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Agriculture Committee January 24, 2023

Rough Draft

**HALLORAN:** Good afternoon, everyone. You've all been waiting patiently for an odd time for a committee hearing to start, but thank you for your patience. And so we will-- we will begin today's hearing. I am Senator Steve Halloran. I'm from Hastings, Nebraska, and I represent the 33rd Legislative District. I serve as Chair of this committee. Committee will take up the bills and/or confirmations in the order posted on the agenda. Our hearing today is your public part of the legislative process. This is your opportunity to express your position on the proposed legislation before us today. The committee members might come and go during the hearing. This is just 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 reserved chairs when you are ready to testify. These are the first two chairs on either side of the first row. 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 the form in its entirety. When it is your turn to testify, give the sign-in sheet to a page or to the committee clerk. This will help us to make a more accurate public record. If you do not wish to testify today but would like to record your name as being present at the hearing, there is a separate white sheet on the table that you can sign for that purpose. This will be part of the official record of the hearing. 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 distribute those to the committee. If you do not have enough copies, the page will make sufficient copies for you. When you come up to testify, please speak clearly into the microphone. Tell us your name and please spell your first and last name to ensure that we get an accurate record. We will be using the light system for all testifiers. You will 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 has ended. Questions from the committee may follow. No displays of support or opposition to a bill, vocal or otherwise, are allowed in the public-- public hearing. Committee members with us today will introduce themselves, starting on my left with Senator Raybould.

**RAYBOULD:** Jane Raybould from Legislative District 28, which is really the heart of the city of Lincoln.

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**HUGHES:** Jana Hughes, Legislative District 24, have Seward County, York County, Polk County, and a little bit of Butler County.

**BREWER:** Tom Brewer, District 43, which is 11 counties of central and western Nebraska.

**IBACH:** Teresa Ibach, District 44, which is eight counties in southwest Nebraska.

**HALLORAN:** And I might mention that Teresa Ibach was elected by the committee to be the Vice Chair. So thank you, Senator. To my far right, Senator Holdcroft.

**HOLDCROFT:** Rick Holcroft. District 36. Sarpy County.

**RIEPE:** Merv Riepe, Legislative District 12, which is much of Omaha and also the city of Ralston. And I am a farm boy. I want to announce that.

**HALLORAN:** Senator Ben Hansen was here earlier, but he had to go testify, present a bill in another hearing. To my right is the committee research analyst, Rick Leonard, you all know him. And to my far left is the committee clerk, Andrew Ojeda. He is-- he's learning this job. And so Rod Krogh, many of you know Rodney Krogh, he's now my LA. He will be coaching Andrew as we go. Our pages for the committee are Landon Sunde from Omaha. He is studying history and political science, which I tried to talk him out of earlier, at the University of Nebraska at Lincoln, and Amelia Stoner from my district from Juniata, Nebraska. She is studying political science and I will talk to you about that, too, later, at the University of Nebraska at Lincoln. So with that, we will begin with the gubernatorial appointment today. We have, and this is not meant to be a civics lesson, but we do have, obviously, as you're all aware, separation of power. We have the executive branch, we have Legislature, we have judicial branch. And clearly today what we're experiencing is the executive branch makes appointments to various agencies. And-- and that's his role. That-- that's what he does and should do. And then in turn, the Legislature has confirmation hearings in which they bring those appointees to the committee and allow-- allow the appointee to present themselves. So today is Sherry Vinton and the position is director of Nebraska Department of Agriculture. Welcome.

**SHERRY VINTON:** Thank you, Senator Halloran. It is a privilege and a pleasure to be here. Good afternoon to all of the Ag Committee. My

