENDA MASEK:** But it's, we didn't have this cow in the chute where we could shave it and stuff. We were doing our best to take pictures of it with our phones. And we did go directly to the-- well, it was my local brand inspector that I went to and he was-- and we did finally, we were able to by that time.

**GROENE:** I don't want to take-- we'll be here all day. But so I have a heifer and I branded it as a calf and I sell it to my neighbor for a cow that they want. Does that, my neighbor, after I sell it to him, brand it again?

**BRENDA MASEK:** Yes.

**GROENE:** Thank you. Bought a cow at a stock yard one time, had four brands on it. I found out you don't do that because that probably jumped four fences and was sold four times. Anyway, thank you.

**BRANDT:** Thank you, Senator Groene. Senator Hansen.

**B. HANSEN:** Thank you for coming to testify. I think sometimes when you sit in that seat, you know, you have this glass right in front and some people wish it was bulletproof. You have a whole bunch of questions coming at you like this and it seems kind of weird. So I appreciate you coming to testify. But I just got one simple question. Have you ever had any cattle stolen?

**BRENDA MASEK:** Yes.

**B. HANSEN:** OK, a lot or a little bit?

**BRENDA MASEK:** No, a little. Just it was, it was just one. It was a bull. And I knew it was because a neighbor had told me that it was locked in my other neighbor's corrals. And I did return-- I got it back because I made a bunch of noise and had a brand inspectors and then things-- investigators around and the bull showed back up in my pasture.

**B. HANSEN:** OK, so you didn't have to use the brand or inspectors to come or--

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**BRENDA MASEK:** It was more the threat of them.

**B. HANSEN:** OK.

**BRENDA MASEK:** That we just made a lot of noise around town that it was. We have, I have, I have not intentionally had my neighbor's steers in with mine when I went to the sale barn and they were caught, they were, they were, you know, found when, when they were inspected. And that was-- I definitely did not do that on purpose. But it happens quite often and I've had it vice versa. My neighbors have, have called or a sale barn has called where my neighbors were taking, taking calves to and say, hey, we've got one of your steers. Do you want to come get it? Do you want us just to sell it and send you the check.

**B. HANSEN:** OK, all right. Well, good. Appreciate it. Thanks.

**BRANDT:** OK, any other questions? Yes. Senator Gragert.

**GRAGERT:** Thank you, Vice Chair. Thank you for your testimony. Brand inspection is basically to provide you protection, right?

**BRENDA MASEK:** Yes.

**GRAGERT:** I just, maybe just your opinion then, do you feel everybody should be, have to be, if they don't really care about protection, be involved in a brand inspection?

**BRENDA MASEK:** Personally, me? Oh, yes. I like the way the law is that, that I'm protected, plus my neighbor is protected again by, you know, honest mistakes or nefarious reasons. Is this brand law, I mean, it's never been perfect. I mean, if we could-- if, you know, if we had a, if we had a Dr. Brown and a DeLorean, I'd sure like to go back to 1941 and change a few things. But we don't have that option.

**GRAGERT:** But so the brand inspection, though, I guess, is what I'm trying to ask is if I don't want to be in brand inspection, should I have to pay for it?

**BRENDA MASEK:** Yes.

**GRAGERT:** OK, thank you.

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**BRENDA MASEK:** In my opinion.

**GRAGERT:** Thank you.

**BRANDT:** Any other questions? I guess I've got one and it's pretty easy. I was intrigued by your trademark comment here, which led me to recall one hundred years ago when I went to the university, but there is a high percentage of brand registrations by people that just keep a legacy brand, is there not?

**BRENDA MASEK:** Correct.

**BRANDT:** I mean, what percentage of the brands that are registered don't even get used? Do you have--

**BRENDA MASEK:** I don't know that I would, I would-- probably somebody on the Brand Committee would know that. But that is, that is quite true, Senator Brandt, those are kept a lot. I know some families that have one for all of their kids and their grandkids, and they probably have 10 different brands registered to them for, for, because that means that much to the, to them and their families.

**BRANDT:** OK, well, thank you for your testimony. Next proponent. Welcome.

**STEVE WOLFE:** Good evening, Senators. My name is Steve Wolf, S-t-e-v-e W-o-l-f-e, and I appear before you today representing the Nebraska State Dairy Association. Along with my brother, I own and operate a dairy just south of Kearney. We're fortunate that my son has just, just joined us here in the last couple of months, and we're-- gives us a little encouragement. Although the dairy industry doesn't give us a lot of encouragement, that does give us some encouragement. We are in the brand inspection area, so we, we had to comply with all the brands. We get inspected and we have to pay for those fees for the inspection. I mean, Senators, it doesn't take a lot of imagination to understand why the Nebraska Brand-- why the brand is not applicable to the modern dairy as it is today. We do not brand any of our animals. Most of our animals are confined either inside or outside, close to the dairy. There's-- in western Nebraska, there's not a lot of dairies joining each other. They're probably an average of 40, 50 miles spread apart. So we do not have much trouble with intermingling with dairy,

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other dairy animals. And then, you know, if we have a holstein or jersey cow that gets out with a beef herd, you know, pretty easy to identify without that brand. I participated in the brand law working discussion this past year. And I want to thank Chairman Halloran and all those, Senator Brandt, and all those that participated in that. It, you know, it's no secret that the dairy industry, we push to be exempt from the brand laws. And a long story short, we didn't get what we want. So you may want to ask why the Nebraska State Dairy Association is supporting LB572, because LB572 doesn't contain the exemption we wanted. We do not think just because it doesn't contain that exemption, we do think progress has been made. So we feel like we would, are better off supporting a bill that we get some progress rather than opposing one because we didn't get everything we wanted. We applaud the movement of the electronic inspection in LB572. Almost all dairy cattle in Nebraska have electronic identifications. Electronic inspection should greatly reduce the time and expense required from a physical inspection. And should also greatly reduced the fee as we are told by the Brand Committee. We also appreciate the willingness of the Brand Committee to create the certification transportation permit system for qualified dairies that this bill contains. This system will make it easier for us to move dairy calves under 30 days of age out of the brand inspection area, which is a common practice of our industry. Again, it should also greatly reduce the fees that we're currently paying in those situations, as we were told by the Brand Committee. Our concern with LB572 is the level in which the maximum fee that the Brand Committee may charge for electronic inspections, 95 cents up to June, and a dollar and a half after that. We feel that this is too high. We know that, you know, there needs to be a place for them to move up to cover their cost. But, you know, we just feel this is too high. This is practically what the physical inspection is costing. So we felt like we would like to see the committee lower that sum. And then if they need to go higher, they need to come back to you to get that fee higher. That's basically all I got today. So I think my time's up. So any questions?

**BRANDT:** OK, Mr. Wolfe. Questions? Senator Cavanaugh.

**J. CAVANAUGH:** Thank you, Senator Brandt. Thank you, Mr. Wolfe, for being here. Just a couple, I guess, things that I need clarified. When do, if you don't sell your cows, when do you come into play in the system?

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**STEVE WOLFE:** OK, most of the dairies today, especially the larger dairies, do not raise their own female replacement or their male calves. So those calves are usually shipped off to a calf ranch and most of those calf-- well, all those calf ranches are out of Nebraska. So one-day to five-day-old calves are shipped from that dairy to that calf ranch. And even though some of those calves, the dairies are retaining ownership on them, since they are leaving the brand area, they have to be inspected. So that's the struggle the dairy industry has right now with.

**J. CAVANAUGH:** And that's really your only interaction then, is that transit?

**STEVE WOLFE:** No. Then also, if our animals are sold for slaughter. And then if our animals are sold for production in other areas, they have to be inspected. Any time they would go out of the brand inspection area, whether they're sold or just be moving out, they had to be inspected.

**J. CAVANAUGH:** OK, and so that's why you like this transportation change.

**STEVE WOLFE:** Yes. On a 30-day or under calves.

**J. CAVANAUGH:** Could you just elaborate on that?

**STEVE WOLFE:** Well, like I said, about all dairies, modern dairies, especially large dairies, do not raise their own replacement animals. So those cars are being shipped, lots of them, every one or two or three days. You got 30 or 40 calves that need to be shipped to a calf ranch, so an inspector has to come and inspect these two and three-day-old calves that do not have a brand, never going to have a brand. And, you know, the holstein bull calves are about, worth about 25 bucks a head. So you got an inspection fee, you know, around a \$1.50 to inspect the \$25 calf that--

**J. CAVANAUGH:** So what's, what's the fix here that you like?

**STEVE WOLFE:** Well, the fix is that if we do the inspection, the electronic inspection or the 30 days and under calves, the male calves in the cross calves would not have to have an electronic tag and they would just be explained to the Brand Committee what they are, and then

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we would get that inspection through that electronic inspection. So in other words, an inspector would not have to come out. You know, we still have some current concerns with that inspector coming out, trouncing through our dairy from other farms, checking those, you know, those very small young calves that are just been born. So that would be a positive thing. Like I said before, our goal is for dairy to be exempt from the brand laws, without a doubt.

**J. CAVANAUGH:** Well, I appreciate you coming to testify today. Thank you.

**BRANDT:** Any other questions? I guess I'd just like to thank you, Mr. Wolfe. You were at all four of the task force meetings and you represented your industry very well. So thank you--

**STEVE WOLFE:** Thank you.

**BRANDT:** -- for your testimony today.

**STEVE WOLFE:** Thank you.

**BRANDT:** Is there another proponent? Welcome.

**JOHN SCHROEDER:** Good afternoon, Vice Chair Senator Brandt and members of the Agriculture Committee. My name is John Schroeder, J-o-h-n S-c-h-r-o-e-d-e-r, I am the general manager of Darr Feedlot, Incorporated, a registered feedlot in the brand inspection area. And I reside in Cozad, Nebraska. I am a member of Nebraska Cattlemen, but I am here today on my own accord to make supportive comments regarding LB571 [SIC]. From a registered feedlot perspective, LB571 helps address some concerns we have with cattle under our process controls and grow yards. We place cattle in grow yards to utilize professional caretakers to wean calves, utilize more cost-effective ration sources in our communities--

**BRANDT:** Mr. Schroeder, can I stop you for a second? Are you testifying on LB571 or LB572?

**JOHN SCHROEDER:** I might have grabbed the wrong sheet and handed to you here. [INAUDIBLE]

**BRANDT:** OK.

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**JOHN SCHROEDER:** [INAUDIBLE]. Thanks for correcting me, sir.

**BRANDT:** I did that earlier today, so I've been there. So let's go ahead and restart his time. OK.

**JOHN SCHROEDER:** Well, good afternoon, Vice Chairman Senator Brandt and members of the Ag Committee. Again, my name is John Schroeder, J-o-h-n S-c-h-r-o-e-d-e-r, I am the general manager of Darr Feedlot, Incorporated, a registered feedlot in the brand inspection area, and reside in Cozad, Nebraska. Again, I am a member of Nebraska Cattlemen, but I'm here today on my own record to make supportive comments regarding LB572. From a registered feedlot perspective, LB572 addresses some of the concerns myself and other registered feedlots have with the current brand statutes. The proposed changes expand forms of evidence of ownership to include existing and future technologies. This expansion includes technologies many registered feedlots already utilize as part of their current management systems, like electronic ID tags. The bill also reduces registered feedlot fees, as audit fees should be more cost-effective than inspections. In addition to the reduction in animal fees remitted, the bill allows for registered feedlot utilizing an affiliated grow yard within the livestock identification inspection area to move animals into the registered feedlot without a livestock identification inspection if the cattle have been properly inspected upon entering the grow yard. Nebraska Cattlemen policy supports inspection changes of ownership, but not on inspection on movements. My concern on this language is around having 100 percent ownership of the cattle in a grow yard to be eligible for this program. Hence, I support changes that are made in LB571 that we'll hear testimony on later today. This bill is not everything NC members, my shareholders or myself want. Most conversations agree on brand registration and brand investigation on being needed. The debate has been and looks to continue to be on the issue of inspection. This bill does not reduce fees as much as LB1200 did a year ago. Our cost is larger on physical inefficiencies threefold versus the financial fees presented. Although we do not like the financial burden of fees that do not add value to feedlots, if parties can show compromise and support of this bill, our situation could improve with the efficiencies. If we do not find compromise in this bill, then I would suggest to our shareholders to lean to the side of no inspection and support investigation and registration only. This is a bill of compromise on those opinions on inspection. While

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giving us opportunities to utilize technology to improve accuracy and efficiency, this bill will not end the debate on brand, but will take us on a positive step forward towards gaining on return on investment in the next decade. And I thank you for the opportunity to testify today and be happy to take questions.

**BRANDT:** Thank you, Mr. Schroeder. Any questions? Senator Groene.

**GROENE:** Thank you, Vice Chair. So what does this save you? I mean, right now you have-- you buy calves and you bring them to the grow yard and they're inspected. Now you have investors that you custom feed?

**JOHN SCHROEDER:** We do custom feed and we purchase cattle out of sale barns and off of ranches. Again, we utilize some of those grow yards where we'll purchase cattle and then place them in a grow yard. And we have to brand inspect those back from the grow yard back into our feedlot.

**GROENE:** So do you keep them all separate or do they all mingle, the custom, custom feed [INAUDIBLE]?

**JOHN SCHROEDER:** Every animal that comes in, we enter them into a, a lot number that denotes the ownership of, of who owns those cattle. We put a physical four-digit lot with a six-digit unique number underneath it. So there's a 10-digit unique number that stays with that animal all the way through.

**GROENE:** Do they mingle? The livestock mingle?

**JOHN SCHROEDER:** And plus an electronic tag. And then we may commingle multiple ranch sources together. But in that lot number, that lot will be held separate. And so we bring those cattle back in in that manner, we scan those cattle into our computerized system, and we can scan those on arrival at our feedlot through, through panels right there as the trucks are unloading.

**GROENE:** Right now, an inspector has to come out and actually physically look at the brand as you run them through and count the brands?



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**JOHN SCHROEDER:** Correct. So we, we hire-- we, we call for an inspector when they come from the grow yard to our feedlot to come and inspect them. We put our physical brand on at the, at the grow yard to make it a lot simpler, so that when they come back in from the grow yard to our main yard, that they're all carrying the same brand. And unless they're a retained ownership customer that has one brand already that we're just moving from them, then they'll be inspecting that brand. But for cattle that we're purchasing and bringing back into our feedlot, they'll be carrying our brand. We're not forced to put our brand on, but it saves a tremendous amount of stress on the cattle coming back in to be inspected and matching up with the multiple paperwork that comes in from that grow yard. Now, we've already got that all matched up with our electronic tags. And you can break that apart. We're, we're very much in control of what, where they came from and everything that happens to those cattle in our possession.

**GROENE:** Where's that line? How close are you to the line where there's no brand [INAUDIBLE]?

**JOHN SCHROEDER:** We'd be 100 miles west of that line in, in the, in Cozad. And so we would be about seven miles outside of Lexington.

**GROENE:** You're a hundred miles then from that line?

**JOHN SCHROEDER:** Yeah.

**GROENE:** Thank you.

**BRANDT:** OK, any other questions? Senator Cavanaugh.

**J. CAVANAUGH:** Thank you, Vice Chairman. And thank you, Mr. Schroeder, for being here. You made a reference to how you might be in favor of investigation registration only and no inspection. Could you elaborate for me what that would look like, I guess? If you eliminate inspection, what happens?

**JOHN SCHROEDER:** The registration part is important to us because nobody else can use our brand. We bought it, paid for it. We can use it and nobody else can. The investigation piece is just no different than a state patrolman running up and down that interstate today. He's looking for people that are out of bounds and he corrects them when they're wrong. And that's what our investigators do for us in this

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state today across the whole state. That's both west and east of the brand line. The difference is the inspection piece that we have challenges with and argue quite a bit about, is that there is no inspection on the east side of the line that's required. It can be requested, but only on the west side of the line is the inspection required. It's something that for, for our feed yard, we don't see a lot of benefit from it because we're in control of what's in our yard. And when we ship them to slaughter, we've got electronic tags that tell us everything we've ever done to them and, and where they came from and, and, and very much in control of our system. So it doesn't have a lot of value for us to pay for that inspection piece in our, in our facility. And it, and it causes shrink on cattle. And it, you know, it can, you can break legs, you know, if you're running them through different time frames. So there's added risk. And so the benefit for us is, is limited. So again, we're, we can respect others that are utilizing it. And, and when we utilize cattle out on, yearlings out on grass, we carry our brand on those cattle. And, and, you know, we want to make sure that that brand is respected as well. So we can, we can find some common ground with that. But again, from a feedlot perspective, we don't find much value in an inspection. As a cow-calf or a yearling operator, we see more value.

**J. CAVANAUGH:** Thank you.

**BRANDT:** Any other questions? I guess I've got one. As a custom feed yard, on a customer's cattle that are inspected, that gets charged back to the customer. Is that correct?

**JOHN SCHROEDER:** That's correct.

**BRANDT:** OK, thank you. I think that's all the questions.

**JOHN SCHROEDER:** Thank you.

**BRANDT:** Appreciate it. Any more proponents? Welcome.

**KRIS BOUSQUET:** Good morning, Vice Chairman Brandt and Ag Committee. My name is Kris, K-r-i-s, Bousquet, B-o-u-s-q-u-e-t, and I am the executive director of the Nebraska State Dairy Association. And I'm here to testify in support of LB572. I wanted to get into a little bit of maybe in some more detail of what Steve was talking about initially

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and just kind of go over a little bit of a scope of the dairy industry and let you guys in on kind of how this affects us. So looking at the numbers of dairies in Nebraska, we've got roughly 123 left. A few years back, 1999, we had 650 dairies in Nebraska. And so economically, it's been extremely difficult for dairy farmers to survive over the past few years. And a matter of fact, our mailbox milk price in Nebraska, which is the farmers' milk check price that they get in their mailbox, is the second lowest in the United States and a part of the federal order administration. So the federal order mailbox milk price is the second lowest in the U.S.. So we're dealing with a lot of really interesting economic conditions over the past few years. And, you know, a brand inspection fee, although it might not seem like much, a dairy farmer like Linda Hodorff at Wood River Dairy, she pays roughly ten thousand a year in brand inspection fees currently. And so adapting to some of these new regulations greatly decreases the economic impact on our dairy farmers. The EID inspection protocol is extremely beneficial. It allows for our farmers who are already putting an EID tag in the cow's ear to, to utilize that information and just streamline things significantly. Other, other things that are really nice for our, our dairy farmers in the state, and the thing that really impacts our dairy farmers that are sending their calves to a heifer development yard is the inclusion of a certified shipping manifest or a certified bill of sale that a dairy farmer can go on the portal and offload and fill out and complete back to the Brand Committee's portal when that gets up and going. So things like that, you know, decreases our biosecurity issues. You know, having-- dairy farmers are extremely concerned about disease and, you know, transfer of footrot and hairy heel warts and things like that. And so keeping those inspectors off the farm, or not just inspectors, but anybody that you don't know, is extremely important to us, at least away from our cattle. So those two things are extremely important to our dairy farmers, and it also decreases their economic output and kind of helps out with their bottom line. Heifer development yards in the state of Nebraska, we do have a couple, and that's actually a portion of, of the dairy industry, I guess you could say, that is somewhat growing. We've got a heifer development yard in Oshkosh. We've got a heifer development yard in Hershey, Nebraska. And so they're taking cattle from all over the United States. The livestock typically don't change hands in these scenarios. So a dairy farmer, let's say from Wisconsin, sends his two to three-day-old calf to Nebraska to be raised up until

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that animal freshens or at least a few days prior to freshening, which is basically calving and entering the lactation cycle. And so ownership doesn't change. And so I guess what I'm trying to get across is that the heifer development yards aren't too kind, I guess, to a brand inspection. And so it really kind of prohibits a little bit of growth and development that we have. And I see my, my light is orange and I'd be more than happy to answer any questions that the committee might have.

**BRANDT:** Thank you, Mr. Bousquet. Senator Hansen.

**B. HANSEN:** Thanks for coming, Kris.

**KRIS BOUSQUET:** Absolutely.

**B. HANSEN:** Heard you testify a few times. Keep up the good fight for the dairy farmers.

**KRIS BOUSQUET:** I appreciate that.

**B. HANSEN:** And thanks for introducing me to footrot, hairy heel warts and freshening. I've not heard those terms.

**KRIS BOUSQUET:** You're welcome.

**B. HANSEN:** I'm learning a lot in the Ag Committee and I love it, you know?

**KRIS BOUSQUET:** Any other dairy jargon you need to know, just come find me. I'll help you out.

**B. HANSEN:** Yeah, I'm sure there's lots. Just one quick question, like I asked before, have you ever had any cattle stolen?

**KRIS BOUSQUET:** So I grew up on a dairy farm in eastern Nebraska and we never had any cattle stolen.

**B. HANSEN:** OK. Do you know of a lot of other dairy farmers that have that, have any issues at all with stolen cattle? I know somebody mentioned before that's probably not a big issue.

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**KRIS BOUSQUET:** Yeah, see, the dairy industry is just so different than the beef industry that, I mean, our cattle are confined. I mean, I'd love to take you out to a dairy and show you. It's just different than the beef industry. And that's OK. You know, I mean, not all programs that the government has or the state has are going to apply to our, our, our dairy farmers. And, you know, I think we just want to make sure that the programs that exist apply appropriately to us. So, you know, I am not aware of anybody, at least none of my membership have shared with me that they have had cattle stolen or had issues determining which cattle are theirs.

**B. HANSEN:** OK, do you think there's a reason why you're not exempt or is it just the way that you've kind of fallen in with the whole program or just--

**KRIS BOUSQUET:** Yeah, I mean, there's definitely some issues. Personally, I think the reason why we're not exempt is because it just, you know, if you exempt one category, then who else gets exempt? And then things kind of go down a little, and that's kind of what I've heard. You know, I would say that we're such a small aspect of the cattle industry, the livestock industry in general, that it really, it wouldn't really wouldn't create any issues for the beef industry in their brand inspection program. I mean, I just don't think it would.

**B. HANSEN:** OK, just curious to get your opinion on that.

**KRIS BOUSQUET:** No, no problem.

**B. HANSEN:** Thank you.

**BRANDT:** OK, Senator Groene.

**GROENE:** Thank you. Just curious about the industry. So these dairy men and women, they own the heifer and they go to this prep farm, then they come back right before they calf and they drop the calf at the facility, and then they go into the production because they're fresh now. And then the calf goes back to the--

**KRIS BOUSQUET:** Correct. A lot of dairy farms basically bring the calf-- so they'll have a fresh pen, basically, or closeup pen is what we call them. So animals, the farmer will bring that cow back 15, 20 days prior to calving and they'll let her adapt to the environment

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that she's in, so it drastically decreases stress on the animal and increases their lactation curve. And so that calf is, is born on site, typically at the dairy. So then the dairy would then enter that calf into their, their computer monitoring system, PCDART, DairyComp, they put an RFID tag in their ear and then start tracking the life events of that animal from that point. So, for example, we can go back and look at each individual calf and find out what time she was born, who was there, what-- did they have to pull the calf? Did they dip the navel when the calf was born? What vaccinations it got and when it was relocated to a different facility. So our data and record management is exemplary. It's, it's awesome. I mean, just we can monitor the temperature of the milk coming in, into an-- off of an animal when she comes in and gives milk. I mean, just all that gets recorded.