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name is Sherry Vinton, S-h-e-r-r-y V-i-n-t-o-n, and it is truly an honor to be here and share my qualifications and my goals for you to consider for my confirmation as director of Nebraska Department of Agriculture. Agriculture is more than our state's number one industry. It is the heart and soul of Nebraska. I know firsthand how important agriculture is for Nebraska and to the future of our state, and I'm proud to be a part of Nebraska's ag industry. My family and I ranch south of Whitman in the Sandhills. My husband is a fifth generation rancher. We ran a cow/calf operation and raise Angus cattle that graze on native pasture, irrigated alfalfa and subirrigated meadows. Our ranch is about 17,000 acres in Grant and Hooker Counties. Some call this area the middle of nowhere, but to me it really is the center of the universe. Rangeland and seeded pastureland accounts for half of the land in our state. And when you include cropland harvested for hay or silage, it's 50-- 57 percent of Nebraska that is devoted directly to grasslands and forage crops. And about half of Nebraska's rangeland is in the unique Sandhills, which are the largest stabilized sand dune complex in the Western Hemisphere and one of the finest cattle producing areas in the world, with cattle and calves being our leading commodity for cash receipts in the state. For the past 39 years, my family and I have made our living on the land. My vested interest in agriculture fits well with my passions for nature and taking care of our environment. Before I moved to the ranch, I grew up in North Platte, where my dad was an implement dealer and had a manufacturing business. He developed one of the early guidance control systems. From watching and learning from him as he gave excellent customer service to his customers and developed his business to be very successful, I wanted to come to Lincoln and study accounting and business here at the university. And that's where I met my husband, Chris. He's a true Sandhills cowboy, and the ranch was the perfect place for me to make a business out of agriculture and a little bit later experience the joys and challenges of raising a family in the middle of nowhere. Many of that-- for many of us, ranching is a way of life. However, if you want to enjoy this lifestyle, you'd better treat it like a business and have a sharp pencil. Farmers and ranchers all have different stories, but we share a common connection. Even though the past five years have been full of major challenges like flooding and drought and a worldwide pandemic and devastating wildfires, they are challenges that I can relate to because I have experienced them myself. Through it all, I'm proud to be part of Nebraska's network of 45,000 farmers and ranchers who consistently deliver high-quality ag products year after year, no matter the challenges. Throughout my career, I've been privileged to serve in leadership capacities on local, state, and

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national ag-- with local, state, and national agricultural associations and advisory committees. These types of leadership opportunities have helped me grow and make me a more knowledgeable advocate for Nebraska agriculture. I was appointed to the Cattlemen's Beef Board in 2012 and I represented Congressional District 3 on the Nebraska Environmental Trust Board for 14 years. I also served as a treasurer and a mentor for Nebraska Grazing Lands Coalition--

**HALLORAN:** Ms. Vinton, I hate to interrupt you, but we're having some technical difficulties, none of which you're responsible for. But apparently our audio's not working, if that's correct. And so we're wanting to see if we can correct that so we can get your testimony--

**SHERRY VINTON:** Oh.

**HALLORAN:** --recorded so.

**SHERRY VINTON:** Hit pause.

**HALLORAN:** So we'll stand-- we'll hit pause.

**SHERRY VINTON:** Plug it back in. That's what I would do.

[RECORDER MALFUNCTION]

**HALLORAN:** I believe technology has come to the rescue and we are back so would you give your testimony over? [LAUGHTER]

**SHERRY VINTON:** Why, sure.

**HALLORAN:** No, that's fine. So are there any questions from the committee for our appointment nominee? Senator Brewer.

**BREWER:** I would be remiss if I didn't share with you. You know, we get a lot of coaching on phone and email and usually it's negative. Everything I've got about you is the Governor made a great choice, not a single bad word. So I think he has made a very good choice.

**SHERRY VINTON:** Thank you for sharing that.

**HALLORAN:** That is a tough question. Senator Riepe.

**RIEPE:** First of all, I want to applaud you for the willingness to step up and do this. I'm impressed that Governor Pillen would support you. The only concern that I have is your cow-- cow/calf operation. There's no mention of pigs in here.

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**SHERRY VINTON:** Well, I will share that my grandson is sitting back there, and he does have quite a few pigs. He lives on a hog farm, so.

**RIEPE:** He recognizes a pig.

**SHERRY VINTON:** So I would very much like to see them continue.

**RIEPE:** OK. One [INAUDIBLE] I have. Thank you for being here.

**HALLORAN:** Any other tough questions? Senator Raybould.

**RAYBOULD:** Well, I want to come up with a tough question, but I do want to say, Director Vinton, I'm excited to see you leading agriculture in our state of Nebraska. That's-- that's wonderful to hear. And I know you spoke a lot about the safety for consumers and for our food products. But also the one concern that we're hearing so much about in the news is about rural water and farmers' wells and things like that. You know, we want to do everything we possibly can to encourage families to be that fifth or sixth generation of farmers. But some of the information that we're hearing is truly alarming about the contamination in the water. So could you tell us a little bit about some of the items that you're going to look into as the director or things that you want to be supportive of during your term?