**GROENE:** When the cow is done its use-- had no use for it anymore, you market them at any packing plant just like a feed yard does, correct?

**KRIS BOUSQUET:** Yeah, that's correct. When-- I like to say when the cow changes careers and she goes into the beef, the beef career-- and that's one thing, we don't have any problem paying that brand inspection fee at the time of slaughter or if we sell them at the sale barn. We have no problem with that at all. But, you know, with how we operate, it just works a lot better if we're just exempt.

**GROENE:** But I see you're more similar to farrowing operation of hogs than you are to the cattle industry. And we don't brand hogs.

**KRIS BOUSQUET:** Yeah, hogs aren't inspected. But they, but a brand inspector could go out and verify if a, if a hog farmer had lost cattle or had issues with the farmer coming over and stealing his, his pigs. Pigs is what I meant. So, so they are over all forms of livestock in the state.

**GROENE:** They are.

**KRIS BOUSQUET:** Yeah.

**GROENE:** So if they, if some-- but if I'm missing some pigs-- I don't have any, so--

**KRIS BOUSQUET:** Yeah.

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**GROENE:** But I can call the brand inspector?

**KRIS BOUSQUET:** You can call the brand inspector, and they'll come over and they'll check it out.

**BRANDT:** OK. Senator Brewer, did you have a question?

**BREWER:** Thank you, Mr. Vice Chair. Yes. The issue that I continually hear about and what I'm picking up from the dairy side of it is you guys would be completely OK with just the EID tags.

**KRIS BOUSQUET:** Yeah. RFID tags, as well as, as well as the certified bill of sale and the certified shipping manifest as opposed-- when we're talking about LB572, we would be OK with the certified shipping manifest in the bill of sale, understanding that this is a compromise and we want to move forward and decrease the burden on our farmers.

**BREWER:** I just, the, the comments I get back, and this is not an issue that-- people take a pretty solid position one way or the other as you go west. And, and the hot iron brand is not something that they see a lot of flexibility on. The ID tag can be a backup to it, but that, that's the primary. And, and that's where, I mean, and I understand where you come from in that you have a very controlled environment with the dairy and, and so you're you're better able to monitor, you know, the accountability of the livestock. But as Brenda was talking about, you know, there are places out there where that ability to recognize from a distance who owns that particular animal is kind of critical. So that's why when we were talking through options with the bill, those two somehow had to come together and we couldn't give up the hot iron brand because it was just too critical to it. I appreciate your comments on the dairy, because a lot of times we don't think in that mindset. But that's a different game. Thank you.

**KRIS BOUSQUET:** Yes, sir.

**BRANDT:** Senator Gragert.

**GRAGERT:** Thank you, Chairman. Thank you for your testimony. Just real quick clarification for myself here, but how did this 472 [SIC]--

**KRIS BOUSQUET:** LB572.

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**GRAGERT:** -- LB572.

**KRIS BOUSQUET:** Sorry, Senator.

**GRAGERT:** Thank you. Thank you, the LB572. This ID, the electronic ID tags and the change of ownership would be pretty much across the board for everybody if it went to that brand inspection.

**KRIS BOUSQUET:** The RFID, the EID inspection protocol would be for everybody within the brand zone. Yes, sir.

**GRAGERT:** I mean, whether you're a dairy, whether you're feedlot, whether you're cow-calf, those two would pretty much meet everybody's expect-- not everybody's expectations, but would meet everybody, the requirements for everyone as far as, as far as theft or protection on, on those cattle. Would you, would you agree with that or not?

**KRIS BOUSQUET:** You know, I can't speak for everybody.

**GRAGERT:** No, in just your opinion.

**KRIS BOUSQUET:** Yeah, my opinion. You know, that's a really good question. I can-- the dairy industry obviously likes the idea because we already have the infrastructure in place. We've got the RFID tags already, they're in our calves from day one of birth normally. And so it wouldn't really, it wouldn't be that big of a change for our farmers. And Steve mentioned, Steve Wolfe mentioned, you know, the certified bill sale and the certified shipping manifest. And that's extremely important for us, because when you're shipping a young bull calf that's worth 25 bucks, does it make a whole lot of sense to put a three dollar EID tag in their ear and then also pay a brand inspection fee on top of that? And so although they're, they're doing that on the female animals, there's obviously a lot longer life expectancy and profitability margin there so. Sorry if I didn't answer your question.

**GRAGERT:** No, that's fine. I appreciate it. Thank you.

**KRIS BOUSQUET:** Yep, absolutely.

**BRANDT:** Seeing no more, thank you, Mr. Bousquet.

**KRIS BOUSQUET:** Yes, sir. Thank you.



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**BRANDT:** Any more proponents? Seeing none, moving to opponents, if you're an opponent. Welcome.

**PETE LAPASEOTES:** Thank you. Thank you for your time. Good afternoon, Vice Chair Brandt and members of the Agricultural Committee. My name is Pete Lapaseotes, spelled P-e-t-e L-a-p-a-s-e-o-t-e-s, I'm here to testify in opposition to LB572. For, for your background of me, I'm part of a family operation in Bridgeport, Nebraska. I have two daughters in the operation, in the beef operation, and I'm just trying to help the next generation survive. We manage a cow-- we have two registered feedlots, we have a cow-calf herd. We run grass cattle and we have large irrigated, irrigation farming operations. So we hit all aspects of the beef production, I think. I was also a member of Chairman Halloran's Brand Committee task force that was created this summer through the passage of LR378. I only attended two of those meetings though, so I hope you weren't keeping track. I am a member of the Nebraska Cattlemen, and to be clear, I am not opposed to branding, I'm not opposed to brand registrations. But I am opposed to brand inspection. My own cow-calf herd on our calves, we do not brand our calves. We have not branded them for 15 years. So cattle do not have to be branded to be inspected. I think the inspection just says, no brand. So I think-- I don't know if everybody recognizes that, you do not have to brand your cattle to have inspection. When I agreed to participate in the task force, I committed to being open minded to new ideas and to think critically on what any new proposal would mean, not only for my operation, but also how it would impact the future generations of cattle owners. Over the past five months, the task force met, the task force met multiple times, and while I was hopeful we would walk away successful in finding compromise, the fact is we did not. The bill before you today, LB572, misses the mark. LB572 does not provide the type of solutions that beef producers need to stay competitive with states like Kansas, Texas, Oklahoma, and not to mention the eastern part of our state that does not have mandatory brand inspection. We are not on an equal playing field. The Brand Committee should not have the ability to cushion their budget an extra 40 cents for the next few years. They have not ever, they have not even maxed out the \$1.10 per head that they're allowed to, to charge today. As a matter of fact, I think LB572 wants to drop it to 95 cents. Registered feed yards have a proven track record of accuracy and cost savings to the industry producers and charging an even higher

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fee for an inspection process that does not benefit my business in both unfair and-- is both unfair and unreasonable. Here is my solution. Implement a voluntary brand inspection system so that any producer who has the need for brand inspection can request it and pay for it, whether that be a sale barn, whether it be a rancher, whether it be a feedlot. Not all feedlots in the state are registered feedlots, and a lot of, a lot of feedlots would like to have inspection because of having a third-party type verification. And the producers who do not see the need or the value of inspection can opt out. This is the Kansas model and has been proven to work. The state could have, could have, the state could have brand investigators to assist law enforcement if the need arises. This is 2021, not the 1940s. We need to implement a system that uses technology which is playing a major role in agriculture and is what keeps future generations passionate about production, ag and beef production. To conclude, I would ask this committee to not send this bill to the floor of the Legislature. Please send the message instead that your support of our state's producers working together to find a commonsense solution for equality across the entire state. You have my commitment to continue working on the issue, but LB572 as introduced is not the right solution. I would also like to share a letter from a fellow operator, Brad Foote, who could not be here today, which I put on the record. Thank you for your time and I'd be happy to answer any questions.

**BRANDT:** OK, thank you Mr. Lapaseotes. Any questions? Senator Groene.

**GROENE:** Sir, these ear tags, they're easily removed aren't they? Are they implanted or--

**PETE LAPASEOTES:** Not easily. Have to cut them out.

**GROENE:** You have to cut them. They're not just the old fashioned punched into the ear?

**PETE LAPASEOTES:** You punch it into the ear, but it's a pretty tight snap in.

**GROENE:** And it's, it's that rubbery material that most overear tags. Somebody rustled or stole it, steer that just had that tag, couldn't they cut it off or and then slap their brand on it?

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**PETE LAPASEOTES:** Yes.

**GROENE:** So it's really just an inventory tool, not a, not a policing tool or--

**PETE LAPASEOTES:** The electronic identification tags are just another tool, as is branding, as is using a bill of sale. I'm very much for using bill of sales and the transportation manifests or whatever they were, what we're talking about in there. That's another tool for-- besides brand inspection.

**GROENE:** Thank you.

**BRANDT:** Other questions? Senator Gragert.

**GRAGERT:** I guess I want to-- thank you. I guess I want to ask the question I asked earlier, because you are both cow-calf, [INAUDIBLE] and feedlot.

**PETE LAPASEOTES:** I only run yearling cow.

**GRAGERT:** So I want to go back to my question I asked earlier. Do you feel that the ID tag for transporting and or selling and then the actual selling of the animal are the only two times that-- or the way, electronical way to keep like the Dairy Association doesn't like people on their, you know, just for disease purposes. You being both, do you feel that, that that would work with the electric ID tag and just when the sale, when you sell your cattle instead of when you move your cattle, that they expect-- inspected all the time?

**PETE LAPASEOTES:** It's another tool to use for movement or for sale. But for me, like for my situation, when I bring my calves off the ranch, I have two entities for tax purposes. So I sell my calves to basically myself, another entity. I have to have those brands inspected because we change ownership theoretically. I think a bill of sale which, which might be included in this bill would be appropriate for that. You would fill out the bill of sale and do it. If I take those cattle and put them in the registered feedlot and then let's just say we sort them and we take a small end out to grass for the summer, when I bring them back in, I have to have them brand inspected again because everything in a registered feedlot gets branded coming in, not going out.

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**GRAGERT:** Again, so do you feel that that is necessary or is that kind of overkill just because you, you still own those, those cattle from where they went to wherever they went back and then back. You still own them. So you feel it's necessary every time you move those cattle that they be inspected? You personally.

**PETE LAPASEOTES:** No.

**GRAGERT:** OK, thank you.

**BRANDT:** Any other questions? Seeing none, thank you for your testimony and thank you for the long drive here. I think you're going to win the distance award today.

**PETE LAPASEOTES:** Thank you.

**BRANDT:** Next opponent. Good afternoon.

**LEE BORCK:** Good afternoon, Senator. Mr. Vice Chairman, members of the Ag Committee, for the record, my name is Lee Borck, L-e-e B, like in boy-o-r-c-k, I'm a cattle feeder from Manhattan, Kansas. My company is Innovative Livestock Services. We have operations in both Kansas and Nebraska. We have three feed yards here in Nebraska and they're located at Holdrege, Kearney and Lexington. We're members of the Nebraska Cattlemen and the Nebraska Beef Producers. And I'm here testifying in opposition to LB572 on behalf of our company, ILS. Thank you for allowing me the opportunity to testify. I've been in the cattle business for over 40 years in the feed yard business. It's, it's something I'm very passionate about. And what we're seeing in, in Nebraska is, sadly, what we've seen in the past with regard to marketing issues in in Kansas, that you have an issue that comes up and both sides are so passionate that they butt heads with each other and you pit neighbors against neighbors. And it just doesn't have to be that way. But that's exactly what the current brand inspection program in Nebraska is doing. I would tell you that in the 45 years that I've been in the business in Kansas, we have not-- we've only had one issue involving stolen cattle. And quite frankly, I hate to tell you, but that was an inside job that we had one of our employees had stolen from us. We did have help from the brand inspectors and from the local county sheriff to solve that and, and it was taken care of today. I'm here to tell you that LB572 is, is not the solution. It's

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not simple. It does not make Nebraska more competitive. I have a choice as to where I go to feed cattle. We like we do business in Nebraska. You're an ag-friendly state for the most part. This brand bill is, is one thing that that I have found where you are not competitive with it. I don't want to be presumptive, but I'd like to tell you how we do it in Kansas. There is no mandatory brand inspection bill in Kansas. However, there are six full-time inspectors who are available to anyone in the state. The inspectors are state employees, they work for the Department of Agriculture, which is also the agency that administers brand renewals. It is not mandatory. Again, it is voluntary. But anyone, and I repeat, anyone, cow-calf, feed yard, backgrunder, stocker, that anyone can get an inspection if they want it and they paid a fee for it. The inspectors work closely with our local sale barns. There are about six barns in Kansas that request inspectors to be there for their customers. Those are mainly the larger barn, barns that are in Kansas that have high volume going through them. The equivalent of Nebraska's Cattlemen in the Kansas Livestock Association. And that association offers a \$2,500 reward to anyone who can give information leading towards the arrest or conviction of someone who has stolen cattle or equipment from a KLA member. I would suggest this might be something the Nebraska Cattlemen would consider. It's served as an effective system not only to deter the cattle theft, but also to help neighbors and friends in the community to work together, along with the local law enforcement and the brand inspectors that we have there. In Kansas, I pay zero on our feedlot operation for brand inspection. Unless I need an inspector, and then I call and I pay a fee for that. But again, in 45 years, there's been one instance that we did that. In Nebraska, I have registered capacity of 51,000 head. That means I pay \$51,000 a year to have an inspector come out and inspect my feed yards three, four times a year, once a quarter, and it takes between 15 and 20 minutes for them to do their audit of the paperwork and they go on down the road. Fifty-one thousand an hour is a pretty high price, price to pay for something that I get zero benefit out of.

**BRANDT:** Mr., Mr. Borck, I'm going to have to have you stop now because you got the red light. But I'm sure there's going to be some questions for you.

**LEE BORCK:** Yes, sir.

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**BRANDT:** OK, Senator Hansen.

**B. HANSEN:** Thank you. Thanks for coming to testify, Mr. Borck. You said Manhattan?

**LEE BORCK:** Manhattan.

**B. HANSEN:** Maybe Imperial did beat you out in driving distance so.

**LEE BORCK:** Close.

**B. HANSEN:** Thanks for coming though, and thanks for coming here to testify and tell us what it's like in Kansas. Just one quick question first. Since you kind of go across state lines and have operations in different states, you might know this too. What is, what is it like in Oklahoma and Texas as well? Is it similar to what Nebraska does? Is it similar to what Kansas does?

**LEE BORCK:** Oklahoma and Nebraska are, are both voluntary--

**B. HANSEN:** Oklahoma and Texas?

**LEE BORCK:** Oklahoma and Texas are both voluntary. And, and I'm not totally familiar with everything, but, but Texas does have a bit of an inspection of some sort with regard to the feedlots.

**B. HANSEN:** And then you say you pay \$51,000 a year in Kansas?

**LEE BORCK:** No, in Nebraska.

**B. HANSEN:** OK, that's what I--

**LEE BORCK:** I pay zero.

**B. HANSEN:** That's what I was making sure. OK, so--

**LEE BORCK:** If I said it wrong, I apologize.

**B. HANSEN:** No, you're fine. You said it right. I just read it wrong so. That's it for now, thank you.

**BRANDT:** Senator Groene.

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**GROENE:** So, in Kansas-- thank you, Vice Chair Brandt. In Kansas, all of the cow-calf guys, you get the Smoky Hills and the Flint Hills and a lot of good cow-calf areas. They don't have to have a brand?

**LEE BORCK:** They do not.

**GROENE:** How many of them do?

**LEE BORCK:** There are a large number that have registered brands. And in fact, the five-- every five years you have to reregister your brand. And that, that registration fee is, is, I believe it's \$45. And that pays the majority of the budget for Kansas, which is \$269,000 a year for the entire brand inspection program.

**GROENE:** Do you buy calves from these cow-calf guys or do you produce your own like Mr. Lapaseotes? Do you buy calves?

**LEE BORCK:** Sure.

**GROENE:** How many of them come into your feed yard that you buy in Kansas that don't have a brand?

**LEE BORCK:** The majority.

**GROENE:** Majority don't have a brand?

**LEE BORCK:** I would tell you, and I'm reaching a little bit here, but I would tell you that at least three quarters of the cattle that come in do not have brands.

**GROENE:** So the guys own a brand, but they, they just trust each other and they don't go, they don't put the calves under stress and don't brand them.

**LEE BORCK:** That's, that's correct, Senator.

**GROENE:** So all right, but so they just get along?

**LEE BORCK:** They do.

**GROENE:** Thank you.

**BRANDT:** Senator Gragert.

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**GRAGERT:** Thank you, Chairman Brandt. Thank you for your testimony. I had an individual in my district called me just this morning, but he owns a livestock market. And I'm just, I'm going to ask this question of you, how do they handle that down in Kansas then, of people that are in the brand inspection and people that aren't in the brand inspection, they go to a livestock market and sell their cattle?

**LEE BORCK:** Well, in Kansas, we don't have a dividing line. There's no brand, mandatory brand inspection at all in Kansas. It's all voluntary. And as I understand how those inspectors work, it's if someone in the area has cattle that maybe they've had a stray or two or they, they've had four or five that have been stolen, the brand inspectors, if they have brands, they would be looking for those cattle or they would give them an identification. And that's much more difficult. You know, I've got four black baldies that are weighing 650 pounds. And, and typically the way that you'll find it in those auctions is if someone stole them, they'll put them in under a strange name and try and market them, someone that is not known in the community. So they're looking for more than just a brand. It's strange activity that goes along with the sale.

**GRAGERT:** And I guess more to get this on record, though, and we mentioned the line because I've got the line running right through my district. And, you know, the livestock operators, owners with, within so many few miles of that line, this individual is losing business to cattle producers taking their cattle up into South Dakota and selling them where they don't have brand inspection. And of course, then when they're selling their cattle, they're also buying. Well, he's losing out on a lot of business. And I don't know, I'll run this by you, but his idea was, was the idea of a open market where individuals that aren't in the brand area can come in to his sale barn and sell their cattle with no, no inspection fee versus individuals in the brand area that bring their cattle in, you know, then he's looking at having to charge at one dollar inspection fee right now. So I know what, you know, when you're 100 miles away, you're 200 miles away from the line, you're fine. But when you're within 20 miles and the guy across the road is-- or he or she is not paying the brand inspection and the one, the other one is, it becomes a real problem.

**LEE BORCK:** I can understand that. I'm 100 miles away from the line and I still don't like it. It, you know, if it were voluntary. Again, the



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people that want to have brand inspections would pay for it and the people that don't would not have to mess with it.

**GRAGERT:** Thank you.

**BRANDT:** OK. Senator Brewer.

**BREWER:** Thank you, Mr. Vice Chair. All right, so in Kansas, you've got how many inspectors?

**LEE BORCK:** Six.

**BREWER:** And your entire program is \$269,000?

**LEE BORCK:** \$269,000.

**BREWER:** So they're making \$41,000 a year to be a brand inspector in Kansas. And you have no required branding, it's voluntary only.

**LEE BORCK:** It is voluntary. I'm not telling you that's their salary. They are state employees and we have, we have six brand inspectors.

**BREWER:** OK. I'm done, yes.

**BRANDT:** All right, Senator Cavanaugh.

**J. CAVANAUGH:** Thank you, Vice Chairman Brandt, and thank you for being here. So you have, I think you said three facilities in Nebraska. How many do you have in other states?

**LEE BORCK:** We have six feed yards in Kansas, a total capacity of 160,000 in Kansas, 51,000 in Nebraska.

**J. CAVANAUGH:** And the 51,000 is the capacity, but that's not the number you actually process a year, right?

**LEE BORCK:** No, we'll, we'll typically run two and a half times that number, turn the, turn the animals two and a half times through the lot.

**J. CAVANAUGH:** Is that the same in the Kansas number then too?

**LEE BORCK:** That's about the same.

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**J. CAVANAUGH:** So obviously you have a larger capacity in Kansas and there's not this additional cost. What keeps you operating in Nebraska if it's cheaper to do it in Kansas?

**LEE BORCK:** You have cheaper corn up here than what we have in Kansas. A lot of the corn I feed in central, south-central Kansas comes right out of southern, south-central Nebraska and, and directly into our feed yards. Nebraska is a good place to do business, you're, you're a lot more friendly to agriculture on, in most categories than what the state of Kansas is. We like it up here, the cattle feed well up here. We, we've done business, we've had a marketing arrangement with Tyson ever since 1993. We're right next to the plant at Lexington, our feed yards or within 30 miles of it. Less freight to get them there. Nebraska is a good place to do business. This, this brand issue is a one-off issue as far as we're concerned.

**J. CAVANAUGH:** But safe to say you wouldn't be operating here if it didn't make economic sense, right?

**LEE BORCK:** Not for a minute.

**J. CAVANAUGH:** So it's even despite the 51,000 it still makes economic sense to feed here?

**LEE BORCK:** One, one comment I might make, Senator, is that there is, is data that has been produced by Kansas State University that shows any community that a feed yard is located in, every dollar that spent in that community turns seven times. If that 51,000 were spent in the community rather than going to government, that would be a \$350,000 impact just in the small area that, that, that we're in. I'm just saying the money could be spent better than to spend it for something that the feed yards get zero benefit out of.

**BRANDT:** Any other questions?

**J. CAVANAUGH:** I got another question.

**BRANDT:** All right, last question.

**J. CAVANAUGH:** Thank you, Vice Chairman. And that, that's fair. There's probably, there are other ways to spend it. And you're making a comment and I think maybe Senator Gragert asked Ms. Masek, Masek

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earlier about this, about whether everybody else should have to. Would you agree that there is some value in a systemic approach, even if you're not the direct beneficiary? Meaning that something that's going to ensure that every cow that I bring in is mine and instills the confidence in the system that you do derive some value from the systemic approach, not just the oversight to your facility itself?

**LEE BORCK:** Myself and my company are strong proponents of mandatory individual animal ID. We believe that we're one of only two nations in the world, developed nations that do not have an individual animal ID program. It's absolutely necessary. The part that that I disagree with is the inspection part on, on the movement. But the animals should be IDd and preferably today with electronic tagging.

**J. CAVANAUGH:** So I guess what I'm hearing is you do see value in the program. It's just a question of exactly what stage it's kind of implemented.

**LEE BORCK:** There's value in the identification of the animals. Yes, there is.

**J. CAVANAUGH:** Thank you.

**BRANDT:** And I guess real quickly, Kansas Livestock Association offers a \$2,500 reward, and that's fine-- financed out of dues or memberships or--

**LEE BORCK:** That comes out of their general budget, Senator.

**BRANDT:** And their general budget comes from?

**LEE BORCK:** Their general budget comes from, from dues and related programs, money-- income-producing programs that they have.

**BRANDT:** Do you know we know-- our brand commission found 800 strays. Do you know what that number is for Kansas?

**LEE BORCK:** There have been, to my knowledge, there have been none that have been reported publicly.

**BRANDT:** OK. OK, well, I think that's it. Thank you very much for coming up here to testify.

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**LEE BORCK:** Thank you.

**BRANDT:** Yep. Next opponent. Good afternoon.

**DAVID WRIGHT:** Good afternoon, Senators. Thank you, Senator Brandt. Thank you for, thank you, committee members. Thank you, Senator Halloran, for putting on the study that we did this, this fall. My name is David Wright, D-a-v-i-d W-r-i-g-h-t, I'm the past president of Independent Cattlemen of Nebraska and I served on the Nebraska Beef Council for eight years and the Cattlemen's beef board for six years. I'll about check off on those deals. But what I'd like to talk about on this bill is that I hope you all have the fiscal note in front of you for this bill. I assume you do. And what I'd like to point out in this fiscal note, it shows, it shows-- it talks about, starts out talking about what the current fees are that are current, that are current law, and then how the feedlots-- and this is where it talks about feedlots. We need to understand this is talking about registered feedlots, this is not talking about feedlots, because it's my understanding there's about a thousand feedlots in the brand inspection area and only like a hundred of them are registered feedlots. So it gets pretty narrow pretty quick. So this is what the registered feedlots, and they're charged on one-time capacity. So if you roll your feed yard two and a half times, you're paying 35 cents instead of a dollar. That's the gain from having a registered feed yard, along with other things like timely, timely moving cattle out. And like the gentleman from Darr said, prevent from loss of broken legs and other things that may occur during those, that time of moving those cattle. So then if you go to the next paragraph, it shows, it shows what the increase of the fees, the new structure under LB572, what they would be. And the next paragraph after that talks about mileage. Currently, the mileage is 20, 20 bucks on a surcharge. And it wants to go to the standard rate for mileage, which I have seen potentially being as high as \$400,000 is what it would bring in. So as you get down to the next paragraph, you will see that it talks about that through the recordings they will have an increase of 37,000. Through an increase of brand renewals, they will have an increase of \$1 million. And then you see there's a loss, there's a loss of 86,000 because we reduced it from one dollar to 0.95. And then you'll also see that there's a loss from the feed yards, from the, from the, from the backgrounding loss for the feed yards, a loss in revenue of 132,000. But then there's also the assumption of a gain for \$650,000

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on other surcharges. Now, if you back up to the bottom bullet point, where it talks about the new changes on that page 2, it says the annual audit fee for the registered fee yards is \$250 plus the annual audit fee. That is 50 percent of the calculated amount multiplying by the year ahead inspection per fee, but by the capacity of the registered feed yard rounded up to the nearest 1000 head. Currently, we're collecting about a million dollars from registered feedlots on the one-time capacity on a dollar and they're roll it, the gentleman from Kansas said, two and a half times. So let's say two. They're really paying 50 cents a head. And if you reduce this to 50 cents, they're going to pay 25 cents a head. That's what the registered feedlot is going to pay, 25 cents a head. So with these increases, these potential increases, and notice they're all based on not fees, not inspection fees, but other services, the increases looks like \$1.7 million. And the losses in this bill is 880-- 818,000, which is tied to inspection fees. And of those, 600,000 of them are to the registered feedlots. So in the end, what we have is everyone else will pay 95 cents and the registered feedlots will pay a quarter. That's what we have. So we bounced through that quickly. So what I would like to add to my testimony is we've got to quit talking about brand inspection. It's about verification of ownership. What is the value to verify that you own the cattle? Usually that takes-- that happens at the point of exchange or the point of sale. So if we were to look at this bill as though we looked at income taxes, how taxes are for income, if you create more income, you pay more tax, is that correct? If you have real estate and property taxes, the higher the value, the higher the tax. If you have sales tax, that's based on a percentage of the sale. If the sale is higher, you pay more tax. If you have a fuel tax, it's a dollar per gallon. It's based on dollars per gallon. No matter how many gallons you burn, no matter if you have a trucking firm and you burn all kinds of fuel and you're hauling billions of dollars of freight, you're still going to pay the same amount in the tax as the person who's going to work every day driving 10 miles.

**BRANDT:** Mr., Mr. Wright, I'm going to have to stop here right now because you've got a red light.

**DAVID WRIGHT:** Thank you.

**BRANDT:** But I'm sure there will be some questions.

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**DAVID WRIGHT:** OK, I would gladly entertain questions.

**BRANDT:** Senator Cavanaugh.

**J. CAVANAUGH:** Thank you, Vice Chairman Brandt. And thank you, Mr. Wright, for being here. And I appreciate the walkthrough. I guess, what's your point?

**DAVID WRIGHT:** My point is the program is designed to lower the rate for the for one segment of the industry. Everyone else will pay a higher rate. And all we're talking about is proof of ownership. So if this is the way it's going to go, we're going to start carving out and carving out and carving out because the next group is going to stand up and somebody else is going to want to carve out. So how do you expect to maintain a system to prove ownership if you're going to start allowing these carveouts? So if you took the \$1.7 million that's generated in the other fees and apply that to the inspection fee, you could drive the inspection fee down 70 cents. Everybody would pay 70 cents, instead of what we're doing. What we're doing is we're forcing-- it's a shift in taxes, is what you're doing. It's a shift from the, from the inspection fee to the other fees, is what it is. And it's, it's allocating those who don't want to pay that fee, that inspection fee to try and get out of it. So I guess that is my point.

**J. CAVANAUGH:** Would you agree or that the more expensive aspect of the program is the investigation and not so much the inspection or the-- yeah, investigation, right?

**DAVID WRIGHT:** According to their, according to their, the Brand Committee's report, inspection is the most expensive part. Investigation is not if, I believe that's the way I read it.

**J. CAVANAUGH:** OK.

**DAVID WRIGHT:** But the interesting thing about investigations and inspections are investigations, I'm coming to look-- I'm looking for a breaking of the law. So there's going to be a punitive judgment that goes with that. Inspections do not. Inspections keep you from going to jail. Just because the cattle crawled through the fence, you don't go to jail for it, you just straighten out the mess. That's the difference between the two. If there is no inspectors when you wind up

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at the sale barn with the neighbor's cattle, did you steal them or was it an accident? If they get sold and you don't say anything, did you steal them or was an accident? That's what an inspector does. He prevents that from happening. He keeps that, he keeps, he keeps you honest.

**J. CAVANAUGH:** Thank you. Thank you, [INAUDIBLE].

**BRANDT:** Other questions? Senator Gragert.

**GRAGERT:** Thank you. Thank you for your testimony.

**DAVID WRIGHT:** Thank you.

**GRAGERT:** What-- you heard about the volunteer system down in Kansas. What do you, what is your opinion of volunteering anybody that wants to be in it, the brand inspection, just pay for it, you know, as you're in it?

**DAVID WRIGHT:** Well, if we had a volunteer check off, I wouldn't pay for it. So if there's a volunteer brand inspection program, I probably wouldn't pay for it.

**GRAGERT:** You wouldn't be in it or you wouldn't.

**DAVID WRIGHT:** I probably wouldn't pay for it, if it was voluntary. You've seen-- why would I, why would I request it? You know? Why-- the only reason, I mean, what would I request to look at the neighbor's cattle because he might have mine in a volunteer system? See, I, like you, I live right on the line. I cross the line six, eight times a day. It's always an even number because I got to come back. You know.

**GRAGERT:** You don't have to come back.

**DAVID WRIGHT:** One way or the other. I either got to be out or in. I mean, one way or the other.

**BRANDT:** It's like flying. You got to learn to land because you don't have to take off.

**DAVID WRIGHT:** Right. Right. So I deal with both sides of it, you know. And in my mind, brand inspection does, just like I said to Senator

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Cavanaugh, inspection keeps people honest. Whether it was a mistake or not. If it was intentional, that person has the opportunity to realize the faults of their decisions and say, oh, it was an accident. You know, I didn't really mean to go round up 25 head and kept. No, you just kind of got caught at it, you know. But without that, when you wind-- when the investigator starts looking in your door, someone's going to go to jail.

**GRAGERT:** But again, the brand inspection is all about protection of your cattle or is it about protection of everybody's cattle? Because if I don't really care about protection, why would I be in the brand?

**DAVID WRIGHT:** Well, it's about protection, about more than just the cattle, it protects me. So if I've got 10 of my neighbor's calves that crawled through the fence and I run them through the sale barn, I didn't steal those calves. But how's it going to appear? It's going to appear you stole those neighbor's calves. We've had calves crawl into the Hobbs's feed yard and they don't find them until they're fat. And then what we would do is we would just split, you know, we'll just slaughter and split it. You know, you paid the fee, we had the calf, you know. But still that, that wouldn't have been caught if those cattle wouldn't have been inspected, leaving a truck when they're fat, they wouldn't have been caught.

**GRAGERT:** Thank you.

**BRANDT:** Any other questions? Senator Groene.

**GROENE:** I missed it, so if I-- are you a cow-calf operation?

**DAVID WRIGHT:** Yes. Yes, I am.

**GROENE:** And then you sell at the sale barn or you--

**DAVID WRIGHT:** Right, we sell at the sale barn.

**GROENE:** So what's wrong with just doing that at the sale barn?

**DAVID WRIGHT:** There's nothing. That's the way we do it. See, that's what's interesting about this, though--

**GROENE:** Not always, though.



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**DAVID WRIGHT:** What?

**GROENE:** We heard that if it goes from a cow-calf to a prep yard, there was a inspection. It goes the prep yard to a feed yard, it's another--

**DAVID WRIGHT:** That's because he's leaving the brand area. The only time, in the brand area, the only time there's an inspection is at the change of ownership and if you leave the brand area. So if you're in the brand area, you can be a feeder in the brand area and fatten all the cattle you want and never have them inspected until-- because there's an inspector at Lexington and you sell your cattle in the brand area, there's an inspector at Lexington and Grand Island and Gibbon, you know. So you can load them up, you can call them up, say, hey, you know what, I got ten loads coming, you guys interested in them? Yeah, we're interested in them. Where would you like them? I don't have to have-- I don't have to have an inspector come look at them. But if I'm a registered feedlot because I'm wanting different-- I want to be treated differently, then I have to have them inspected going into my registered feedlot. You see?

**GROENE:** You pay the fee, you just don't have it inspected in the first scenario.

**DAVID WRIGHT:** If I took, if I took my cow-calf kids, right, and I made yearlings out of them and I ran them, I don't know, I ran the crop to Gordon, brought them back to my home, brought them back to the ranch. And then I took and I put them in a feed yard done at O'Neill, over at O'Neill, and then when I sold them, if I sold them to Lexington or a brand, someone in the brand area, that's the only time I would have them inspected. And they wouldn't be inspected on the place, they'd be inspected at the sale barn.

**GROENE:** So you raised the cow-calf in a brand area?

**DAVID WRIGHT:** That's correct.

**GROENE:** You ran them a yearling and you fed them out.

**DAVID WRIGHT:** Right.

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**GROENE:** You put them on a semi and send them to Schuyler outside the packing plant there, there's never been a fee charged, but you raised them in a brand inspection area?

**DAVID WRIGHT:** No, just a second. Before I can go to Schuyler, I would have to have them inspected because I'm leaving the brand area. But the current law has a provision in it for open markets. If you want to pursue that or if the Brand Committee would like to pursue that, because my example will be I believe it's the Albion sale barn. I know it used to be the Elgin sale barn. They are outside of the brand area and they would take-- we would take calves from the ranch over to Elgin and they got brand inspected in Elgin, even though they're outside the brand area, because there was agreement with the Brand Committee that Elgin would become an open market. So you could in, in theory, because it says in the law, we can have an open market outside of the state and outside of the brand area. I think it's-- I, I think it's, I think it's 54-1,119, I believe that's the one that talks about open markets. So in theory, we could have, we could put a brand inspector in greater Omaha, we could put a brand inspector in Dakota City. We could put one over at Schuyler, you know. You just got to figure out the, you got to figure out the logistics and, you know, and then then it wouldn't matter when it comes to these fat cattle. But the whole point is back to in the registered feed yards, they're paying one-time capacity for the service. That's all they're paying. And if they, if the grow yards-- if I had a feedlot, if I had a feedlot, I would leave the cattle in that grow yard as long as I could, as long as I could. And then I could roll that feed, that registered feedlot over a lot.

**BRANDT:** Any other questions?

**GROENE:** One last question.

**BRANDT:** Oh, go ahead.

**GROENE:** But if I'm in Greeley, Nebraska, I'm assuming that's on the other side because it's further west than you.

**DAVID WRIGHT:** If I'm what?

**GROENE:** Greeley, Nebraska.

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**DAVID WRIGHT:** Greeley, Nebraska, is in.

**GROENE:** In? All right, let's go further, Colfax County, where I grew up, you got a feed yard-- you got a cow-calf there and then you sell them to your neighbor to his feed yard and it goes to Schuyler, they don't pay a nickel.

**DAVID WRIGHT:** They, they still got-- no, I got to pay when I had the change of ownership if I sold it to someone.

**GROENE:** Not in the brand area, right.

**DAVID WRIGHT:** In the brand area? No, the guy outside of the brand area?

**GROENE:** Yeah.

**DAVID WRIGHT:** No, they don't ever pay. They never pay at all.

**GROENE:** The individual from Kansas has his feed yard in Schuyler, closer to the packing plant there instead of Lexington, he wouldn't have to pay \$51,000, is that correct?

**DAVID WRIGHT:** Right. He pays one-time capacity. He's, he's--

**GROENE:** Not in Schuyler, not in Colfax County.

**DAVID WRIGHT:** Oh, I'm sorry. OK.

**GROENE:** Thank you.

**BRANDT:** Well, I don't see any other questions, and I'd like to thank you for your work on the task force.

**DAVID WRIGHT:** I've been, been doing it a long time and you know that.

**BRANDT:** Yeah.

**DAVID WRIGHT:** Thank you.

**BRANDT:** Thank you. Next opponent. How many people are left to testify on this bill? Looks like we got two, three, four. OK.

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**JOHN HANSEN:** Mr. Vice Chairman, members of the Ag Committee, good afternoon. For the record, my name is John Hansen, J-o-h-n, Hansen, H-a-n-s-e-n, I'm the president of the Nebraska Farmers Union. I appear before you today in opposition to LB572. I am a recovering commercial cattle producer and also we had a cow-calf herd and we also had a purebred Charolais herd. And we also ran a lot of pasture and we had pasture on one side of the brand line sometimes, and sometimes we had it on the other side and sometimes we had both. And we have, you know, to the, to the question, you know, what is the value of this? It is that, you know, in theory, all cattle producers and all cattle raisers and all feedlot owners are honest, but in reality, that's not really the case. And so our view is that the brand law helps keep folks honest because there is a check and there is a balance in the system and it's a systematic approach and you need a systematic approach. I, the brand law helped one of Senator Gragert's constituents who wandered into the line of criminal activity. Thanks to brand inspection, we made an honest man out of him. He brought our \$25,000 bull back and, you know, he had a brand. And there was no question that he was in his pasture and there's no question he had put him in his pasture. And so it does reduce the rate of theft and theft does happen. And so in terms of feedlots, they are already paying a substantially lower rate per head. If you're going to look at it per head across the board there, David Wright nailed it. They are obviously paying a lower rate. But if you are going to figure out a way to take stolen cattle and launder them and feed them and you have feedlots that are not inspected in your area, well, that's-- and they're not in the brand program, that's where you're going to try to, you know, move your, get your dollars back out of them, out of the stolen cows. And so it's down through the years I've been at this. This is, what, 32 years. There's some things that you can kind of count on in my line of work. And one of them is that almost everybody that I represent thinks that we pay too many property taxes. And the other one is that they have a fairly strong opinion about the brand itself and brand law and brand inspection. So the challenge to try to come up with, with a viable system that is still a system that works is a challenge. And I appreciate the efforts of the task force. We like things that use more technology and lowers cost to everyone. So we're somewhat sympathetic to the dairy guys. We think we might be able to come up with a different system for them as long as we have a viable system to lower their costs and use the technology that's

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appropriate for them using the technology that's available across the board to lower costs. But we still need all the different players in the system in the system. And I, I've been convinced down through the years that however low we go with the feedlot guys, that they won't be happy until they get to zero. Because we've tried time after time after time to try to give them a better deal. And every time we give them a better deal, they want a better deal yet. And so for those reasons, we reluctantly are not in support of LB572 as it currently stands. With that, I'd be glad to answer any questions.

**BRANDT:** Do we have any questions? Senator Hansen?

**B. HANSEN:** Thank you. Thank you, Vice Chair Brandt. I missed it. When you were talking about that instance in Senator Gragert's district. You said there was a bull that got, was it stolen?

**JOHN HANSEN:** He was for about three weeks.

**B. HANSEN:** OK, and then you, the inspector came out and then found it, or was it more kind of like we used the threat of the inspector to come out?

**JOHN HANSEN:** We, we, we called the brand inspector and we called the sheriff.

**BRANDT:** OK, so--

**JOHN HANSEN:** And we told him where we knew where the bull was. And, and he was a former bull customer of ours. It's not that he didn't like our cattle, he just didn't like to have to pay for them.

**B. HANSEN:** Which is sometimes--

**JOHN HANSEN:** Unfortunately.

**B. HANSEN:** Which is sometimes a problem.

**JOHN HANSEN:** Unfortunately, we had, we rented pasture next to him.

**B. HANSEN:** And that leads, leads to my next question. So if we didn't have an inspector, I'm trying to figure how this works in my head, would-- but we would still use local authorities to, to kind of like

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say you say, OK, I found out who stole my animal because I found the brand or I have a concern about somebody who stole my animal, we would call like the sheriff, we would call the, the county official to take care of it?

**JOHN HANSEN:** Well, I, I still think you need brand inspectors. I, I, you know, I don't know how much experience you would have in reading brands, but I tell you, brand inspectors are-- that's an, that's an art, among other things. You know, brands that have hair over them and are-- it's, it's not so simple. And some brands can be more easily manipulated than others, but brand inspectors who do it all the time are very good at it. They have a lot of common sense, they have a lot of expertize. And I like the brand inspector system and we've supported in the past all kinds of efforts to try to help give them the necessary financial resources to upgrade their technology. And, you know, there's, I mean, they should, they should, they should be, you know, doing everything they can to try to reduce the overall cost of the program and still do what they need to do.

**B. HANSEN:** OK, you're right. I'm not an expert in the branding stuff, so that's why I appreciate your opinions.

**JOHN HANSEN:** Thank you.

**BRANDT:** Senator Groene.

**GROENE:** Thank you, Vice Chair Brandt. Was your bull branded?

**JOHN HANSEN:** Yes.

**GROENE:** What's that?

**JOHN HANSEN:** Yes.

**GROENE:** I see. Cause you said you lived on the line.

**JOHN HANSEN:** Yeah, he was, he was tattooed, he was ear tagged, he was branded.

**GROENE:** So--

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**JOHN HANSEN:** And he's about 500 pounds bigger than any other bull in the neighborhood.

**GROENE:** So was the guy stealing the bull or was he just borrowing his services?

**JOHN HANSEN:** You know, he was going to claim that he was just borrowing the services. From our view, if he, he was not with our cows and he was with his cows and he was, he was temporarily stealing him.

**GROENE:** So just because he had better looking cows, I guess.

**JOHN HANSEN:** Well, there's no question his cows needed an upgrade.

**GROENE:** All right, thank you.

**BRANDT:** Senator Cavanaugh.

**J. CAVANAUGH:** And I don't know how to follow that. Thank you, Vice Chair Brandt.

**JOHN HANSEN:** Yeah, when you run into former Charolais breeders, we're kind of that way.

**J. CAVANAUGH:** Thanks for being here, Mr. Hansen. So just so I'm clear, you-- do you like the expansion of the electronic tagging in this bill then?

**JOHN HANSEN:** Well, I guess given the way the industry is moving, given the way that technology is moving, especially in the case of dairy, for example. And I'm a, I'm also a recovering dairy producer. My goal as a, as a former dairy producer and also as president of a farmers' union, would be to get dairy up to the point where we would all be making money in the dairy industry and we'd be growing. But we're not. We're shrinking. We just keep losing. When I was milking cows, we had thousands of dairy producers in the state. So here we have, you know, one hundred and some left. And so I'm sympathetic to their, their issue because of the use of technology that we may be able to to do something for them and still keep them within the system, but lower their costs.

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**J. CAVANAUGH:** Correct me if I'm wrong. My understanding of this bill would be that it would allow the electronic monitoring to be for all cattle, not just dairy cows, right?

**JOHN HANSEN:** Yeah. And I would be more for just the dairy.

**J. CAVANAUGH:** OK.

**JOHN HANSEN:** I think--

**J. CAVANAUGH:** That's kind of what I was trying to get at.

**JOHN HANSEN:** That's a, that's a niche that makes sense to me.

**J. CAVANAUGH:** OK, so you're not particularly in favor of this. And as a matter of policy, I guess, you're, you don't, also don't like the fee structure, because it is too much of a decrease for the feedlots. Is that my understanding?

**JOHN HANSEN:** It's a shift.

**J. CAVANAUGH:** OK.

**JOHN HANSEN:** It's a, it's a shift to the folks who already pay far less money than the other players per head.

**J. CAVANAUGH:** And you think that they are sharing-- carrying a disproportionate small part of the burden.

**JOHN HANSEN:** You lost me in the last part of the question.

**J. CAVANAUGH:** I'm trying to understand. I mean, a shift is a shift, and that's fair. But why is that wrong, is my question.

**JOHN HANSEN:** It, it's because it's a shift from the folks who already pay the least to the folks who already pay the most.

**J. CAVANAUGH:** But you heard, I guess, a few folks testify that they're getting less out of it. Right? So I guess their, their argument and counterargument to that would be they should pay less because they're getting less. So I guess my question is, why is that not a valid argument?



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**JOHN HANSEN:** So, so this gets to the whole business of how it is that you form your opinion about the value of the system. And so for me, it's a systemic value. And if you have holes in the system where you can dump and launder stuff, then you've created a problem in the security of the system. So as you're verifying animals, you're you're verifying animals for a reason and you're verifying animals so that you can, you can reduce theft and that you can, you know, also by doing, verifying that ownership, you're helping secure the, you know, the security of the overall system. So we have a system that works. And so while they're saying they don't get value, there is value in them being a part of the system and there is a value to the industry as a whole by having them in the system. And so while they're saying they're not gaining a benefit, there is a benefit that is being had by having them in the system. If, you know, is-- if you're, if you're not going to have, if you're not going to enforce laws for the local pawnshop, for example, you know, where everybody is going to launder all the stolen goods, right, if you don't have that. And so you've got a hole in the security of the system if you don't include the feedlots. So there is a systemic value in that. And we're already charging them less money per head than, than the cow-calf guys. And so, yeah, there's a lot of cow-calf guys. There's a lot smaller number of feedlots. And the feedlot guys, you know, tend to have-- produce more value in the, in the food chain. And so in a lot of cases, especially the guys that are doing custom feeding, they're passing those costs onto the owner anyway. They're not just eating it. And so to me, it's we keep trying to focus on making those guys happy and they won't be happy until they pay nothing. And so to me, the shift goes in the wrong direction, if that makes more sense.