**SHERRY VINTON:** Absolutely. I would speak to that. You know, I am from Whitman, which-- and I actually live 35 miles southwest of Hyannis. And the village of Hyannis has a huge problem with benzene and nitrates in their water, which is-- is interesting because we don't know why. It's all grassland. So I guess one of the things that I would be supportive of as a citizen of this state, because Department of Agriculture doesn't have purview over water testing, quantity or quality. But personally, I would like to see some sort of comprehensive study with the data. I mean, there's hundred-- over 150,000 registered wells in the state, and we don't have long-term data. You know, there-- there are a variety of wells, you know, so irrigation wells, domestic wells, commercial wells. And I think we need to get a good baseline of where we're at first. But clean, safe drinking water for everybody is of paramount importance. And I think we need to clearly define the problem, when it happened, what happened, and in the meantime, make sure that if any wells are currently testing that are unsafe, that we have a remediation program for those people to have safe drinking water.

**RAYBOULD:** Thank you very much.

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**SHERRY VINTON:** Thank you for the question.

**HALLORAN:** Thank you, Senator Raybould. Just be glad it's not under your purview. That's going to be a serious question for other agencies to deal with but.

**SHERRY VINTON:** But it's the water my kids drink in Hyannis.

**HALLORAN:** It is. Any other questions?

**IBACH:** I have one, so I'll just--

**HALLORAN:** Senator Ibach.

**IBACH:** I'll congratulate Sherry. Sherry and I went to college together, so it's nice to have a colleague and friend in the Department of Agriculture. Can you tell us how you might-- I know climate change is a big thing that comes up everywhere in every committee. Can you tell us how you might help farmers and ranchers proactively and properly navigate safe and productive climate farming practices?

**SHERRY VINTON:** Smart climate farming practices? That's a tough one, Teresa. You probably know my job better than I do being married to Greg. But you know, that's a tough issue. And we do have a committee on that that actually met the other day. There are many actions that we are dealing with. I mean, we're dealing with droughts. We're dealing with floods. We're dealing with the climate that has been changing all along. And the department has helped with disaster responses there. As far as going forward, you know, I would have to explore those opportunities and see what the department can promote. Through good tax policy, we're promoting the next generation of farmers with our NextGen program where they get tax credits for that and older farmers get tax credits for leasing to younger farmers. So maybe there would be some incentives for certain programs for the next-- for the next climate-smart practice.

**IBACH:** I look forward to a lot of your testimony on some of those issues as they bring some of those bills before the Ag Committee. So we'll look forward to further conversation. Thanks anyway. Welcome and congratulations.

**SHERRY VINTON:** Thank you.

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**HALLORAN:** Thank you, Senator Ibach. Any further questions? OK. Seeing none, thanks for your introduction.

**SHERRY VINTON:** Thank you.

**HALLORAN:** We will open it up to proponents. Good afternoon.

**AL DAVIS:** Good afternoon, Senator Halleran, members of the Agriculture Committee. My name is Al Davis, and although I lobby for the Independent Cattlemen of Nebraska, I am coming here today to speak to you as a personal friend of Sherry Vinton's and am extremely pleased that Governor Pilien has nominated Sherry to serve as the Director of Agriculture. Sherry and her husband Chris Vinton ranch south of Whitman, Nebraska, and Chris is a descendant of one of the early settlers in Grant County. As the crow flies, our two ranches are probably 50 miles apart. But in the sparsely populated Sandhills, that isn't a long distance. And we've known each other since shortly after Sherry and Chris were married but became better friends when my wife Dottie was teaching CCD to Sherry and Chris's children in the 1990s. The Vinton family has been prominent in Grant County politics for over a century, guiding the school and county in various positions on local boards. Sherry served on the Farm Bureau Board and as vice president there before accepting this position. As such, Sherry brought many good ideas to Farm Bureau. She served on the Cattlemen's Beef Board and was an advocate there for checkoff reform to try and burnish the image of the beef checkoff, which was tarnished by an internal scandal before she took office. She is not afraid to disagree with those-- someone if she believes she is right and she stands for openness and integrity in all of her endeavors. I am pleased that the state's Ag Department will be led by someone who understands the complicated issues associated with this position, recognizes the need to develop markets outside of Nebraska for our products, and has the poise and intellect to be an ambassador for the beef industry, which is the leading profit center in Nebraska. In short, I don't think Governor Pillen could have found anyone who would be better for the state. And I'm excited to see Sherry in action at NDA. Thank you.

**HALLORAN:** Thank you, Mr. Davis. Any questions from the committee? Seeing none, thank you much. Next proponent. Good afternoon.