**BRANDT:** Senator Gragert.

**GRAGERT:** Thank you, Vice Chairman Brandt. Thank you, John. So what do you feel the state of Nebraska, should it be all in or all out on the brand inspection area?

**JOHN HANSEN:** I firmly feel that I should honor the policy of my organization, who is very clear on this issue, who has always thought that it made more sense to have the whole state in than the whole state out and that there were enough benefits in the brand area that it ought to be extended to the whole state. So we have, we have always supported that position as a-- in the 30 years, 32 years I've been

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doing this, our organization has always supported having the whole state in the brand area.

**GRAGERT:** Thank you.

**JOHN HANSEN:** And I-- thank you, Senator. And I appreciate the position you're here. And I understand your, your district and the Creighton Livestock Market issues.

**BRANDT:** I don't see any other questions. So--

**JOHN HANSEN:** Thank you.

**BRANDT:** -- thank you, Mr. Hansen. Next opponent.

**TREY WASSERBURGER:** Good afternoon, gentlemen. My name is Trey Wasserburger, T-r-e-y W-a-s-s-e-r-b-u-r-g-e-r, and I am a fifth-generation rancher from Hershey, Nebraska. And I'm here today to oppose, oppose the bill, LB572. And I'm just just going to start out last week-- I'm just, I'm here, I'm, I'm not, I don't have numbers. I don't-- I'm senator-- or Justice Coney Barrett, I don't have anything in front of me. I'm just going to tell you how it is. And last week, I made a phone call. I need to get a brand inspection on a Monday. And I was called, the brand inspector told me I cannot do brand inspections on Monday and Tuesday because we had a guy just quit. Inspector just quit, and you got to wait till Wednesday. Three-hundred red heifers stood there for 48 hours at two duck-- two bucks a day to feed them. I was, I was out \$800 because we couldn't get them shipped. Same week, this is Thursday, I called the gentleman. I say, I need to get a brand inspection on Saturday for a customer's steers in one of our feedlots. And we're in, we're involved in every aspect. So I run the registered side of the family that's been there for 100 years. And we will, we will raise the bull that sires the calf all the way through clear to the packinghouse. We're involved in every aspect. And I told him we need to sell-- I need to brand inspect these steers to go into the brand, brand area. I can't be there on Friday-- or I can't be there on Saturday, so I'm going to do them Friday. And this is for customer. We took them out of the pen, completely threw them off feed. They went back down there on Saturday, they were thirty pounds light. And I had to eat that because my customer was upset. You had-- and he's from Iowa. He said, you had to do what? You had to brand inspect them? I

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said, yeah, you mean they're leaving, I got to do that. And he so he accused them being light because of the brand inspection. Another aspect is we run a lot of grass cattle up in the Sandhills every year and we're like baseball statisticians, OK? I mean, we count everything. I mean, our guys, our, our theory is that our feed yard and our, and our operation, you count everything through a gate. If there's a gate involved and cattle, someone better be at the front and better be counting. We count everything. I will know the day that I turn out cattle in the Sandhills and as we rotate pastures, how many are missing. And every year, it's built into our margin today, that some cattle aren't going to come home. I'm not talking about death loss, I'm not talking about carcasses, and we can, we fly the pastures and we find these cattle. Every year, we're short four or five. I'm not here to say that there's rapid theft going on and all that. That's not what I'm saying. What I'm saying is if the brand law is so good, why aren't these cattle coming home? I represent my family. It's a tough business, it's a hard business, and we just don't understand. This is a classic example. We have a commercial replacement heifer program, which I buy from my bull customers and then breed the heifers and then sell all over the nation. I sent 200 bred heifers a couple of weeks ago to a guy south of Chicago, and I sent him the title for the brand. And he calls me and he said, is this a bill? I said, no. That means you, you own the cattle. He said, what do you mean I own the cattle? I paid you for them, they're sitting in my yard. He goes, it sounds like a tax. I've never heard somebody that's like, you what, you have to what? I don't under-- he didn't understand it. He said, that sounds like a tax to me. If I go 100 miles south of North Platte, Nebraska, and I go 150 miles east, these guys want to know what I'm, you know, I just-- I'm here, I'm here to-- I have maybe more questions than most. I don't understand. And that's why I oppose the bill completely. And I'll be more than happy to answer any questions.

**BRANDT:** OK, thank you, Mr. Wasserburber. Do we have some questions? Senator Groene.

**GROENE:** So you do it all the way through, cow-calf, raise the bull, everything?

**TREY WASSERBURGER:** Yes, sir.

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**GROENE:** So how much tax do you have in that-- call it a tax, you have in that finished product when it goes to when you sell it? How many times have you paid an inspection?

**TREY WASSERBURGER:** Oh, it depends on how many time-- I mean, but I got-- sold the bull, obviously, I got at my bull sale, the brand inspector is there looking at them, whether they're branded or not. He's there to make sure they're mine. And then that bull will go, go out to--

**GROENE:** But you pay a dollar there.

**TREY WASSERBURGER:** Yeah, I paid that once. And then that bull will go out to, to a customer. And if-- it depends on where they sell their cattle, but those calves will be taxed when they leave there, change of ownership. Then they go into our registered feedlot, we pay there, and then we pay going out.

**GROENE:** To the slaughterhouse?

**TREY WASSERBURGER:** Yeah. You know, many times we've ever found-- so I was talking to my-- Senator Groene, you probably know my grandfather, Mr. Andy Olson, and he figured it up. He spent half a million dollars in 15 years for, for having his registered feed lot. And he asked me how many times we recovered stolen or lost animals. He asked me this. Zero.

**GROENE:** So where do you think those animals go? I mean, it's just a local person.

**TREY WASSERBURGER:** I'm not hearing you.

**GROENE:** Sandhills shooting it, I mean, stealing it, butchering it and putting it in their freezer?

**TREY WASSERBURGER:** I'd like to know if our brand law is so good, why aren't the coming home? You know, because they got to go somewhere. They got to go into the, into the feed chain somewhere. So they should be caught along the line somewhere, right?

**GROENE:** So you never gotten a call from the brand--

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**TREY WASSERBURGER:** No.

**GROENE:** -- inspection to say we found this calf, steer at this sale barn or at this slaughterhouse and it has your brand on it? And you've never gotten that phone call?

**TREY WASSERBURGER:** No, sir.

**GROENE:** And your grandpa Andy never did, too?

**TREY WASSERBURGER:** I can't answer for him, but I do know that I have not gotten that phone call. My guys are trained also, if there's an animal in our pasture, to get it in a trailer. And it's such a-- it's a small world, right? It's a tiny world up there. It's a great big, huge small world. We know whose brands and who-- and if there's something in our pasture, our job is to get them in a trailer, get them in a corral and get them to the rightful owner. That's how we do it. And not everybody does that. But, I mean, so, yeah, I've never, I've never, I have never got a call from this sale barn or this packing house said, hey, we found your brand and this, this lost heifer or steer. I've never got that.

**GROENE:** But your biggest concern is you run an efficient operation and you're standing around waiting for an inspector to show up.

**TREY WASSERBURGER:** Yeah, that's I mean, the shrink in this industry. Time is money, right? Time is money. And if I'm brand inspecting these cattle that are going to out of the brand area, why am I taking that loss when it means nothing at the other end?

**GROENE:** I thank you.

**BRANDT:** Senator Hansen.

**B. HANSEN:** Thank you. So if it was voluntary, you wouldn't do it or you would?

**TREY WASSERBURGER:** No, I'm 100 percent for voluntary. Absolutely.

**B. HANSEN:** So if-- so if it was voluntary in the state would you become a part of it then?

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**TREY WASSERBURGER:** Yes, sir.

**B. HANSEN:** OK. Just curious, thanks.

**TREY WASSERBURGER:** Yeah. I think that's-- I bet, I think that's the best-case scenario for everybody.

**BRANDT:** Senator Groene.

**GROENE:** So do you brand everything or do you tag?

**TREY WASSERBURGER:** Both.

**GROENE:** Everything's branded.

**TREY WASSERBURGER:** Yep. And EID everything too, as well.

**GROENE:** So in the open range up in the Sandhills-- not open range with the big area. You said the big world, but it's less people. I like it. But you have to have a brander to keep track. Wouldn't you almost have to?

**TREY WASSERBURGER:** Senator Groene, I've learned in my short tenure that that tag, the greatest invention we've ever done, is get a custom tag with our name and our number. That brings more cattle home than the brand. That's-- we've actually some unbrand-- so a commercial female was worth a lot unbranded. So we do kick out cattle that are unbranded and that tag will bring them home.

**GROENE:** Does the physical brand do better for the theft?

**TREY WASSERBURGER:** That brand has yet to bring me, bring them home to me.

**GROENE:** Thank you.

**BRANDT:** Seeing no, no other questions, thank you for your testimony.

**TREY WASSERBURGER:** Thank you.

**BRANDT:** Next opponent.

**JOHN SENNETT:** Senators.

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**BRANDT:** Good afternoon.

**JOHN SENNETT:** My name is John Sennett, J-o-h-n S-e-n-n-e-t-t. I appear here today in behalf of the beef producers organization and our organization opposes LB572. I had a number of remarks written down, but as usual, I never follow my notes. I want to share with you five numbers. First number, \$6,045,339.13. That's the revenue of the Brand Committee in the last fiscal year. Second number, 3,756,505. That's the number of brand inspections that occurred in the country or sale barns in the state of Nebraska in the last fiscal year. Third number, 820. That's the total number of estrays that were recovered from this 3,756,000 head of inspections. They found 820 estrays. And understand in our business, an estray does not mean a stolen cattle. That means a, a head of stock that had to be found or was recovered or something, found in a pasture, whatever. It doesn't mean cut. The next to last number is \$1,066,280, that's what RFL registered feedlots paid in audit expense in the last fiscal year. Final number, zero. Zero estrays found at the packing plants and at the RFLs in the last fiscal year. None. After you had 3,700,000-plus inspections and spent \$1,066,250 to be a registered feedlot there were zero, zero recoveries of any estrays from the [INAUDIBLE]. Numbers don't lie. That-- if there are any questions, I'll try to answer them.

**BRANDT:** Questions. Senator Brewer.

**BREWER:** Well, I guess what's your point?

**JOHN SENNETT:** My point is that if there were zero recoveries--

**BREWER:** So you're against LB572.

**JOHN SENNETT:** Right.

**BREWER:** You want to keep everything the way it is right now?

**JOHN SENNETT:** No, what I want this committee to do is to instruct the Brand Committee to figure out a way to transition to the Kansas system.

**BREWER:** All right. Thank you.

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**JOHN SENNETT:** My point, Senator, is it isn't just zero for us. They're not accomplishing anything for the cow-calf guys that think they're losing out because there's none that they're finding at the feed lots. There was a question answered-- asked earlier of one of these other people as to what happens in Oklahoma and Texas. Well, I've had conversations with people in Oklahoma and Texas. In Texas, they figured out that almost all the stolen cattle in Texas were eventually run through the sale barns. So the only place they inspect cattle in Texas is at the sale barn.

**BRANDT:** OK, Senator Brewer.

**BREWER:** Well, I guess my point is, if I don't, if I don't inspect, I don't care whether it's vehicles, men or anything else, it isn't long and nobody is fixing the vehicles. Their, their barracks are a mess. I mean, we do inspections for a reason, to keep people honest. So I guess I'm, I'm questioning whether or not no inspection is the right answer here. But I understand your numbers and they are, they are numbers, I will give you that.

**JOHN SENNETT:** Take anything I can get.

**BRANDT:** OK, Senator Groene.

**GROENE:** How many head are raised in Nebraska or go through the feed yards here in Nebraska?

**JOHN SENNETT:** I could not tell you that, Senator. I mean, there's hundreds of thousands. The point is that we can't-- I was told by one of the feedlot operators that basically we're-- we don't raise enough cattle in Nebraska to fill up all of the Nebraska feedlots. They have to bring in cattle from Texas and Oklahoma and Kansas and Missouri and, you know, other--

**GROENE:** So these 821, was it the number that they, that they documented the brand commission does that they found--

**JOHN SENNETT:** Found the strays.

**GROENE:** But that would have been when they went out and inspected a transfer between a cow-calf person to a feed yard maybe, is that correct? They're from a--



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**JOHN SENNETT:** Well, according to--

**GROENE:** -- cow-calf into a prep yard or whatever you want to call it.

**JOHN SENNETT:** According to the, there was a report that's on the Brand Committee's website. Basically, they are reporting that there were a total of 820 estrays, zero in the feedlots-- and zero in the registered feedlots and zero in the packing plants. And then the, there was about 300-- and I won't get the exact numbers, but about 300 found at the-- estrays found at the sale barns. And then the balance were in these country examinations.

**GROENE:** So the rancher, we had a rancher up here earlier say he finds them. So he's sitting there and his crew is sorting cattle and they're getting ready to, and the inspector is standing there. If he was standing there or not, he would have found that stray probably and took it to his neighbor. But that inspector writes it down that he found it, because he's standing there.

**JOHN SENNETT:** Far as I know. Yeah. That the, the-- it's just not very-- for that many inspections, there's just not many cattle--

**GROENE:** What I'm hearing, and do you agree, that this isn't about the brand. We need brands, we need ownership. We have bad people. It's the redundancy here, isn't it? How many times and, and that we're doing this inspections instead of just at the sale barn and maybe just at the packing plant.

**JOHN SENNETT:** I mean, one head, if, you know, in the wrong situation, can get brand inspected three or four times before he, before he ends up in a kill floor. And, you know, it's, it's just goes over and over and over again. The Kansas model is, is not no inspections. The Kansas model is if you want to brand inspection, you feel you need a brand inspection, then you can get a brand inspection. But their cost, you know, we're taking in over \$6 million and Kansas is at \$286,000 budget for the whole thing. I mean, it's, it's an excise tax on the cattlemen, on all the cattlemen of the state of Nebraska.

**BRANDT:** Any more questions? Seeing none, thank you, Mr. Sennett. Next opponent. Good afternoon, Doctor.

**DON CAIN:** Good afternoon, Senator.

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**BRANDT:** Normally we don't allow props in testimony. So, OK.

**DON CAIN:** OK.

**BRANDT:** OK. You can go ahead and start.

**DON CAIN:** Thank you for that warning. My mother told me a long time ago that a picture is a thousand words, and so that's why I brought them along. But Don Cain, D-o-n C-a-i-n, Broken Bow, Nebraska. Natural resources chairman of the Independent Cattlemen of Nebraska, and a fifth year-- or a fifth-generation rancher practicing veterinary medicine and raising cattle in the state of Nebraska for over 40 years now. We're here to testify in opposition to LB572. And what I brought you today wasn't a bunch of extra reading material. I've kind of got tired of hearing old people say they don't see any value. They don't know of any problems. So what you have is, is eight documents that are press of fraud, theft and part of the corruption that can happen in livestock ownership verification. And I'd be more than happy to go through those really quick so that you know what they are. Number two-- number one is, it's just a summary of my presentation. And first of all, I want to thank Senator Halloran for bringing us together. I think the LR378 was a very useful process. I don't know how you got delegated it, because I know you and Senator Brewer are both senators, he is a colonel. So did you get it because you have a higher rank or just by default?

**HALLORAN:** I'm a private.

**DON CAIN:** You're a private, so it got delegated to you. OK, that's good. This that you see here on my testimony was given to the LR378 group on the second meeting because our group, the Independent Cattlemen of Nebraska, were quite forthright in going ahead and telling people where we stood on things. OK? And so I'll go over it real quickly, and I hope there's some questions. And I hope some of the questions that were asked other people will get asked me too, if time allows. Quickly, number two is a cattle rustler in Blue Hill, Nebraska, OK? And oftentimes we find these cattle thieves take their stuff and go across the brand line to get their things or the thievery happens out of the brand area. Well, Nebraska is an ownership state according to Section 54-1,116. 54-1,116 doesn't talk about a brand line, it talks about ownership verification throughout the state. In

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my opinion, the brand line causes problems because it creates an extra inspection sometimes we don't need, because we only need inspection when there's a change in ownership or they're going out of the brand area. And according to 54-1,116, the whole state is an ownership verification area, whether you call it a brand or not, OK? It just happens cause a problem in the middle. But this one here is in Nebraska. It's Austin Peter [PHONETIC]. If you can see, that was in 2019, so it's fairly quick-- fairly recent. He was taking cattle from the brand area, going over to a sale barn out of the brand area, selling them and taking the money. OK? The next one is a South Dakota man, March 22nd of 2020, Robert Blom, Corsica. We're talking about \$30 million of this guy of, of stuff. And he was doing the same thing, taking cattle from the brand area and selling them out of the brand area and collecting the money. The next one is two, there's, there's all sorted together. It's the same guy got caught twice and he's from Kansas. And I think I heard testimony that they don't got any problems in Kansas. OK? Well, here's a guy that got caught twice. And if you look at the bottom of the first paragraph, cattle were sold to Thompson, sold by Thompson, belong to Adams Land and Cattle company in Broken Bow, Nebraska. So, I mean, we knew that we had a thief selling cattle in the state of Nebraska. And then when you go ahead and look at his first conviction, he was selling them to a place in Wauneta, Nebraska, Tailgate Cattle Company of Wauneta, Nebraska, which is in the brand area. And I talked to a livestock owner, auction barn owner, that knew this guy. And he knew he was selling cattle that were mixed strays and stuff. And so he actually got up on top of the sale barn at one of his sales and says, don't bid on these cattle because this guy doesn't own them. OK? So that happens in Nebraska. Corruption. Number six is one of the-- it was the biggest cattle corrupt, corruption instance we had was George H.-- George L. Young from Kansas City, who was out of the, out of the brand area. At that time it was 200,000 head, I forget, \$150 million, I forget, you know. But if you go to page 1, 2, 3 of that one, one, two, three, fourth line, it talks about on Sunday, Richard Fox drove 374 miles from Broken Bow, Nebraska, to confront Mr., Mr. Young about his 208 head that he had bought. After he was hiding out in the barn, he come in and talk to him. OK?

**BRANDT:** Doctor, Dr. Cain, I'm going to have to shut you off in fairness to everybody else.

**DON CAIN:** OK.

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**BRANDT:** You had your, had your five minutes, and I'm sure there will be some questions. Senator Brewer.

**BREWER:** Thank you, Vice Chair. First off, thank you for this. I haven't completely digested, but part of the reason why I guess I'm kind of grateful that you did this, because we kind of had a rhythm of folks saying there are no issues. And let me, let me just share a little why I have a concern. As a kid growing up, one of our favorite uncle that would send stuff, he sent it from Leavenworth, because he was in Leavenworth for stealing cattle. And he, he, he kept himself busy doing leather projects and sending it to us kids. But it made a real impact on me on why it probably isn't a good idea to rustle cattle, because it seems like you get to stay in places that you don't want to be for a very long time. But, you know, the, the issue with him was that he would take them. Normally he would pick a rancher who might not miss one or two. You could take them to the reservation and butcher them and, you know, if you get rid of the hide, there really isn't a lot left to have as evidence against you. It doesn't mean that that rancher isn't somehow still trying to struggle to make ends meet because he's losing and he doesn't know he's losing in certain circumstances. And, you know, I guess it's almost like if, if we were to take away the Nebraska State Patrol and trust folks not to speed, I got a hunch that there would be a point we'd really regret that. And so I'm not absolutely convinced. But when you went through this, I didn't get a chance to look at how dated this is. Is there, is there a consistent issue of there being cattle theft in Nebraska? It isn't a thing of the past, it's something that's still currently ongoing?

**DON CAIN:** Senator, it's a thing that's current right now. And I didn't spend a lot of time hunting for these things. I could have found more.

**BREWER:** All right, thank you.

**BRANDT:** Any other questions? Senator Groene.

**GROENE:** How does the brand inspection stop the Ponzi scheme. Young made the national news, that issue. How does that stop the--

**DON CAIN:** Good question, and it's more directed on the Easterday fiasco out in Washington, because in this article, it says that they're one of 11 licensed feed yards that are monitored by the

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Department of Agriculture and they fleeced Tyson for 200,000 head or 250-- \$250 million on that. So that one, there's a direct relation there of how, as you move towards some of your electronic inspections, which we don't call them inspections, audits, because if we call them inspections, you have to charge the same rate. But if we call them audit, then we can charge a, a reduced fee of 25 cents or something. But there they do audits and they went from 2017 to 2020. I direct your, yourself to the third page of that number eight, second paragraph, says it's one of 11 certified states and only physical inspection occurs when the cattle arrive at the feedlot. Everything else is a paper trail from there on out. And we're talking about corruptibility. We got to be careful. Last year in our testimony, we-- me and one of the beef producers' people both got up in unison and says, you can't use the ID for ownership verification. And that's why I brought these, because they've been cut out. OK? And of course, here's an example in the press last fall of EIDs that were tampered with. And then when we look at a LB257 [SIC], there's no penalty for tampering with an EID. There's no fine. We're going to fine you if you do something wrong with the brand side, but you can cut an ear tag out and we won't fine you. You know, I'd like to see if you're going to use the EIDs, they get fined \$200 for every tag they cut out. That would be pretty easy to fix, you know?

**BRANDT:** OK, any other questions? Seeing none, thank you, Doctor. Appreciate the testimony. Any other opponents left? We are moving to neutral. Anybody testifying in the neutral capacity? So the committee knows, this is what Senator Halloran was talking about right at the start that we would have [RECORDER MALFUNCTION]-- here to answer questions. Welcome.

**ADAM SAWYER:** Thank you, Vice Chairman Brandt and members of the senate Ag Committee. Sure appreciate you listening to us today. First of all, I want to state--

**BRANDT:** Can you state and spell both your names for the record?

**ADAM SAWYER:** Yes, sir. Yep. Adam Sawyer, A-d-a-m S-a-w-y-e-r, I am a, I'm actually a seed stock producer and cow-calf operator south of Bassett, Nebraska. And I come to you today as the sitting chairman of the Nebraska Brand Committee and the four current board members that

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are on the committee. I have with me John Widdowson, who will be here to help answer some questions.

**BRANDT:** Could you have him state and spell his name.

**JOHN WIDDOWSON:** John Widdowson, J-o-h-n W-i-d-d-o-w-s-o-n.

**BRANDT:** OK.

**ADAM SAWYER:** The reason we come to you today in a neutral position from our agency is not because we don't have an opinion on the bill. We very well do. The reason we come in a neutral position is due to the fact that whatever the findings of this committee are for any of the bills that you're listening to today, we are going to take the wishes of those committee and implement them for the Nebraska Brand Committee going forward. So we don't feel it's fair on our part to represent opinions from the committee perspective on fee changes and things like that as far as how we're going to charge them amongst, you know, amongst different sectors of the, of the industry. What we did want to come to you today is just point out a few facts and some things that are going to be brought up on LB572, some pros and cons that we see from our area. You know, the first big pro for LB572 for us is there's a lot of things that it kind of brings up to speed as far as the Brand Committee that have been antiquated over a number of years. The first is actually going to be the fact that it's going to allow our brand investigators, which there's three of them without the state of Nebraska to write waiverable citations. Currently, the way the system works is these investigators will do all these investigation work, can put countless hours into doing this work to write up a report and hand it over to a county attorney. At that point in time, it's the county attorney's discretion whether he files charges or not. There's language in LB572 that will allow our investigators to write a waiverable citation. We think that's a positive thing. One thing that was mentioned earlier today is that in the registered feedlots, there were zero estrays. I would say that means that our inspectors are doing a good job in verifying ownership going into those feedlots. The second thing that we feel the LB572 brings up to speed is the fact that we were able to pass on the mileage to our producers. Currently, as it sits, we charge a surcharge of \$20, which was just increased this last year. I can't tell you, but, you know, if an inspector has to drive, you know, more than 50

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miles, we're doing those inspect-- and, and is inspecting less than 10 head, we're doing those inspections at a loss by the time we pay the mileage and we recoup the fees and everything else. So we've been, I think, the mileage passing on is very positive. The other thing as an agency that we've thought is very positive is the path-- is the implementation of a 48-hour notice so we can do scheduling and start getting inspectors, start creating some efficiencies within our house. The other thing, the other pro for LB572 is the implementation of, of allowing EID tags as evidence of ownership and getting a system in place for it. I do want to be clear that our intent with that is that it will be for nonchanges of ownership. It will not be for cattle that are trading hands. It will be for people that already own cattle, but need to get an inspection for them to get moved from one place to another. One area that the Brand Committee does see as maybe a restraining factor for LB572 is the cap of 95 cents for the first two years on local inspections. The reason we find this a little tying is due to the fact that we have a lot of expenses and PSL are for, for labor that are outside of our control. We can't control what we, what we-- for health insurance, cost of living increases and everything else, which are all figured into what we look at as a committee for what we charge for inspections. And we do feel that 95 cents kind of ties our hands budgetarily for the first couple of years. I realize the intent with it is for us to spend down some of our cash reserves that we have. You know, one thing I did want to mention is that it's been customary, or it has been policy for our agency to within our committee to keep 40 percent of our annual budget in cash reserves. And that number is about \$2.4 million. And we realize our cash reserves is getting up to somewhere in the neighborhood of \$3 million right now. But what I'm getting at is at a 95 cent cost for inspections, we could see a time where we would have to dip into that to, to continue to move our agency forward. We don't have a problem with that. But that is one area that we would see that maybe wouldn't be our preference if we were going to do things moving forward.

**BRANDT:** Did you have any more points to make?

**ADAM SAWYER:** Nope, I'm getting there. Yep.

**BRANDT:** OK, I'm sure there will be questions, because you're the guys with the answers. Senator Brewer.

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**BREWER:** Thank you, Mr. Vice Chair. All right, is it OK if I go via direct to John with questions?

**BRANDT:** Yes.

**ADAM SAWYER:** Yes.

**BREWER:** And the reason, I guess, is that we've kind of been working together for a while now to try and work through some things. And a lot of people don't, they don't have the visibility on where we started and how we got to where we're at.

**JOHN WIDDOWSON:** Sure.

**BREWER:** And, and just real quick, John, your background, how did you become involved with the brand commission and end up where you're at?

**BRANDT:** But I'm a fourth-generation family farmer, rancher.

**BRANDT:** John. Can you speak into the mike? You guys can split the mike. We need to have it for the transcribers.

**JOHN WIDDOWSON:** Sure. Sorry, Chairman. Fourth-generation family farmer, rancher. In 2015, I was elected or appointed by Governor Ricketts to be on the Brand Committee. And just recently, well, in a couple of days, I'll be a one-year anniversary-- anniversary of being the executive director of the Nebraska Brand Committee. So I've got about five years of experience working pretty "in-depthly" with the agency.

**BREWER:** And we went through the struggles the first time around when Senator Stinner essentially had a plan to, for lack of a better term, dissolve the brand commission. Part of that was concerns that you were spending at a rate that was not going to make the Brand Committee solvent over time. Part of that was that you had upgraded with technology and that that was kind of a one-time necessary change in order to get you up to speed with where you needed to be digitally. And that that was not a spending level you were at, it was a spike to do that. And then you guys kind of got into a battle rhythm where you, you were back to where you were needing to be to be efficient.

**JOHN WIDDOWSON:** That's correct.



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**BREWER:** When we had discussions in Alliance, one of the concerns and it was especially with, with, you know, the rural folks was being able to manage the brand inspectors as we're coming into the season because of, I guess, a change of how we were doing business, where you were going to actually move some inspectors around to meet the requirements and, and not have a ton of overtime. How did that work?

**JOHN WIDDOWSON:** Yes. So we for this fiscal year, we are, we were faced with about a 4.5 percent reduction in PSL limitation. And so that put us in about a \$240,000 negative line item for PSL. And so we had multiple buckets in the PSL that we could possibly shave that out to basically conform to our PSL limitation. Our first goal was to not lay off people. So we did not want to cut salaries or positions. You would then have comp time, which was a big factor, and a cost of living increase. And so right away, the committee identified that probably cost of living increase by 2 percent is probably off the table, and then the next, the next bucket that we were going to have to shave out to get that 24-- around 240,000 was in the comp time. So comp time is anything about 40 hours that our inspectors basically log. And so what we did was we put a comp time freeze where our inspectors could no longer incur over 40 hours. That caused huge concern with our producers and our staff because in peak times it takes more than 40 hours for our staff to get the workload done. But we had staff in certain areas that weren't getting through their 40 hours and we had certain staff in areas that were over. And so with that hiring or that comp time freeze, we then incurred more mileage cost to ship people around to level out the 40 hours per workweek. We did that for about 45 days. That saved us a considerable amount of money. But once we got into that middle of October, we could no longer do that. I'm pleased to report that of the decisions the committee has made and the execution of the leadership team and our staff and the dedication of our employees, we're currently about right at budget. We're under budget for PSL limitations. So the cuts that we made were necessary, they were painful. Did we impede commerce? No. Where we as timely as we possibly would want every single time? No. But it was a true balancing act of PSL limitation with the staff we had and worked with.

**BREWER:** All right. Well, I just-- in order for folks to kind of understand some history, if you haven't been tracking the brand commission, you kind of need to understand where we were, how we got

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to where we're at now. And now we're trying to look at the path ahead and so. And Adam, on, on the issue of the mileage versus fees, have you got any feedback? Is that something that folks are going to, you know, really push back on? Or do you think that that's going to be acceptable?

**ADAM SAWYER:** The input that we've gotten so far has been pretty positive towards the mileage. I've had a few calls from a few people here in the past couple of weeks expressing some issues. And I think more of along the lines of with our, with our current setup of how we have it, where, you know, we have full-time inspectors, we have intermittent inspectors. And if the full-timers didn't have full-time work, we would send the full-- or, you know, weren't able, we would send them away. And I don't think-- the only concerns that I ever heard from were people that didn't want to have to pay all the mileage for, you know, if we were just redistributing things. But as far as the actual mileage from their closest inspector, no, we have not heard any pushback so far. I have not.

**BREWER:** Well, I do appreciate you guys coming in the neutral position. Last week, I had a bill, it was on the small town meat lockers and trying to have a program where there would be a state meat inspection program, or at least look at what the cost would be and if that was a realistic thing to do. And the director of ag came out against it, and him and I had words and it wasn't very pleasant because I felt that if, if you're going to come into something with a negative attitude and have an attitude that this is going to cause me work, so I'm going to work against it, you and I are not going to see the world the same. And so thank you for coming in a neutral position.

**ADAM SAWYER:** Thank you.

**BREWER:** And, and be willing to look at the good and the bad.

**BRANDT:** OK. Senator Groene.

**GROENE:** Thank you, Vice Chair. So how many employees you have?

**JOHN WIDDOWSON:** Currently, Senator, right now we have 80 employees. And I would be glad to report that we started the implementation of

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the electronic inspection system in 2016, and so from 2016 to today, we've reduced our staff number by 25 percent.

**GROENE:** So you have--

**JOHN WIDDOWSON:** We've maintained--

**GROENE:** -- over 100 in the past.

**JOHN WIDDOWSON:** Yeah. We, in 2016 we had 105 and now today we're operating at 80.

**GROENE:** So you're, on the other side of the line, how many employees do you have?

**JOHN WIDDOWSON:** On the other side of the line?

**GROENE:** On the brand inspection line.

**JOHN WIDDOWSON:** We have zero.

**GROENE:** Zero.

**JOHN WIDDOWSON:** Yep. We, we administer--

**GROENE:** So you have 80 employees west of what, of--

**JOHN WIDDOWSON:** Basically Shelton, Nebraska, north and south. You know, it kind of jogs.

**GROENE:** Just on the other side of Kearney there.

**JOHN WIDDOWSON:** Yep.

**GROENE:** You have 80 employees.

**JOHN WIDDOWSON:** Yep. Which there's eight administrative people, which we categorize the admin as, as staff that does not do brand inspection. Seventy-two of our 80 can all do brand inspection and do brand stuff.

**GROENE:** So do you have an employee stationed at the big packing plants?

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**JOHN WIDDOWSON:** Yes, sir.

**GROENE:** That's full-time?

**JOHN WIDDOWSON:** Yes, sir.

**GROENE:** What about Schuyler?

**JOHN WIDDOWSON:** None, because they're not in brand inspection area.

**GROENE:** But I just heard that if you sell from here to Schuyler, you've got to pay a fee on my side of the line to Schuyler. So how do you collect that, just honesty of the--

**JOHN WIDDOWSON:** So I would like to clarify for the committee, because it's been asked multiple times. There are three things that trigger an inspection. So the Nebraska Brand Act, it's mandatory brand inspection, but it's brand recording, which is voluntary. There are three triggers that trigger brand inspection. Number one, change of ownership. So any time that animal changes title, just like a vehicle, there's a new title, there's a new brand inspection. Or any time that animal leaves the brand inspection area, which would be going east of that line of Shelton, Nebraska, or outside the state, that triggers a brand inspection. Or if you go into a registered feedlot and not from point of origin, that also then triggers a brand inspection. Those are three statutory requirements that dictate when an inspection--

**GROENE:** So a feed yard this side of the line, on my side of the line--

**JOHN WIDDOWSON:** Yep, the inspection area.

**GROENE:** -- sells to Schuyler, that feed yard has to call and say I'm selling.

**JOHN WIDDOWSON:** Yep, it's their responsibility.

**GROENE:** To call you.

**JOHN WIDDOWSON:** Yep, it will be their responsibility to call us and organize a time for inspection.

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**GROENE:** So I dink around, just got a farm background, just dink around, I with a few head. So if I buy one head from my neighbor, a brand inspector has come out and inspect that?

**JOHN WIDDOWSON:** That is correct. Just like--

**GROENE:** One head.

**JOHN WIDDOWSON:** Just like if you would have bought one vehicle. It's your title of ownership, and I--

**GROENE:** And then I might pay a fee of 50 bucks on that one head or something for travel expenses?

**JOHN WIDDOWSON:** No, it would be, it would be-- today's current fee schedule would be a \$20 surcharge.

**GROENE:** But it would be increased by this.

**JOHN WIDDOWSON:** You would be increased by this, but it would be just the prorated rate of mileage that you are from that inspector.

**GROENE:** So where do you, where does an inspector decide to live, where he wants to within an area?

**JOHN WIDDOWSON:** You know, there's a culmination of these inspectors that, you know, we have inspectors have been with us for 30 years.

**GROENE:** Where's the point of origin where that inspector leaves from that you start paying for miles?

**JOHN WIDDOWSON:** His home office.

**GROENE:** His home office.

**JOHN WIDDOWSON:** [INAUDIBLE] inspector leaves their home office.

**GROENE:** So if I live, if I happen to live five-- the guy decides to live in Hemingford and I live 10 miles away, I pay a small fee for travel. And if I'm unlucky and I have 150, 200 miles away, I pay more?

**JOHN WIDDOWSON:** Yeah, but there-- it wouldn't be 200 miles because there will be somebody much closer to that.

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**ADAM SAWYER:** Senator, do you mind if I chime in here, sir? Senator, sorry. There are sale barns there's zero cost-- there's zero surcharge at a sale barn. So if you bought one head you could haul them to a sale barn, have him inspected at a sale barn, he'd pay one dollar.

**GROENE:** But if I sell it at the-- because that guy who sold it to me pays a dollar

**ADAM SAWYER:** Yes.

**GROENE:** I pay, when I go to Broken Bow, with the few head I have, I pay a fee. It's on my invoice. Is that correct?

**JOHN WIDDOWSON:** Typically the seller pays for the inspection fee, yes. Yeah. But at, at sale barns, auction markets, lockers and packinghouses, there is no surcharge. There is no [INAUDIBLE].

**GROENE:** So when I buy a quarter of beef or take a beef from a locker from an individual, I-- there's no inspection?

**JOHN WIDDOWSON:** The animal was inspected when it was alive, when he was brought to the locker to make sure whoever brought that animal there had proper ownership. But once that animal is then harvested, it's, it's not an alive form. We don't, we don't have no bearing over it.

**GROENE:** So when the little acreage guy in our little world of acreage people--

**JOHN WIDDOWSON:** Sure.

**GROENE:** -- he's closer to the locker than I am. So I buy a head from him and he takes it to the locker, an inspector inspects that one transfer of that one head to me?

**JOHN WIDDOWSON:** He's going to inspect, he's going to check to see who actually legally owns that animal.

**GROENE:** He's going to drive out there to that locker.

**JOHN WIDDOWSON:** Yep.

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**GROENE:** Every time that little locker in Grant, Nebraska, kills five head.

**JOHN WIDDOWSON:** Yep. Just to give you some, some numbers, Senator. For the month of January, I just got the numbers. We did about 393,000 head for the month of January and over 7,600 inspections with 73 people.

**GROENE:** I can understand that if you take every single calf that goes to a locker.

**JOHN WIDDOWSON:** No, average head count is 51 head per inspection

**GROENE:** Yeah, because you're going to feed yard with 100,000 head.

**JOHN WIDDOWSON:** Or you-- well, you're not doing 100,000 head in one transaction. But there are some transactions that are 200, 300, 500, and there's lots of "onesie-twosies." That's--

**GROENE:** But.

**JOHN WIDDOWSON:** -- just the nature of the, the deal

**GROENE:** Can't think of his name right now by Broken Bow, probably the largest feedlot. When he's inspected for that one time a year, that's in your average?

**JOHN WIDDOWSON:** No, sir, because we don't inspect those cattle.

**GROENE:** You don't.

**JOHN WIDDOWSON:** This is just the cattle that were physically inspected, where we had an inspector lay eyes on it. We did roughly a little over 390,000 for the month of January.

**GROENE:** Thank you.

**BRANDT:** Senator Gragert.

**GRAGERT:** Thank you, Vice Chair. Thank you, guys, for fielding all these questions up. I got to, you know, I just want to break that down one more time then. I asked the question earlier, what about if you just inspected when, when you sold the animals, OK? What would your

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workload be if, if all you did when-- when not [INAUDIBLE] but when you actually inspected when change of ownership only. I mean, you give us the three, you give us the three when it happens. But what if, what would your workload do if it was only the change of ownership inspection?

**JOHN WIDDOWSON:** Great question. And thank you for allowing us to have an electronic system because I'm able to answer that question. A local inspection was about a 1.7 million head last year. Of those local inspections, about 50 percent of those were nonchange of ownership. So that would be roughly about 8,000 head last year that we inspected that left the brand area or went into an RFL and that's what, that's what triggered that inspection.

**GRAGERT:** OK, so the other two then-- OK, so it's 50-50 then with two and then just the one--

**JOHN WIDDOWSON:** So we inspected about 3.7 million total head for the year, 800,000 was nonchange of ownership. So that means about 2.9 million head was actual change of ownership.

**GRAGERT:** OK, thank you.

**BRANDT:** Senator Hansen.

**B. HANSEN:** Thank you. I'm sorry if I have ignorant questions, but I might.

**JOHN WIDDOWSON:** That's fine.

**B. HANSEN:** I'm sorry if I'm beating a dead cow or horse. But why-- so when, when it changes ownership, so say they found out one of the, one of the cows you were selling from one person to the next was stolen. Who eats that cost? Is it the person they sold it to or the person who is the-- the buyer or the seller?

**JOHN WIDDOWSON:** Re-ask the question, I'm not following.

**B. HANSEN:** So say with the brand inspection, so somebody is selling it to another person--

**JOHN WIDDOWSON:** Yeah.



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**B. HANSEN:** -- and they found out, you know, through your inspection that this cow was actually stolen.

**JOHN WIDDOWSON:** Yep.

**B. HANSEN:** And the person who bought it. Who, who-- what happens to the cow and then who eats the cost of that?

**JOHN WIDDOWSON:** Well, that would then be turned over the county attorney. That would typically we try to return stolen property back to the original owner. Obviously, there would have to be some, you know, if it's a private treaty sale, that gets kind of gray because who's, who's licensed and who's insured and bonded and all that kind of stuff. That-- your question brings up a great point that has not really been discussed here today. Brand inspection is a critical role in determining the proper title on those cattle. There's thousands of transactions that go on every day. Who is the third party, who is the third party audit that is verifying who actually owns those cattle? So if you're a seller, you're a packinghouse or you're a private individual and you go buy cattle and somebody doesn't give you the proper name or proper title of those cattle and you pay for them and they got a lien against those cattle and you didn't know that, you could pay for those cattle twice. Brand inspection is a great tool because we validate who has the official title of those assets. So when the checks are made, the checks are made based upon how we perform the title. So you can go to a sale barn and say, put those cattle in John Widdowson's name, but if I don't have proof of ownership that I own them and it says Widdowson Family Farms, my family's entity, that's who the check is made to. That's a huge benefit that does not get discussed a lot because we think it's just a deterrent factor for stolen cattle. But it benefits a lot of other industries in our--

**B. HANSEN:** I was curious about that part, too. And also the need to have even a brand inspector with a trans-- when a cow or cattle move from one owner to the other. I would think it would be beholden upon the person buying it to make sure that it's the person's, the other person's cows.

**JOHN WIDDOWSON:** Absolutely.

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**B. HANSEN:** And they would almost be like the deterrent factor, like they would be the ones almost the brand inspector kind of, in that aspect. So that's why I was asking that question.

**ADAM SAWYER:** Senator Hansen, do you mind if I give you an example?

**B. HANSEN:** Sure. Yes.

**ADAM SAWYER:** There was one feedlot not very far from where I live, that had 10 head of cattle stolen from them. Actually they were slick-hide cattle, didn't have any brands on them. The, the purchase by-- the person that was purchasing the cattle from the the, the thief of, to name him, requested a brand inspection and the brand inspector knew that these young men that had stolen them didn't own any cattle. And then he traced it back to the feed yard where they had stolen one head out of one pen at a time to come up with all of them. You know, so I mean, that happens. I mean, just to reiterate your point, it happens a lot.

**B. HANSEN:** And that makes sense. That person requested that a brand inspector to come see it.

**ADAM SAWYER:** Yes.

**B. HANSEN:** OK, how many estrays do we have? That are different numbers than we had last year.

**JOHN WIDDOWSON:** Roughly about 820.

**B. HANSEN:** OK, and out of all those estrays, how many of them were actually stolen? Do we know that number? Cause I know some just kind of wander off, they end up finding them and they bring them back.

**JOHN WIDDOWSON:** It would be very small. And I would say one-- I'm going to admit an Achilles heel of the agency. Prior to the electronic system, we didn't really keep track of estrays. And so much of our business is that they go to inspections and neighbors are there, as we've heard a lot of testimony, and they just fix the problems right then and there and we don't ever document them. The 820 is actual documentations. We are making changes with our electronic systems, so every time when we go out before the month of January, we did 7,000 inspections, it's going to be much more easier for our staff to

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identify true estrays and have a better quantifiable thing of what we're actually doing. But it is truly an Achilles heel that we weren't, we weren't documenting those things before because we just weren't.

**B. HANSEN:** But that's what I heard from the other testimony, is like what's the risk versus reward? What is the benefit, you know, that we're getting out of have, you know, this in-- your budgets about \$6 million, I think, right? About \$5.5, \$6 million?

**JOHN WIDDOWSON:** Yeah.

**B. HANSEN:** And for how many stolen cattle, a small amount of 800, I'm trying to figure out is the budget worth the effort that's being put into it and the benefit we're getting out of it. So that's why I'm asking, because some people brought that up both in opposition and proponents. So that's-- just try to figure out some of numbers, because I'm hearing a whole bunch of other stuff. And, and it is true-- my final question, sorry-- that you do have the opportunity under this bill to raise your fee to \$1.50 after a certain amount of time, like 2023?

**JOHN WIDDOWSON:** Fiscal year '22 and '23, the bill reads that our, our inspection fee is going to go from a dollar to 0.95.

**B. HANSEN:** Yes.

**JOHN WIDDOWSON:** So then for after that, after '23, fiscal year '23, it would then go up to the cap or it has a cap of a \$1.50.

**B. HANSEN:** OK.

**JOHN WIDDOWSON:** But that would be completely up to the discretion of the committee of where that fee would go.

**B. HANSEN:** OK. And I'll wait. I want to ask some more questions.

**BRANDT:** Go ahead. Go ahead and finish up.

**B. HANSEN:** I just have one more. You say you have a cash reserve of \$4 million?

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**JOHN WIDDOWSON:** \$2.96.

**B. HANSEN:** OK.

**JOHN WIDDOWSON:** And so the underlying principle, as I was a committee member, committee member and it is today, we're wanting to maintain about 40 percent because we're a cash-funded agency, no general funds. We want to keep 40 percent of our budget, so we want to keep \$2.4 million or whatever. The rest of that money, we kind of looked at as retained earnings for the agency. And that's what we are requesting from the Appropriations Committee to reinvest back into our inspection system. I mean, we're asking for fiscal year '22 the \$1.55 and '23, 0.95, which is going to lower that cash reserve, but we're just reinvesting that money back into that.

**B. HANSEN:** Yeah, I remember you guys talking about money increas-- updating technology and doing other kinds of things, but once you reach to a certain cash reserve where you feel comfortable, could you expect maybe to lower some of the rates then?

**JOHN WIDDOWSON:** Yes.

**B. HANSEN:** OK, that's what you're expecting to do?

**JOHN WIDDOWSON:** That's our intention.

**B. HANSEN:** OK,

**JOHN WIDDOWSON:** I mean, we all pay the same rates as everybody else. And so if we can get to that point.

**B. HANSEN:** OK, good. That's what I was just wondering. Thank you.

**BRANDT:** Senator Groene.

**GROENE:** You heard one of the ranchers say that he loses four head, just they disappear, and he's never gotten a call from you guys. What's your assumption where is that leakage at? Where's that shrink at, where are those going, somebody butcher, butchering in their barn?

**JOHN WIDDOWSON:** Well, I'm not a criminal, so I don't--

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**GROENE:** But you met a lot.

**JOHN WIDDOWSON:** I, I don't really know. But if I was a criminal, I wouldn't steal four head and take it to a place where it was inspected. If I was a criminal, I would take the cattle and go to Kansas. I'd take the cattle and I'd go east of the brand line. I'd take the cattle and go to South Dakota on the east side of the river where there's brand inspection, because I know that's where I'm gonna get caught. So we can't patrol, we don't know what we don't know. So if cattle are missing in the inspection area and they get through the middle of the night, they go to Sioux Falls, South Dakota, or York, Nebraska, we have no ID. No way to identify.

**GROENE:** Pretty hard to be a cattle thief without being a cattleman, isn't it? That you've got something you can blend, blend it into the herd you've got. Isn't some guy comes out of an urban area and grabs a cattle trailer and goes-- it's within, it's within the industry usually, isn't it? Somebody that works at a cattle yard, works for a cattleman or is already a cattle guy that's hurting a little bit and a smaller guy. And he might or just--

**JOHN WIDDOWSON:** It would take--

**GROENE:** -- wants to have an extra few so he can pay his brand inspection. But, but it's that usually, isn't it? It's within the system.

**JOHN WIDDOWSON:** Well, I wouldn't think that every person would probably have the capability or understanding of having a trailer to go rounding up cattle in the middle of the night if you aren't somewhat familiar--

**GROENE:** And feel comfortable at it and look comfortable at a sale barn.

**JOHN WIDDOWSON:** But I don't want to cast dispersions on anyone.

**GROENE:** Just one last question and--

**JOHN WIDDOWSON:** Sure.

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**GROENE:** -- I'll shut up on the next bill too. Are you're inspectors armed?

**JOHN WIDDOWSON:** No, sir. We have four investigators and they were all law enforcement certified. And they are they are armed. But just the four investigators.

**GROENE:** Because earlier you said you would like to be able to press charges and not call the county sheriff.

**JOHN WIDDOWSON:** We would like to be able to issue, issue a waiverable citation, just like a county sheriff or state patrol. So when they're in violation, for example, we're doing truck checks all the time, our staff is. They pull somebody over and they don't have the proper documentation, we've got to fill out this big report, give it to the county attorney. The county attorney has got to try to find time on his docket for a hundred dollar fine. He's like, I ain't got time for this. I got bigger issues to deal with. So it just gets dropped. We want to be able to have that waiverable citation where our staff can just write the citation right then and there. If they want to have their day in court, so be it. If not, pay your fine and move on. We've got to put some teeth behind our investigators. That also helps the criminal side of it.

**GROENE:** Thank you.

**BRANDT:** Senator Hansen.

**B. HANSEN:** I just thought I should have asked this before, sorry. We've been hearing a lot of people talk about the Kansas model. Why aren't we a lot like Kansas and Oklahoma and Texas? If theirs works so good. Is there pros, are there cons? In your, your opinion, you guys are the experts, I'm just kind of curious to know.

**JOHN WIDDOWSON:** Well, we're biased to our program because we think it's very successful. And I think the one thing that hasn't really been discussed a lot is all the theft and all the issues in Texas, Kansas and Oklahoma. That never seems to get quantified. We quantify the savings, but we don't see all the problems. And Texas has the Texas Rangers and they are constantly busy. We get phone calls all the time from those states of cattle that they're having issues with that

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we try to help them out with. So for us to compare ourselves to Kansas and to Oklahoma and all those other, there is 11 other states that are fully inspected, just like us, the Western states. So you take from Nebraska, you go Wyoming, Washington and that, and that portion of the world, they're all fully inspected, just like us.

**B. HANSEN:** And I do appreciate your opinion. I mean, we're slinging arrows and I'm actually just kind of curious since you guys are the experts. So I appreciate it very much. Thank you.

**GRAGERT:** I got a question.

**BRANDT:** OK, Senator Gragert.

**GRAGERT:** Thank you, Vice Chair. Thanks again, guys. I want to just pose this question to you guys, where you're at. And I know you're going to be prejudiced or what you're doing right now, you're doing a fine job the way it sounds, but what about a voluntary program in Nebraska? Would it work?

**JOHN WIDDOWSON:** You want to go first?

**ADAM SAWYER:** Go ahead, and I'm gonna follow you up.

**JOHN WIDDOWSON:** I'm staff and I'm the executive director, but I think you're asking me is my personal opinion.

**GRAGERT:** Sure. Yeah, please.

**JOHN WIDDOWSON:** This is my problem with a voluntary deal. Adam has cattle and he thinks his cattle are missing and he thinks his cattle are in my feed yard, OK? He thinks he's missing five cattle. So we have a voluntary program. He calls up the Nebraska Brand Committee and says, I'm missing five head. I think they're at John Widdowson's feed yard. So we send brand inspectors to John Widdowson's feed yard and where he thinks those cattle come into, those five head that he thinks are missing are dispersed between 5,000 head. So now we're going to inspect 5,000 head to potentially find five. The question is, who pays for that inspection? Say he does find them. Say we as the Brand Committee find those five head, then the battle becomes who pays for the inspection? Then the RFL is going to sit there and say, or the feed yard or the cow-calf guy says, you just ran 5,000 of my head

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through alleyways, potentially shrunk them, all that. You ain't doing it. I'm not going to allow you to come inspect my cattle. Because of the unquantifiable cost to me is too far. So you then open up the Pandora's box of who pays for the inspection and where the liability goes. And so that's my opinion, that will it work? It could possibly work, but I think there's a lot of questions that are unanswered of how it will work, if that's how we implement it.

**GRAGERT:** Thank you.

**ADAM SAWYER:** But, you know, and I guess my follow up with that is, you know, there is a big deterrent factor within, within, you know, having brand inspection, number one, you know. And I don't think that, you know, please don't turn me in, but I have sped once or twice in my life and I've never voluntarily went and paid the speeding ticket.

**GRAGERT:** Thanks.

**BRANDT:** OK. Are there any other questions? Well, gentlemen, to echo Senator Brewer, thank you for testifying in the neutral capacity. It makes for a much more productive discussion. I think this was very good and thank you for your work on the task force. I think I echo Senator Halloran on that. So with that, is there anybody else to testify in the neutral capacity? Seeing none, Senator Halloran, you can come up. We received three position letters, one in support, two in opposition. And we had one submission of written testimony from Bryce Dibbern, Nebraska Livestock Marketing Association, in the neutral capacity. Senator Halloran.

**HALLORAN:** Thank you, Vice Chair Brandt. I want to thank everyone who testified today, and I want to thank everyone because this felt like the fifth working group-- LR378 working group. And, and, and that's fine. That's good. Everybody was interested enough to be here and the testimony was important. I do, I do believe that clearly there are some things that are of some value in this bill that have been talked about. The citations for infractions appears to be an important issue that there's general agreement on. Mileage charged for inspection will help the Brand Committee recover some of the costs that a fixed fee is just, is losing money for them when they do it. The EID system, I think there's some merits in looking forward with that, not just for dairy, but in general, there could be some technology that, that helps



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the industry with that. So there are parts of the bill that I think we can retain. It is pretty clear that no one's particularly interested in changing the fees. And so if that's, that's our wish, we'll work that out for them on the bill. But there are some things of value in the bill that I think we look forward to taking to the floor so.

**BRANDT:** Are there any questions for Senator Halloran? Seeing none, that will adjourn LB572. We will take a break now until five till. At five till we're going to start on LB571, and we're going to use Judiciary rules. I'll explain those when you get back.

[BREAK]

**BRANDT:** Getting everybody's attention here. All right, everybody, we are going to reconvene on LB572 and--

**HALLORAN:** 71.

**BRANDT:** Oh, excuse me. Yeah, we just did LB572.

**HALLORAN:** Don't do that again.

**BRANDT:** Yeah, we're going to, we're going to reconvene on LB571. And the difference, the difference on the last two bills now is we're going to use three minutes instead of five minutes. I don't think we need to limit the testimony of proponents and opponents. Normally in Judiciary, we'd go half hour on each, but I think it's going to pick up here pretty fast. So with that, Senator Halloran.

**HALLORAN:** Thank you, Senator Brandt and members of the committee. I'm Senator Steve Halloran, H-a-l-l-o-r-a-n, representing Legislative District 33. I alluded to this bill in my opening on LB572. As I alluded to earlier, the feeding industry in this state and elsewhere has evolved to make greater use of backgrounding as an intermediate step in the cattle growth cycle. Generally, backgrounders take weaned animals and begin the weight gain process and acclimation to finishing diets. Backgrounding may take many forms, including backgrounders who custom background for finishing feeders. The issue has arisen with feedlot-owned cattle that, rather than going straight from the point of purchase, are sent first to a backgrounder facility. Although the ownership has not changed, because the animals did not go directly to the registered feedlot, the animals would have to be reinspected when

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they eventually are delivered to the finishing lot. In effect, a new inspection step has been added that part, parts of the industry view as redundant. The development has contribute, contributed to dissatisfaction with the brand law in some quarters of the industry and has been part of the motivation for recent litigation and legislation we had last year to eliminate the brand law entirely. This issue was discussed extensively by the LR378 task force. One possible solution was to provide for a registered background program similar to the existing registered feedlot program. LB571, would provide for a voluntary registration program that would allow registered feedlots to receive their own cattle from a registered backgrounder provided the following conditions were met. One, the feedlot retains ownership of cattle during their time in the background lot and the animals are maintained as a distinct lot from the point of purchase. In other words, no commingling of cattle. Number two, the brand inspection papers or other satisfactory evidence of ownership accompany of the cattle from the point of purchase. I will disclose that this bill is a work in progress at this point, not yet ready for primetime. I would suggest that, that this is something we're going to have to-- I hate to use the word kick the can down the road, but essentially that's what I think this committee will have to do and, and refine it possibly for this next, next year. That being the case, testifiers might keep that in mind. I'm more than willing to have your testimony, look forward to it. But as you all understand, our office is very open to your calls on any issue. And this would be one that you could visit with our research analyst, Rick Leonard, to help refine that bill. I will take any questions and look forward to the testimony.

**BRANDT:** Are there questions for Senator Halloran? I think he made it clear that he is probably not going to let this bill out of committee. We would encourage anybody, particularly if you've driven here, to testify just on this bill to please come up and testify. You will have three minutes. But we, we really value your input to get this bill right. So it sounds like he and Rick are going to work on this and get it ready for, for next year.

**HALLORAN:** For primetime.

**BRANDT:** OK, so with that, we will go to the proponents. If you're a proponent of the bill, please come forward. Welcome.

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**MELODY BENJAMIN:** Thank you, Senator Brandt. Good afternoon, once again. I'm Melody Benjamin, M-e-l-o-d-y B-e-n-j-a-m-i-n, I am from Lakeside, which is in Senator Brewer's district. I'm on the staff of Nebraska Cattlemen working on the subject matter of brand regulations. I'm testifying today on behalf of the association and on Nebraska Farm Bureau. Nebraska Cattlemen's membership, as you know, covers all of these segments and maybe something that I should have explained in the last bill, our predecessor organization started the brand inspection in the state of Nebraska. And if anybody ever wants to know why the line is where it is, I've got a long history on why that line is where it is. I also am going off script a little bit here. And you heard our good member, Lee Borck, who's from Kansas, mentioned something about a reward and he thought Nebraska Cattlemen should offer it. And shame on us, we haven't let him know we do offer a \$5,000 reward for stolen cattle. Thank you today for the opportunity to testify on LB571 and share Nebraska Cattlemen's perspective. Backgrounding or growing lots continue to become more prevalent in the state, utilizing many small to mid-sized feedlots. These lots function as a place to grow cattle to more desirable weight for entering a feed-- finishing lot using rations that are different from the rations used to finish cattle. Most of these lots will have some of their own cattle on feed and feed cattle from other feedlots. Senator Halloran brought this legislation at our request to replace the language in LB572 on backgrunder lots. The policy established by our membership is very much supportive of the backgrunder lots being able to move cattle to registered feedlots without another inspection if there's no ownership change. Language in LB572 we felt was too restrictive to be practical with 100 percent ownership. Many times those, or as I said, those small feedlots are going to feed some of their own cattle. And we felt that it was important that the backgrunder be the lot that makes the decision in this business relationship rather than the registered feed yard making the decisions for the backgrunder yards. We also believe that there's other ways to assure the identification of backgrunder lots in the event the animal leaves its pen that are not only electronic identifiers, most feedlots use some sort of pen or lot tag numbers that you've heard other people testify on the previous bill. The whole-- we wholeheartedly embrace the concept of backgrunder lots being part of our strong cattle industry in the state and believe language in 11-- or LB571 is a viable alternative for the language in LB572, as it better reflects the activity needed to be useful to the

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industry. We look forward to working to find the best solutions for all stakeholders. Thank you for your attention, I'll be glad to answer your questions.

**BRANDT:** Are there any questions? I don't see any. Thank you, Ms. Benjamin. Next proponent.

**JOHN SCHROEDER:** I believe I handed this out earlier. Good afternoon, Chairman and members of the Ag Committee. My name is John Schroeder, J-o-h-n S-c-h-r-o-e-d-e-r, I am the general manager of Darr Feedlot, Incorporated, a registered feedlot in the brand inspection area. And I reside in Cozad, Nebraska. I am a member of Nebraska Cattlemen, but I'm here today on my own accord to make supportive comments regarding LB571. We utilize a lot of grow yards. We rarely have all the cattle in those grow yards. Most of the time they've got some of their home-raised calves that they're developing, some of them we purchase, some of them we partner with. We also have some other very good competing feed yards that have cattle in those feed yards. And I think it's really important to think about the freedom. I don't want that burden on me, having them stay full and affect their livelihood. I want them to have the freedom and the opportunity to go fill that yard with whatever group of investors that they want to have. If we were talking about packing plants and I could only harvest at Tyson, the roof would come off, right? So I think that's something to put in mind of why this is so important to have this LB571 go forward. The other part that I think is important in this piece is these are yards, grow yards that are not being run out in pastures. They're cattle that are being handled with our processes, putting our tags in. Our vets are actually processing the cattle. So when they move from pens that are solid and coming into our yard, your risk of having other cattle mixed in it is very minimal. And so the controls in place, again with lot tags, EID tags, this is a program that has some sense and I don't think there's a need to have another cost of inspection to come from that grow yard back into the main lot and still keep control of that ownership. I'll take a positive step towards working forward with LB571, and I'd encourage you to move it forward. Thank you for the opportunity to testify today, and I'd take any questions.

**BRANDT:** Are there any questions? Thank you for your testimony. Next proponent. Welcome.

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**MARIE FARR:** Welcome, thank you. Good afternoon, Vice Chairman Brandt and members of the Agriculture Committee. Thank you for allowing me to share my views on LB571. My name is Marie Farr, M-a-r-i-e F-a-r-r, and I am a cattle producer from Lincoln County. I am also the chair of the Nebraska Cattlemen brand and property rights, but today I am here testing, testifying on behalf of myself and my family. LB571 was written to replace the language regarding backgrounding lots in LB572. I believe it is very important to make the brand laws as business friendly as possible. LB571 allows the backgrounders to decide on if they want to take part of the program or not. If so, then they need to do the necessary fencing and meet other criteria then offer that service to the registered feedlots that are interested in doing business with them. The language in LB572 is too restrictive and puts of registered feedlots in the driver's seat in the business transaction. In this day and age, business models are changing rapidly in portions of the industry and regulations need to reflect those changes and work to enhance commerce, not impede it. Allowing feedlots to engage in background feeding to make their own determinations is the right way to go about this, I urge you to embrace the concept in LB571 to help modernize the Nebraska Brand Act. Any questions?

**BRANDT:** OK, are there any questions for Ms. Farr? I see none. Thank you for your testimony.

**MARIE FARR:** Yep.

**BRANDT:** OK. Further proponents? No more proponents, we will now ask for opponents. Welcome.

**JOHN SENNETT:** Thank you. Wearing hearing aids and these things do not work out well together, I'll tell you that right now. My name is John Sennett, J-o-h-n S-e-n-n-e-t-t. Gentlemen, the Senator Halloran's comments about postponing the adoption of this bill is what we would recommend. There are, as Rick would tell you, I spent a lot of time reading minutia and coming up with questions about how does this work and how does it not? I hate to see you move forward on this until all of the parts and pieces can be arranged. Right now, I find about three or four places that need to be addressed. It's always scary for me when, when a bill really starts, what, maybe a month ago, is when this bill started to be developed. And it's been developed by Rick and Mel Benjamin and doing a wonderful job with it. But in today's world, it's

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not ready for primetime. My only concern is that this is, LB571 is so much better with regard to the backgrounding lots than LB572. And if you pass LB572 with the language that's in there, it's going to be really the death knell to the backgrounding lots, because it isn't going to happen. [INAUDIBLE]. So with that, I don't want to take any more of your time. We feel the matter as it stands today should not be moved, not be used, should not be passed. But we certainly understand that it's a much better improvement than what we had on the other bill. Thank you.

**BRANDT:** Any questions? I see nothing. Thank you, Mr. Sennett. Next opponent.

\_\_\_\_\_ : Did you say proponent?

**BRANDT:** Opponent, yeah.

**DAVID WRIGHT:** Thank you, Chairman Brandt. Thank you, committee, for another time to testify. Again, thank you, Mr. Halloran, or Senator Halloran, for what we did this fall. My name is David Wright, D-a-v-i-d W-r-i-g-h-t, and as I said earlier, I'm the past president of Independent Cattlemen, and I spent a lot of years on the beef checkoff. I would ask you to pull out your fiscal note on this one also, if you have it, LB571's fiscal note. This is going to be the theme of what I want to talk about again. You'll notice that on the first page it talks about the current fees, and I'm not talking about inspection fees, the current fees as it starts out. If you go down to the second, the next paragraph, it says that there will be a loss of \$130,000 in revenue because of this bill. If you go to the second page, it more, explains it a little bit more from the Brand Committee. It says what you're really losing is you're losing 150,000 head that got inspected at a dollar per head that went from the grower yard to the registered feedlot. But you're going to gain \$20,000 from, you know, putting some kind of a fee on that grow yard. So that's how you wind up with a net loss of \$132,000. The point becomes the Brand Committee is going to have to find that to fix that loss, to recoup that loss in these fees at the top, somewhere in these fees. So once again, what we have is we have a program that's established to lower the cost for the registered feedlots and everyone else picks up the burden. So that's the way, I mean, that's the way I read it. That's the way I see it. I would like to make-- I would like to throw

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something in while I have the time. In the course of the last discussion and on this discussion, you know, we've heard there's no benefit, there's no benefit, there's no benefit. You know, why do you do this? No benefit for us. Well, I have no children in high school anymore, and I don't want to pay taxes on the school anymore. Can you help me out with that? Because 80 percent of my real estate, 70 percent of my real estate taxes goes to the school system. Please help me with that, because I don't see a purpose in it, I have no use for it. And I don't want to fix the road that goes around that registered feedlot either. All those semis coming in there, feed trucks coming in there, I don't want to pay for that. Could you get that off my real estate taxes also? Thank you. I'd entertain any questions.

**BRANDT:** Are there any questions? I see none, thank you. Next opponent.

**JOHN HANSEN:** Vice Chairman Brandt, members of the committee, for the record, my name is John Hansen, J-o-h-n, Hansen, H-a-n-s-e-n, and I'm the president of Nebraska Farmers Union. We do not support this bill in its current form. We thank Senator Halloran for bringing it forward. It's something that we need to obviously talk more about. But I think David Wright did a good job of sort of summarizing our view, which is that structurally it does, in fact, create a shift. And in our view, it creates a shift that goes in the wrong direction. And with that, I would end my testimony and be glad to answer any questions.

**BRANDT:** I don't see any. Thank you. Next opponent. Any opponents? Good afternoon.

**DON CAIN:** Good afternoon, gentlemen. Don Cain, D-o-n C-a-i-n, Broken Bow, Nebraska, here testifying as a director for the Independent Cattlemen of Nebraska and also a personal veterinarian working with backgrounders all over the state. And I do appreciate the effort that the Nebraska Cattlemen have put to, have put into trying to get this in a position that would not, it would not encourage vertical integration. I do see that spirit in here. But this bill is very hastily written. I counted at least 10 lines with errors out of 95 lines of text, so we can't support it. We're, we're in opposition of this. It, it also has fee exemptions. And we've talked about our position on the exemption of fees. It does not, without some other legislation, talk about EID corruption. And I guess today I'm "Dr.

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Corruption," OK? That's why we have inspections is because that keeps people honest. If you look at the second document here, during our LR378, it was brought to public knowledge about the either illegal or invalid agreement between the Nebraska Brand Committee and the Adams Land and Cattle Company. That's a copy of that agreement, which in 2009 exempted them from inspections. And they were the only people in the whole state that got that exemption. That's the kind of corruption that can have happen even at the regulatory level. And of course, when the current administration of the Brand Committee made changes to that, they, of course, got sued. And until that lawsuit is, is taken care of, I don't believe anything with backgrounders should go forward because you're playing into the hands of, of what they're wanting. And I see I have a yellow light, so any questions?

**BRANDT:** OK, are there any questions for Dr. Cain? I don't see any, but thank you for the information. Next opponent. No more opponents, we will go to neutral testimony. Welcome.

**ADAM SAWYER:** Welcome. There, thank you, Senator Brandt and the rest of the committee. Adam Sawyer, A-d-a-m S-a-w-y-e-r, I have John Widdowson here with me.

**JOHN WIDDOWSON:** J-o-h-n W-i-d-d-o-w-s-o-n.

**ADAM SAWYER:** As I stated on LB572, we approach the committee today neutral on the bill. We don't, you know, any wishes that are made out of, out of these bills, you know, we will implement going forward. I think it's purely for us to just lay out some information and some things that we have seen on our end and that, you know, some thoughts that we have on the, on the bill. As you know, we can get behind the idea of a registered backgrounding lot. We can, you know, our committee or before me, obviously, came up with the idea of a registered feedlot system, so we can get behind the idea of registered backgrounding lot. The one thing that we see as an issue is that you take away the inspection of these cattle from a backgrounding lot into the feedlot, we see as an issue. So a lot of these backgrounders background for three or four different people. I'll give you an example. If you have three people to backgrounding lot, two-- one of them is a feedlot and two of them sell at a sale barn, the cattle that go to the sale barn will get, get inspected. The cattle that go into the feedlot will not be. So the sale barn is protected by all those



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cattle that are inspected at-- or is protected by the cattle inspected at a sale barn. The people, the other two people are not protected on the cattle that go into the feedlot. So the other thing that we notice on this bill is that the fiscal note, you know, shows a loss of about \$180,000, that would most likely cause us to reallocate fees and that sort of thing and we'd need additional help from the Legislature for that. So with that, I guess, unless John has anything further, I'll open it up to questions.

**BRANDT:** Senator Brewer.

**BREWER:** Thank you, Mr. Vice Chair. Because "Doc" handed out paperwork here, I want to ask a quick question. This special status that Adams Land and Cattle got, I see it's dated 10-28-09, so this is before you were ever in the program. Is this still in effect? Is that the controversy with it? I mean.

**ADAM SAWYER:** I'm going to say that I don't think it's fair for us from the Nebraska Brand Committee to come out, to comment on something--

**BREWER:** Oh.

**ADAM SAWYER:** -- that is in current litigation.

**BREWER:** OK, that's probably fair. Sorry about that. If I was a brilliant lawyer like Senator Lathrop, I would know not to ask the question, but I'm just an old country boy. So thank you.

**ADAM SAWYER:** Thank you.

**BRANDT:** Senator Groene.

**GROENE:** First, I appreciate that you're neutral. You're good public servants. You don't come in here-- you do what you're told by the Legislature and you do it the best you can. I appreciate that. But that doesn't always happen anymore. But why do we need to-- in the old days, these cattle would have went right in the feed yard, right? Probably. And you would have inspected them once. They'd have been put in there, what, 700, 800 pounds, stayed out on the grass a little longer, probably. Now we have this new speed up the weight gain. I'm assuming these cattlemen can straighten me out where you have these

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intermediate backgrounding lots. Why inspect them twice if it's the same owner?

**ADAM SAWYER:** Senator Groene, and hopefully I don't mispronounce your name.

**GROENE:** You got it right.

**ADAM SAWYER:** The arrangement with registered feedlots is the cattle are inspected in, they're not inspected out. They go through-- the good analogy for it, they go through airport security going into the feedlot. They're permanently fenced. Our registered feedlots have to meet stipulations to get that status, permanent fencing, you know, facilities and everything else. So that's the arrangement that we have with the feedlots. A lot of these cattle come into backgrounding lots from other states or within the state on an inspection from a point of, point of purchase. The feedlot-- or the owner of those cattle did not pay on that inspection into the backgrounding lot. These backgrounding lots are, you know, and they can be anything from corn fields to something that look almost identical to a feedlot for say. A lot of backgrounders in our state will background for, you know, more than two or three parties. So you open it up for the potential of commingling. So if you're not-- if you remove that inspection process from there, from them, from the backgrounding lot into the feedlot and you're not going to inspect them out of the feedlot, then we don't have any basis to go behind to, you know, go verify, go verify ownership of those cattle.

**GROENE:** So you're not expecting them coming in to the intermediate lot?

**ADAM SAWYER:** They would, they would enter the immediate lot on either a bill of sale from another state or, for example, if they bought the cattle at the sale barn, the previous seller would have, would have inspected those within state.

**GROENE:** And when they brought it from the other state, they don't pay that fee.

**ADAM SAWYER:** No, sir.

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**GROENE:** But then they, they're mingled, ones that came from the sale barn already paid a fee once, the ones from Arkansas and the hills come--

**ADAM SAWYER:** Correct.

**GROENE:** And then when they go out of the intermediate lot to the feed yard, they're not inspected now? Or they are?

**ADAM SAWYER:** They are inspected now. They're supposed to be inspected now.

**GROENE:** And then you check the receipts, bill of sales plus the sale barn makes sure the numbers match.

**ADAM SAWYER:** Yes, sir.

**GROENE:** You're always matching numbers. So you go to a feed yard and they say when you inspect it they got 50,000 head, do you inspect what they have on inventory of their bill of sales and what they brought in at that date?

**JOHN WIDDOWSON:** Yes. So, Senator, when we go to an RFL and do an RFL audit, all those cattle are inspected again. So we assume once they get in, once they got in, they were correct at that point in time. So we then go back quarterly to just maintain and make sure documentation is matching up. So we go through and we look at lock files and we say, OK, this pen has 150 in, does it have proof of ownership? Does it have a bill of sale? Does it have a brand inspection? So we go through all those criteria, list of things that makes makes that lot file good. We identify issues and then we go to the feed yard and say, hey, you've got five issues that you need to resurrect or find solutions to. Then they report back to us as a Brand Committee. We can do spot checks. We're constantly driving around the yard to identify fencing or any of those kind of things for commingling issues. The true thing is, as the Nebraska Brand Committee is, we don't see those cattle again. So if there's a chance of commingling, that's bad because we can not guarantee anybody else's cattle are in those when they go on afterwards. That is our issues with again, like Chairman Sawyer said, conceptually, we, we, we agree with LB571, there's just too many holes

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that's going to put the Nebraska Brand Act integrity in jeopardy if we do it the way it is written today.

**BRANDT:** Senator Hansen.

**B. HANSEN:** Thank you. I think you might have answered my question because I thought-- your protection when it goes into the feedlot is they have the opportunity to mingle, right, commingle?

**JOHN WIDDOWSON:** That's correct. Once they go into the RFL, we really don't care what they do.

**B. HANSEN:** Which would require your inspection to verify and make sure everything is where it's supposed to be. With this bill and when they go into a background lot, they're not allowed to commingle, right? You're supposed to keep them separate.

**JOHN WIDDOWSON:** That is correct. Because you might have cattle that are not-- not all the cattle are going to an RFL. Some cattle, you know, people that are not part of an RFL could be just feeding at that same background lot.

**B. HANSEN:** OK, right. And your concern is also with the fiscal note of \$180,000, that might potentially have you increase some of your fees. With a cash reserve of \$2.5 million, do you still think you might increase your fees or could you dip into the cash reserve to help take care of those fees?

**ADAM SAWYER:** I think if we went to the Appropriations Committee and they extrapolated that over five years, it would probably look very positive for the future of the Nebraska Brand Committee.

**B. HANSEN:** OK, good. Thanks.

**BRANDT:** Senator Gragert.

**GRAGERT:** Thank you, Vice Chair. I just wanted to maybe clear something up for myself. But if the feedlot owner is taking, taking those cattle right to a background lot, could that inspection be delayed until he goes into the-- he or she goes into the feedlot?

**ADAM SAWYER:** They are.

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**GRAGERT:** What-- do you expect them when they go into the background lot and then when he moves them from the background lot into the feed--

**JOHN WIDDOWSON:** Under current statute, Senator, no. That, that there's no requirement to go into a background yard.

**GRAGERT:** OK, thank you.

**BRANDT:** No other questions. Thank you, guys.

**ADAM SAWYER:** Thank you.

**BRANDT:** I appreciate the testimony. Any other neutral? Seeing none, Senator Halloran, you're waiving closer. So that will close the hearing on LB-- wait a second, I've got to read in-- we've got two letters of opposition and no written testimony. And with that, that ends the hearing on LB571. And I will turn the gavel back to Chairman Halloran for LB614.

**HALLORAN:** Thank you, Vice Chair Brandt, conducted that very well. Senator Erdman, you are up, sir, with LB614. Welcome to the Agriculture Committee.

**ERDMAN:** Thank you. First time in front of your committee, appreciate it. I have to do more bills that come here. Steve Erdman, S-t-e-v-e E-r-d-m-a-n, I represent District 47, 10 counties in the Panhandle of Nebraska. I have been here-- I rushed right over here from the Appropriations Committee so I wouldn't miss anything, been here for three or four hours. So I got the good news, I have the solution. After listening to the testimony for the last three or four hours, I have the solution. So let me give you a little background. This summer when they were doing the meetings on the Brand Committee, I attended one of the meetings in North Platte. After attending the meeting and I was driving home, I began to think there isn't anybody in that room that's interested in compromise. And I will share this with you. When I was a county commissioner and people would come in to protest what they thought was their taxes, and they weren't protesting their taxes, they were protesting their value, their valuation. So I would say this to them, if you've come to protest your valuation, there will be three things that can happen to you. One, your valuation could stay the

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same. Two, we could lower it. Or three, if we find out we have you too low, we can raise it. So what happened when I went to that hearing in North Platte is I discovered that perhaps there is somebody paying too little and others paying too much. And so as you begin to review LB572, and I looked at that, when I seen that bill, I said, they're going to take 500,000 away from the feedlots' charges. They're going to reduce it from 1,066,000 to half of that, 50 cents. And you heard earlier in the testimony, the gentleman from Kansas said they turned their feedlot two and a half times a year. I believe you heard that. So you turn your feedlot two and a half times a year and you pay a dollar for the inspection, that winds up being 40 cents a head. And they come in here and they whine about not being competitive on 40 cents a head. Now, what happens with LB572 is that 500,000 is going to be made up by someone else. And that someone else out of all those producers that live in my district, because they're gonna raise the brand registration fee and they're going to raise other fees and the mileage. And so the 500,000 is going to be shifted from the feedlots to the calf-cow producer. So this bill is very simple. For a number of years now, the RFLs have been getting a sweet deal. And if I had been an RFL, I would have kept my powder dry and stayed on the porch. Let me give you an example. When you put your cattle in an RFL and you ship out of there, you can ship anytime you want, day or night, rain or shine. You want to leave at 4:00 a.m. in the morning with a load to the, to the market, to the slaughter plant. You can do that, get that truck back and do another load. You don't have to have inspections. If they were to inspect their cattle, they have to run them down the alley and have them inspected the day before in the sunlight, in the daylight. There's shrink there. I am not sure why exactly the RFLs are so worried about 40 cents a head. I think Mr. Hansen probably fairly described it, is because they don't want to pay anything. This is not us against them. It is we. And the people in the cattle business, if you don't have cattle produced by the rancher and the farmer, you don't need a feedlot. And if you don't have a feedlot, the rancher don't need to raise any calves. So it's not us against them. It's we. And I think Dave Wright explained to you about paying for roads and some of those other things. And so what this does, it eliminates the RFL, gets them back on the same ground as everybody else. They, they inspect when they change ownership and when they ship. If we can't come to a compromise on how to fix this, then let's eliminate the RFLs and now people will come to the table and want to do some negotiation.

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So that's exactly what this does. You seen the fiscal note, and I want to pass these out if we could. I want to go over that. You've seen the fiscal note and the fiscal model was put together by, probably, Mr. Widdowson. And I appreciate what he said there. But I would draw your attention to that fiscal note. If you look on the second page on the back, and that piece I'm handing out, I'll explain in a moment. But you look on the back and what he's saying is that the feedlots are going to turn two times a year, which is incorrect. The numbers two and a half times. So instead of inspecting 2,132,000 head, they're going to inspect 2,240,000 head-- 2,265,000 head, excuse me, right across the top there. So he also went on to say that he's going to have to hire 22 new inspectors and 11 part-time-- full--time inspectors and 11 part-time. Well, as you heard him say in this conversation, there was 393,000 head inspected in January. And out of those 393,000 head, there were 51 head per visit inspected. All right? So what he did to get his fiscal note is he took the number of animals inspected annually by the brand people and he came up with 77,000 head. Now, in January, they inspected 51 head per visit. I contend when you go to inspect the feedlot, it's gonna be 200 to 500 head at a time instead of 51. And so instead of that brand inspector being able to inspect 51 a day, he may do 400 or 500 head a day. So there's no way on God's green earth it's going to take 22 new inspectors and 11 part-time inspectors to inspect the feedlots, because most of the regular feedlots are in the eastern part of the state and they're very close in proximity to each other. They're not 60, 70 miles apart like the where-- the RFL where I live. So there's going to be 10 inspectors, 5 part-time inspectors. And so as you go down through that fiscal note that I showed you that I put in there, you will see that the 425,000 head senator-- or Director Widdowson says are already inspected. So I took those off; 265,000 head is two and a half times turned of the registered feedlots. Subtract the 425,000 head that leaves 2,240,000 head inspected annually at a dollar a head. That's two hundred-- 2,240,000. Those ten part-time employees and five full-time employ-- part-time, full-time and ten-time-- ten full-time and five part-time, the expense is 919,000. You subtract that and all of a sudden you show a profit of \$254,000 and not a deficit. So they can eliminate the registered feedlot program and they'll have a quarter of a million dollars more revenue, even hiring two-- ten new full-time employees and five part-time employees. I am not interested in raising the fees on the normal average cow-calf producer to give

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the regular feedlots another break that they're already getting. I would have never brought this up if I was a registered feedlot and mentioned it to anyone that I was getting a sweetheart deal, that I don't have to inspect that any time. I can ship whenever I want, I don't have to show anybody the cattle. I can do whatever I like to do. I don't have to wait. You heard the rancher come in and say he couldn't get a brand inspection done. Not so with RFLs. They do it whenever they want, however they want. And that 40 cents a head is going to make them not be competitive? How close of margins do they have? I don't think that's the case. So what I'm asking you to do is forward this bill to the floor and remove the RFLs and put them back in the same position everybody else is in and pay a dollar a head. Thank you for your time.

**HALLORAN:** OK, thank you, Senator Erdman. Questions from the committee? Senator Groene.

**GROENE:** Thank you. [INAUDIBLE] Dr. Cain bringing this. Tyson suppliers paid for underdelivered cattle, \$285 million to get embezzled from them, profits are \$23 billion. And they're not going to worry about it because it has-- \$285 million has no impact on the company's financial, all right. How about we come back with a bill that says we put two dollars in every head slaughtered at, from the packing plant? Seems to be what I hear they're the only ones making money. And then we just pay for everything and the packing plant can pay it.

**ERDMAN:** I think if you want to make an amendment to the LB614, we'll do it.

**GROENE:** Work together. Just might do that. They don't miss \$285 million, I think they could pay a little bit and make sure that all the livestock--

**ERDMAN:** Right.

**GROENE:** -- coming through their, through their plant was came from the right owner.

**ERDMAN:** When I-- Senator Groene, when I seen the fiscal note on this bill and I thought about that for a moment, I think about it a couple of days. I didn't get this until yesterday. But it doesn't make any



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sense. It doesn't-- it didn't make any sense at all you need 22 more employees, because if those people that inspected in January inspected 51 head per visit and you go to those feedlots and there's 200 to 300, 400 to 500 at a time, I know it takes a hard look at 500 head, but you don't have to drive anywhere and you can sure do 400 or 500 in a day very easily. So it makes it become pretty efficient. And then the head count per employee goes up dramatically. So I don't have any clue why they would put 22 except, except maybe they want to keep getting that \$1,660,000 with doing, with just doing an audit. And so it baffled me to think that the registered feedlots were thinking they were getting a bad deal with all of the benefits that come with being a registered feedlots. And they whine about the 40 cents. I, I can't believe it. Then at the meeting I had, we had in Kerney, they came and presented that they wanted to pay 10 cents. Instead of a dollar, they wanted to pay 10 cents. They wanted to drop it to 4 cents a head. So I think Mr. Hansen was exactly right, they won't be happy until it's zero. And I can tell you what, when it's zero, the people I represent, the majority of them are going to pay more. I'm not interested in my people paying more to give two or three or four or five or 100 registered feedlots a break. The bad part of this is there's of a bunch of registered feedlots out there today that understand the significance of being an RFL. They get it. They're not here testifying. They get it, they understand the significance and the advantage of being an RFL. They're not here. But there's a few of them that are here. So we'll fix it, we'll just remove the RFL for everybody and we'll go back to collecting the fees we need to collect. Brand Committee can have another quarter of a million dollars to do what they need to do.

**HALLORAN:** OK, thank you, Senator Groene and Senator Erdman. Any further questions from the committee? Seeing none, I think they're worn out a little bit, but I appreciate your testimony.

**ERDMAN:** Thank you.

**HALLORAN:** Thank you, Senator Erdman. All right, now we'll give time for proponents of LB614. As the song goes, "Welcome back."

**DAVID WRIGHT:** Welcome back. Well, Senator or Chairman Halloran, thank you. Committee, thank you. My name is David Wright, D-a-v-i-d W-r-i-g-h-t, and as I said, I'm past president of Independent

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Cattlemen of Nebraska and spent a lot of years on the check off. Again, I'm going to, I'm going to focus on, a little bit on this fiscal note. And I see what John has done and I listened to what Senator Erdman talked about, but my issue is the 22 inspectors. I hope you've gathered as we've had this discussion today, we have in the state an area that's called brand inspection. And as John made clear, there's three times that you create an inspection: Change of ownership, when you leave the area and when you go into an RFL, if you come out of a grow yard. If we do this, if we pass this and we go back to the way it was years ago when-- I think we took a step backwards. Now it's like a waltz, we're taking a step forward. We get our, we're getting our compass on zero-- our compass on north again. All right, so if we do that, I don't think it's going to take 22 inspectors because there's an inspector at those packing plants within the brand area. We know John is correct. There's going to be, you know, 1.7 million head that need to be inspected. How many of that 1.7 million head will be inspected at a packing plant within the area within the brand area? Now, if you go out of state to Greeley, Colorado, or to Fort Morgan, Colorado, that is in the brand area, as in the United States. And they, Colorado has their own brand laws and they are a buck there also. According to our current statutes, we can have an agreement with Greeley, Colorado, and with Fort Morgan to be an open market. Now, John is going to have to give you more details on that, because I don't know that. Or you could, or you could kind of, you could sign some kind of cooperative agreement where they just collect the dollar over there and just make sure they inspect it. You're not hiring an inspector there. Same if you go down to, if you go down to Holcomb, Kansas, if you go to Creekstone, if you go to Schuyler, if you go to greater Omaha, if you go to Dakota City, same thing. They're outside the brand area, but why can't we enter it, why can't we enter into an open market with those agreements and put an inspector there? Then the scenario will be the same for everybody. I can buy cattle in Ogallala, put them in a grow yard, put them in a feed yard, sell them and they're getting inspected one time and that's when they are changed of ownership. One time, that's it. Or I can be a cow-calf guy and I can raise my calves, sell them at the sale barn and I pay one time. Feeder will buy them and he might finish them, but he isn't going to pay again until it changes ownership. He might finish them. This is too simple, it's obvious the, the, the other bills and the law has made it really complicated, really complicated.

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**HALLORAN:** Thank you, Mr. Wright. I'm sure there is a question from the [INAUDIBLE]. I shouldn't be that confident. No questions from the committee? All right.

**DAVID WRIGHT:** Thank you.

**HALLORAN:** Thank you, Mr. Wright. Any further testimonies in proponent?

**JOHN HANSEN:** Mr. Chairman, members of the committee, good evening. For the record, my name is John Hansen, J-o-h-n, Hansen, H-a-n-s-e-n, and I am still the president of Nebraska Farmers Union, our state's second-oldest, second-largest general farm organization. So one of the advantages of being a part of a farm organization that was organized over 100 years ago is that you tend to take the longer view. So if you've ever been a part of any kind of an extended negotiation, and during my lifetime I've been involved in a lot of them, it really comes down to in a lot of cases to what is the starting point. So if you start negotiating at the beginning and you're trying to bring parties together, then you, you have a different, fundamentally different negotiation than you do, than if you start negotiating when you're three-fourths of the way through or years down the road with one and you've already achieved significant givebacks, and then you start moving toward the middle. So, you know, what this bill does is takes us back to the sort of the beginning when we started down the road of trying to find a way to make some of the feedlots in our state happy, right? So we've continued to do one thing after another, time after time. And that's why I said earlier that no matter how much we give, no matter how much we try to accommodate their concerns and their interests, we have some feedlots in the state, and not all by any means. I think the-- only about 10 percent of the feedlots, I would guess, in the state take advantage of the program that gives them all the additional preferential treatment advantages. So what this bill does is says, OK, we're going to treat all of the feedlots in the state equally. We're going put them all on the same, all on the same playing field, and then we can start from there. So from our Farmers Union policy, we had heartburn going all the way back to when we started down the road to give some feedlots preferential advantages and treatment over other feedlots. And we said at that time, we can go down that road, but we know where we're going to get and we're going to get at the end of the day to a place where no matter how much we give them, it'll never be enough because their, their ultimate goal is

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to pay nothing. So we thank Senator Erdman for bringing this bill. I think it sends an interesting message, which ought to be a part of the discussion. Thank you very much.

**HALLORAN:** Thank you, Mr. Hansen. Any questions from the committee? Yes, Senator Groene.

**GROENE:** Thank you. Back to this ideal. What's wrong with farmers why-- they're the only ones that I know of that pay a tax for the privilege of selling their product. In the free enterprise system it's the other way around, the purchaser pays the tax. And I still don't see why we're fighting amongst each other when a feed yard makes 50, 100 bucks a head. And maybe if they're lucky, the cow-calf guy loses money or makes a little bit. Meanwhile, the packing plant is making a thousand dollars a head is what I've heard recently. So why aren't we organizing and saying, let's make the end user, the huge corporation from Brazil who owns a packing plant, pay the tax? I don't understand why we haven't ever come full circle to that. Do you have any idea, we're too busy fighting with each other?

**JOHN HANSEN:** Well, I mean, you make a good point. And, you know, part of the, the big picture is that, that, you know, we have a very noncompetitive marketing system. We have a lot of inequity. So you take a look at the food dollar, for example. Farmers Union puts out a baseline USDA data, a chart that says here's, you know, the farmer's share of the food dollar. And so as you look at over time, the farmer's share the food dollar continues to shrink and shrink and shrink and shrink. And so there's always more than enough money being made in the food economy if you had a more equitable distribution. And so, you know, equity and fairness is, is important because of all the folks that actually really need to make money in order to make the economy work so that it can be an economic driver in the economy, it's the folks who do the work, take the risk and produce the product. And those guys in this particular system that we're talking about this afternoon are the cow-calf guys. I guarantee you, if those guys make money, everything else in the rest of the system will take care of itself and all the rest, the wheels will turn just fine. But those are the guys right now who are in the most difficult condition, which is why we are slow to sign them up for picking up a bigger piece of the pie in terms of the cost here. But, Senator, you are exactly right that when we went through the COVID thing we had, we saw profit

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margins that went up, you know, over two thousand dollars a head. I mean, it was just absolutely price gouging. And consumers, food consumers and, and cow-calf and hog producers are the folks who got shorted on the other end. So that's the-- we're in agreement.

**GROENE:** Thanks.

**HALLORAN:** Thank you, Senator Groene. Thank you, Mr. Hansen.

**JOHN HANSEN:** Thank you.

**HALLORAN:** All right. Appreciate it. Any further testifiers in support of LB614? Good evening, Dr. Cain.

**DON CAIN:** Good evening. Thank you for inviting me back. Don Cain, D-o-n C-a-i-n, board of directors with the Independent Cattlemen of Nebraska, veterinarian and beef producer in the state of Nebraska. I'm here to testify in favor of LB614. It was a surprise to see this bill come forward with as much effort as we put in with the legislative resolution, which I still think was a good thing to do. This does give a foundation for even further and better improvement of the Brand Act and we can clean it up and just eliminate the registered feed yards right now. LB614 promotes equity in fees, it's the least corruptible of the three proposed bills we've talked about. Keeps the industry honest. Even though it's simply written, it does, the act also allows for the open market definition. It does not promote vertical integration. It does help the cow-calf producer. And I've told many people, including the Governor, multiple times, a healthy and profitable mother cow industry in the state of Nebraska benefits every town, in every county, in every corner of the state of Nebraska. I, the Independent Cattlemen of Nebraska and 16 other livestock auction markets that I polled personally representing 1,250,000 head of cattle are proponents and in favor of LB614 coming to the floor. Thank you.

**HALLORAN:** Thank you, Dr. Cain. Any questions from the committee? Seeing none, thanks for your time and testimony and your travel. Any further testifiers in support of LB614? Here's a bit of worthless information, I come in at lunchtime to eat at that table because it's the cleanest table in here. OK, any further proponents for LB614? All right, we'll move on to those opposed to LB614.

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**GRAGERT:** Thank you.

**MELODY BENJAMIN:** Once again, good evening, everyone. Thank you, Chair Halloran. Melody Benjamin, M-e-l-o-d-y B-e-n-j-a-m-i-n, I'm testifying on behalf of the Nebraska Cattlemen and the Farm Bureau in opposition of LB614. The registered feedlot program was added to the brand statutes in the early 1970s to allow feedlots inside the brand inspection area which meet the appropriate requirements to send finished cattle to harvest facilities without a physical brand inspection with the proper documentation which is audited by the Brand Committee. This allows the registered feed yards to avoid added shrink and risk of injury to the finished cattle at the time of shipment. More importantly, it allows for cattle to be shipped at times that would not be possible if they had to be physically inspected between dawn and dusk. Harvest facilities require arrivals of cattle at different times than daylight hours. Animal welfare also requires shipments at night when the daytime temperatures would cause too much stress. The registered feedlot program has-- also saves the resources of the Brand Committee. A brand inspector would be required at each shipment at each feedlot in the inspection area. This would require many more inspectors without the necessary revenues, since there is already revenue generated from the registered feedlots with the little resources required for their audits. Brand law needs to be modernized to be less of a burden to commerce, not impede it. Every segment has more or less risk of stray cattle. Feedlots have a very little risk of cattle being inadvertently shipped or sold. Placing more regulations on the feedlots will impact the vitality of our strong beef industry in the state. And on behalf of the members of the Nebraska Cattlemen, we urge you not to advance LB614. Thank you for your time and attention and I'll take any questions if there are any.

**HALLORAN:** Thank you, Ms. Benjamin. I didn't ask the other testifiers. I think we missed having their names spelled. But would you for the record spell your name?

**MELODY BENJAMIN:** M-e-l-o-d-y B-e-n-j-a-m-i-n.

**HALLORAN:** Thank you. Any questions from the committee? Seeing none, thank you.

**MELODY BENJAMIN:** Thank you.

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**HALLORAN:** Any further testimony in opposition to LB614? And just a reminder, we all know who you are by now, but for, for the sake of the transcribers, if you'd say your name and spell it for us.

**BRENDA MASEK:** Good evening, again. Senator, Chairman Halloran and members of the Ag Committee, my name is Brenda Masek, B-r-e-n-d-a M-a-s-e-k, I'm currently serving as Nebraska Cattlemen president elect. Thank you, Senator Erdman, for bringing this bill. And you do make some good cost-share points. But I am here today testifying as a cow-calf producer in opposition of LB614. The elimination of the registered feedlot program, or RFLs, has the potential to severely impede speed of commerce. The provisions provided by the RFL program allow finished cattle to be transported to harvest facilities without physical inspection. A perfect example of how beneficial this program is happened on January 25th of this year when the Grand Island and Lexington area was hit with a foot-plus of snow. The cattle that were scheduled to be delivered for third-shift harvest couldn't get to the plant because of the RFL facilities-- excuse me, because of the RFLs, the facility was able to get cattle from another feedlot during those nighttime hours. Without the registered feedlot program, this specific plant would have had to sit idle because the cattle could not be brand inspected in the dark. If any-- if the last two years haven't taught us anything, it is that we must do all we can to maintain the beef chain supply without disruption. Without the registered feedlot program, this would be, been severely compromised. Whether the feedlot, registered feedlot program exists or not does not directly affect my cow-calf operation. But disruptions of the supply chain of any of the intricate, diverse industry that we have indirectly has consequences to all sectors. Again, we have been quite aware of this over the past two years with the Black Swan events. Thank you, senators. And do you have any questions?

**HALLORAN:** Thank you, Ms. Masek. Is it Ma-sik [PHONETIC] or May-sik [PHONETIC]?

**BRENDA MASEK:** Masek.

**HALLORAN:** Masek. Got it wrong twice. Any questions from the committee? Yes, Senator Hansen.

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**B. HANSEN:** Are there any other examples besides a foot of snow where it might severely impede the speed of commerce? I think it would speed it up, wouldn't it? It's less time they have to inspect it and they can actually get on the road quicker and get to where they need to go at different hours of the night. I know it was an ex-- it's late, I say, exporaneous [SIC] example. I can't even say it right. Is there any other time where you might or might actually slow down the speed of commerce besides a foot of snow?

**BRENDA MASEK:** I think that anything-- yeah, again, if anything we've learned from the last two years, anything could happen. You could have truck wreck. You could have, you know, wreck on the interstate. You couldn't get the cattle, you know, something like that. I can say any natural disaster would. I'm trying to think of something that would be-- I can't think of anything specific. But that was the one that was, was very recent and it was, it could have been a real mess with that, with that harvest plant.

**B. HANSEN:** All right. Thank you.

**HALLORAN:** OK, thank you, Senator Hansen. Any further questions from the committee? Seeing none--

**BRENDA MASEK:** Thank you.

**HALLORAN:** -- thank you for your testimony. Next testifier in opposition to LB614. Good evening.

**JOHN SCHROEDER:** Good afternoon, Chairman Halloran and members of the Agriculture Committee. My name is John Schroeder, J-o-h-n S-c-h-r-o-e-d-e-r, I am the general manager of Darr Feed Lot, Incorporated, a registered feedlot in the brand inspection area. And I reside in Cozad, Nebraska. I am a member of Nebraska Cattlemen, but I'm here today on my own accord to make comments opposing LB614. LB614 is a bill that, if passed, would cripple commerce in this state. In the beef industry today we live on very tight margins and deliver in very narrow windows. Programmed cattle with specific traits for specific consumer preferences are scheduled into harvest windows, utilizing hard sought-after harvest slots in packing plants. Truck drivers and the hours they are allowed to drive are at a shortage and must be efficiently utilized. By requiring a physical inspection on



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cattle for harvest leaving a feed yard, LB614 would drastically limit commerce in your number one industry in this state. It takes more notification to get inspectors, and they can only perform their job in daylight hours. Inspecting heavy cattle with any degree of accuracy would bring on more shrink and increase the risk of injuries to cattle. It is important to understand that at our feedlot we load and receive cattle at all hours of the day. We shipped fat cattle during the Super Bowl this weekend. In our yard, we are in control of our processes. Every animal in our yard has an individual unique visual lot tag and unique electronic tag, our quality and production practices or processes that are third-party verified through USDA approved programs. We have thorough records on movement of every lot of cattle in our facility. We have cameras recording receiving and loadout areas and utilize electronic tag readers to record individual cattle. This bill would cripple our ability to get a premium in the marketplace. The registered feedlot program has been in place since the early 1970s and we have been utilizing electronic ID for two decades at Darr. Nebraska Brand Committee audits our files and ensures we are in compliance. We spent countless hours maintaining that process and are the collection agency for the inspections and beef checkoff payments when brand inspectors occur receiving at our premises. Those in support of this bill suggest that it's about saving fees. Their ignorance on this subject blinds them on the lack of accuracy and true costs of inspection, which causes cattle shrink and injuries, slows the speed of commerce, waste trucking resources and limits receiving premiums for delivering into the value-added markets. You wonder where the cattle go. Dave talks about going every different direction and not having to get inspected. We inspect them in and out. We're getting three or four times that we're paying for inspections plus the fee that we're paying. And I'd be entertain some questions, but thank you for the opportunity to testify today.

**HALLORAN:** Thank you, Mr. Schroeder. Any questions for the committee? Senator Groene.

**GROENE:** Thank you. How many-- you're a cattlemen and your probably an organized at the Darr feedlots. How many cattle are fed in the feedlots in Nebraska? Do you know a year?

**JOHN SCHROEDER:** I, you'd have to ask the brand, the brand guys would be better at that than-- give you a solid number on that. I mean,

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we're, we're a 45,000-head feedlot. We're going to market about 98 to 100 and 2,000 head of cattle. That would be our numbers.

**GROENE:** So it's in the millions.

**JOHN SCHROEDER:** No doubt.

**GROENE:** And packing plants are here because you're here. And you're here because the corn is here, and you're here because we got the best sandhills, the best cow-calf in the world.

**JOHN SCHROEDER:** We've got the best resources and we, you know, we bring in the money to come in and partner with us. Partner with us as cow-calf guys, partner with us is feedlots. And it takes a lot of equity. And, you know, you start crippling those and putting those disadvantages in this state and it's a big deal. But I've told you before, it's, this cost of inspections is threefold with the inspection fee is. You know, inspection fee of a dollar a head is cheap. It costs me \$3.60 when they come out and inspect at my place because of the shrink, because of the cost of the time for my guys to go grab them out of the pen, bring them back up and take them back because they didn't show up when they were supposed to, when they were up there just getting unloaded. You know, we got EID tags that read all of that right off the bat. Again, we're third-party verified through USDA. We are in control of our processes coming into these places. And, you know, to say that we're not paying our fair share, we ought to be charging. We ought to be charging, not paying. We're supporting this thing in a big, big way. If they didn't have registered feedlots and feedlots paying what they're paying, this thing wouldn't work at all. Believe me, I've come in in the last two years and talked about compromise. Notice I've said that, I've testified as a compromiser. I'm trying to meet part way with that. You can see two different sides of what you've heard today, but know this one, you know, Ernie would have known to kill this one. You know, you wonder where the cattle went, either Ernie's mountain lion ate them or Dave's moving them around. So it's one or the other.

**HALLORAN:** Well, thank you, Mr. Schroeder. On the concept of you charging, that's a whole other bill for a whole, for a whole, for a whole different chairman of the Ag Committee. Thank you for your testimony. All right, any further opposition to LB614?

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**CASSIE LAPASEOTES:** Good evening, Chairman Halloran and members of the Agriculture Committee. My name is Cassie Lapaseotes, spelled C-a-s-s-i-e L-a-p-a-s-e-o-t-e-s. I appear before you today in opposition of LB614. I'm a fourth-generation member of my family's farming, cattle feeding and ranching operation. We are located in Bridgeport in the Panhandle, which is 13 miles away from Senator Erdman's hometown. We operate solely in the state of Nebraska. I have worked full-time on the operation since 2011, but I have lived and worked in agriculture for my entire life. My millennial generation has a reputation of needing to fully understand why we do things a certain way and to challenge the status quo. I thrive on change and finding opportunities to make not only my operation more efficient and the industry and the state in general. Specifically when it comes to the Nebraska brand law, I cannot comprehend why our state is not uniform. Nebraska's brand laws no longer reflect how we do business in this global economy. In fact, under Senator Erdman's bill, it will increase costs significantly for our operation and for every other registered feed yard in the brand area in Nebraska. It will dramatically increase the number of new inspectors the Nebraska Brand Committee will need to hire. Most importantly, this bill further divides our state's ag producers. It ignores the fact our competition pays zero in brand fees and complicates the gross-- the growth of Nebraska's number one industry: agriculture. My family owns two registered, two registered feedlots in Nebraska. And I want to make note that the registered feedlots is a voluntarily, voluntary program. There are many feedlots in the brand area that opt out of becoming a registered feedlot. We are buying and selling cattle on a local and national level on a weekly basis. We support all the people, we support the people in the Panhandle, the big guys, the small guys, everybody in the state. We sell butchered beef to local buyers and donate beef annually to our local schools. At the yard I manage, my quarterly audit takes less than five minutes. If LB614 comes into effect, we are going backwards as an industry. Every animal I sell for harvest will have to physically be inspected. For me, working on the Brand Committee's time makes my already tightly run crew at the mercy of a third party. Our two feedlots at times will ship fats on the same day. Sometimes the packers will tell us what time the cattle have to arrive and we work backwards from there, from the time we have to ship. If, if it sits as it is today, we can, we can weigh up those cattle at the time at our flexibility if we change and, and take LB614 into effect and have to

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wait until daylight, it might, it could potentially-- we would not be able to ship cattle until daylight because we'd have to wait for an inspector. If those cattle that are to be harvested in the time, say, the cattle that need to be in Lexington at noon and we can't weigh those cattle up and have them inspected until 7:30 a.m., on a January day, it doesn't get light till 7:15. Therefore, where we are behind the packing plant's time frame. The solutions today do not recognize that Nebraska's agricultural producers and are operating on a global economy. We should not be putting one sector against the other. It is time for us to find a parallel vision and unify this industry. I would ask the committee to indefinitely postpone this proposal as it sends a very damaging message to our industry. I want to thank you all for your service to Nebraska and would be happy to answer any questions you have.

**HALLORAN:** Thank you for your testimony. Any questions from the committee? Senator Groene.

**GROENE:** This is the only bill you testified on?

**CASSIE LAPASEOTES:** Yes.

**GROENE:** Thank you. But he gave you extra time. But anyway.

**HALLORAN:** I did give you extra time.

**GROENE:** Where, in the people in the west, in the Panhandle, where do they ship their feedlot, their cattle to?

**CASSIE LAPASEOTES:** To the big four: Lexington, Fort Morgan or Greeley, or--

**GROENE:** So a lot of it goes into Colorado.

**CASSIE LAPASEOTES:** Yes.

**GROENE:** In that area.

**CASSIE LAPASEOTES:** Yes.

**GROENE:** Because of logistics.

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**CASSIE LAPASEOTES:** Yes.

**GROENE:** Thank you.

**HALLORAN:** OK. Thank you, Senator Groene, for observing that I gave her more time. Senator Brandt.

**BRANDT:** Thank you, Chairman Halloran. Thank you for your testimony. So the feedlots have all testified that they can only inspect during daylight hours. And I assume that's a rule of the Brand Committee.

**CASSIE LAPASEOTES:** Correct.

**BRANDT:** But I think you guys have electricity and I think you could put powerful lights out there--

**CASSIE LAPASEOTES:** Correct.

**BRANDT:** -- that it would be possible to inspect on your part when there's darkness, would it not?

**CASSIE LAPASEOTES:** Correct. We can weigh cattle to our mercy, whether it be daylight any time of day. We receive cattle any time of day, could be two in the morning, two in the afternoon. And then we typically weigh cattle out first thing in the morning.

**BRANDT:** And I will be curious when the brand commission comes up here in the neutral capacity to hear what their response is to that or why we, we couldn't make an exception for, for some of that. But I would think that would be a possibility. But I guess I just wanted to get your opinion on that. So thank you.

**CASSIE LAPASEOTES:** Thank you.

**HALLORAN:** Thank you, Senator Brandt. Any further questions. Seeing none, thank you for your testimony.

**CASSIE LAPASEOTES:** Thank you.

**HALLORAN:** Any additional testimony in opposition to LB614? Anyone in the neutral capacity for LB614? Good evening.

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**TERRY CONE:** Good evening, senators. My name is Terry Cone, T-e-r-r-y C-o-n-e, I'm the vice chair of the Nebraska Brand Committee. And as a committee, we have decided to be neutral on LB614, like we did the rest of the bills that come up. We don't figure it's our place to dictate to both sides. We've got people, we've got producers on both sides of the issue. It's not our place to set policy. We are, we are directed by the what, whatever the senators decide. You pass the bills, we will enforce. I had some notes here, some fiscal notes. I know Senator Erdman got up and he had fiscal notes, too, that he had discussed. The-- and so you've heard all those. I don't know if you want to hear ours again, how we extrapolate those numbers. We figured that the RFLs right now, they presently have a capacity of 1,066,000 head. So we so we can collect a one-time fee of \$1,066,000. We did use it just times two. Not every feed yard turns it over two and a half times. We just used two for easy figuring. If they turn it over more than two and two times, it'd be a little bit different than that. But those cattle are already being inspected, the original 1,066,000 head. If they turn it over twice, there would be another 1,066,000 head to be inspected. So we pick up another million dollars there plus. Well of that, of that extra 1,066,000 there's 425,000 then, we're estimating, that's not an exact science to come up with that number, but we think that that, that's accurate, that have already been inspected because they went into the RFL. It triggered, it triggered an inspection because they was taken to the RFL. So that backs us down to instead of a little over \$2 million, we've got a million, we have got a million seven-- hundred and seven thousand dollars. We, our numbers figured, we extrapolated it out with the number of, of employees we have and the number of cattle we currently inspect. Each inspector inspects about 77,000 head a year. And with for each full-time inspector, there is one part-time inspector. Excuse me, for each two full-time inspectors, there's one part-time inspector. So we just extrapolated those numbers out that way and divided that by the cost of our, of our, what it costs to employ them for help. We come up with we would actually, with the additional expense of hiring additional employees, we'd have an additional expense of \$1,840,000 behind the other 33 employees. And so we would have-- it would actually be a net loss for us. And so I know Senator Erdman's numbers are different from that. He's used different numbers. That's what we came up with. But like I say, we're coming as to a neutral position and so we will do whatever the senators pass and what we're directed.

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**HALLORAN:** OK, thank you.

**TERRY CONE:** With that, I would entertain questions.

**HALLORAN:** Thank you, Mr. Cone. Any questions from the committee? Senator Brandt.

**BRANDT:** Thank you, Chairman Halloran. And John, maybe you heard my nighttime question back there.

**JOHN WIDDOWSON:** Yes, sir.

**BRANDT:** So is that, is there a reason you couldn't work some night hours if you had to, if there's sufficient illumination?

**JOHN WIDDOWSON:** You know, obviously, Senator Brandt, that's a great question. I would think potentially maybe impacting how situations where, maybe those cattle were inside under lights, there might be some flexibility there. Obviously, it's just common sense, we got to have light to be able to see those brands. So whether it's natural light or maybe artificial light, I think that could be explored. Obviously, statute would have to be changed because in statute we do it in daylight hours. So the statute would need to be changed. But by all means, the committee is open to changing with, with the industry. If its artificial lighting in certain areas, we would sure consider that.

**BRANDT:** OK, thank you.

**HALLORAN:** Thank you, Senator Brandt. Any further questions? Senator Hansen.

**B. HANSEN:** Thank you. I'm surprised it's even in a statute. That just seems-- OK. So what's your take on his-- on Senator Erdman's take on the employees, his, his calculation when it came to the amount of full-time employees, part-time employees? Because what he did say kind of made sense, you know? But I didn't know, again, I'm just curious to know your opinion because I'm a little new to this.

**JOHN WIDDOWSON:** Sure. So basically, we have 80 full-time employees, 72 of those employees do inspections. So the head count for the fiscal year of '19-20 was about 3.7 million head. So I took the full-time

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inspectors of 48, divided that into those head counts and came up with 77,000. Extrapolate that for every two there's one. So that's, you divide that into the 1.7 million additional head that we will be inspecting, it comes up with 33 inspectors. 1.7 million head over the 3.69 is a 46 percent increase in head count. So it only would make sense that you're going to have a probably a 46 percent increase in people.

**B. HANSEN:** OK.

**JOHN WIDDOWSON:** So you have what logic matches up there.

**B. HANSEN:** And he says efficiency, like because now you're not doing it at a [INAUDIBLE] that you're doing it at, at the plant, so they can inspect more as opposed to being an RFL. Is that, do you think that would be correct or is that--

**JOHN WIDDOWSON:** I respect Senator Erdman greatly, we work great with him. I think there will be some efficiencies where in some locations we will get bigger head counts. The problem that we are going to run into is that all these, all these RFLs or all these feedlots aren't going to want to inspect that at the same time. So you're going to have to have a number of staff that are going to be able to be at those places. You've heard some testimony that they had to wait two days or wait a day. That's not going to be able to happen [INAUDIBLE]. They are going to have to do that. So we're going to have to have a margin of error with staff. And I'm not really building in a margin, but I think there will be some efficiencies there that we could be higher head counts with less people.

**B. HANSEN:** And I'm glad to hear you work well with Senator Erdman. Not all of us do, so that's good.

**HALLORAN:** OK, Senator Groene.

**GROENE:** Everything coming out of a feed yard is, are is not inspected because they're 24-hour-day operation, even during the Super Bowl, correct?

**JOHN WIDDOWSON:** Current statute, if you're an RFL, you do not get inspected going out. That is correct.



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**GROENE:** But everything coming in is inspected.

**JOHN WIDDOWSON:** That is correct.

**GROENE:** The-- sorry, I'm old fashioned, but the young lady up here before, the business lady said that they have stuff coming in in the middle of the night. So how is that inspected? How is that cattle, the cow-calf guy who loads them up or and ships them to that feed yard, how does he get it inspected? He's got to try to schedule it in eight hours of daylight?

**JOHN WIDDOWSON:** No, so the cattle can be delivered to the RFL. The RFL then would notify us within a relatively short amount of time that once they receive those cattle. And so they might receive cattle for two or three days, we will then come and inspect at a certain time for two or three days of cattle arriving. You know what I'm saying? So we're not there every time a set of cattle--

**GROENE:** And then you back-check to make sure they came from the cow-calf guy?

**JOHN WIDDOWSON:** Say that again.

**GROENE:** Then you, and you back-check where they came from.

**JOHN WIDDOWSON:** Absolutely. When we do the inspection, we will be looking at the evidence of ownership of who brought those cattle to the feed yard. If it was a bill of sale, or more likely, it was their brand on those cattle. And so we'll do the actual physical brand inspection at that time.

**GROENE:** And who pays the dollar?

**JOHN WIDDOWSON:** The seller, typically.

**GROENE:** So then you send the seller a bill?

**JOHN WIDDOWSON:** That's correct. Some, some transactions the buyer puts that in, in their agreement, but that's up to them.

**GROENE:** Thank you.

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**HALLORAN:** OK, thank you, Senator Groene. Any further questions? Seeing none, thank you, gentlemen. Appreciate it. Any further neutral capacity? If not, I want to thank everyone. A lot of you traveled long distances in the heat of Nebraska winter, and we do appreciate that. A lot of good testimony, a lot of good questions by the committee. So thank you so much. Senator Erdman. Senator, let's start for the record. For the record, there were two letters of support for LB614 and one submitted written testimony in opposition, Kristen Hassebrook, Nebraska Chamber. Welcome back. Senator Erdman.

**ERDMAN:** Thank you, Senator Halloran. So, as I sat there listening to the testimony, it exactly proved what I tried to tell you. The advantages to the RFL are immense and the arrogance of one of them to sit here and say they should pay us. You see, that's the problem we're trying to negotiate. You've seen the spirit that they come with. "They should pay us." Does that sound like the spirit of cooperation? Don't sound like it to me. Every one of them comes her explaining the advantages of having an RFL. Not one of them said that 40 cents is killing us. If their margins are that close, they need to get out of business. I wasn't even going to say anything, but after listening to their arrogance and how they must think how stupid we are to come up and say the things they said, I couldn't let it go. They're entitled to their own opinion. They're not entitled their own facts. Mr. Widdowson come up here and told you how he extrapolated the numbers, right. Fifty-one head a day inspected in January. He said he would add 10 full-time, five part-time, when I went to school that was 15. So that's 15 extra employees they got to handle those feedlots. And he said they all could call at the same time. That won't happen. But if-- they got 15. The point is they don't want to do it. So we'll make this fiscal note look like whatever we need to make it look so they don't want to do this. They want to change it. We have not ever had a conversation about compromise, and you heard those RFLs this evening. They're not interested in compromise. If they were, they wouldn't have came and said they should be paying us. That don't sound like compromise to me. You've been here a long time and I appreciate it. You've learned more about branding than you ever wanted to know, Senator Lathrop. So here's what I ask, make this a Consent Calendar bill. Then I'll leave you with this. Trust everyone, trust everyone but brand your cattle. Thank you.

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**HALLORAN:** OK, thank you, Senator Erdman. I appreciate that. All right, that's the end of the testimony on LB614 and that's the end of our Ag Committee hearing. Thank you all. Safe travels home.