**STEVE HANSON:** Good afternoon.

**HALLORAN:** Proceed at will.

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**STEVE HANSON:** Good afternoon, Chairman Halloran and members of the Agriculture Committee. My name is Steve Hanson, S-t-e-v-e H-a-n-s-o-n. I serve as president of the Nebraska Cattlemen and a fourth generation cattle producer from Elsie. Nebraska Cattlemen support Sherry Vinton to be the Director of Agriculture. Sherry's background and service to the beef cattle industry and knowledge of farming make us confident in her ability to work with all scopes and sectors of our industry. Her real-world experience are why she has been nominated for this prestigious position. Her family runs a respected ranch in the Sandhills near Whitman. They have a cow/calf operation where they raise high-quality Angus cattle. She understands the issues facing Nebraska agriculture and why it is vital that we remain the beef state, which delivers a high-quality, safe product to our consumers. Throughout her career, she has served the industry in multiple capacities on local, state, and national levels throughout associations and advisory committees. Sherry was appointed to the Cattlemen's Beef Board in 2012. She also represented ranchers and farmers across Congressional District 3 on Nebraska Environmental Trust Board for 14 years. In addition, she is a longtime member of the Nebraska Cattlemen, Ag Builders of Nebraska, and the Nebraska Farm Bureau. In this role, we believe she will continue to represent and serve all sectors of the agricultural industry in Nebraska. Sherry will lead by example as she works with farmers, ranchers, and agribusiness leaders across the state. She will utilize her real-world experience to form and develop policies with a commonsense approach. Sherry is not only a cattle producer herself, but she also has invaluable experiences that establish that she is the individual who will get the job done. She knows the agricultural industry from top to bottom. And for these reasons, the members of the Nebraska Cattlemen urge you to confirm Mrs. Sherry Vinton. Thank you for your time. And at this point I am happy to answer any questions.

**HALLORAN:** Thank you, Mr. Hanson. Any questions from the committee? Seeing none, thanks. Thanks for your testimony. Additional proponents? Good afternoon.

**DAWN CALDWELL:** Good afternoon. Good afternoon, Chairman Halloran and committee members. My name is Dawn Caldwell, D-a-w-n C-a-l-d-w-e-l-l, and I serve as the executive director of Renewable Fuels Nebraska. Nebraska is the second largest ethanol producing state in the nation and is one of-- and one of Nebraska's top revenue generators, trailing only corn and cattle. The overall economic impact of the corn ethanol industry in Nebraska is \$4.5 billion. I'm here today to testify-- testify in support of Governor Pillen's appointment of Sherry Vinton



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as director of Nebraska's Department of Agriculture. I have personally known Ms. Vinton for several years, as we both have been involved with the Nebraska Farm Bureau and also served on behalf of the beef community at the national level only a few years back. It was fun to make the phone call to congratulate her upon hearing the news of her getting this new role. Since it was announced that Governor Pillen had selected Ms. Vinton to serve as Director of Agriculture, she has proactively reached out to learn more about the renewable fuels industry in Nebraska and the various value-added opportunities that coincide with it. Sherry is working hard to learn facts, acknowledge obstacles and challenges, and offer assistance to achieve success. She is already on a good path to keep Nebraska's largest industry, agriculture, front and center. Renewable Fuels Nebraska's member businesses are excited to work with Ms. Vinton to grow opportunities for all of Nebraska, and especially those associated with the renewable fuels industry. We thank you in advance for your positive vote to appoint Sherry Vinton as Nebraska's Director of Agriculture. Thank you.

**HALLORAN:** Thank you, Ms. Caldwell. Any questions from the committee? Seeing none, thanks again. Additional proponents? Good afternoon.

**DAVID WRIGHT:** Good afternoon, Senators. Good afternoon, Mr. Chairman, the committees. I want to thank you for the oppor-- oh, my name is David Wright, D-a-v-i-d W-r-i-g-h-t, and I would like to thank the committee and the Chairman for the opportunity to testify on behalf of the Independent Cattlemen of Nebraska in support of the nomination of Sherry Vinton as Director of the Nebraska Department of Agriculture. Independent Cattlemen in Nebraska was created to be a voice for all ranchers and ranching communities. The Vinton family has demonstrated their willingness-- their willingness to hard work and sacrifice themselves to protect and support rural Nebraska. Independent Cattlemen has supported Ms. Vinton in her efforts on the Environmental Trust Board and the Cattlemen's Beef Board. Ms. Vinton's character and experiences have served her well, and we see no reason to doubt her abilities. Rather, we are confident that she is an excellent choice for the Director of Nebraska's Department of Agriculture. Thank you.

**HALLORAN:** Thank you, Mr. Wright. Any questions for Mr. Wright? Thank you, sir. Additional proponents? Welcome.

**JOHN HANSEN:** Chairman Halloran, members of the committee, for the record, my name is John Hansen, J-o-h-n, Hansen, H-a-n-s-e-n, and I am the president of Nebraska Farmers Union, our state's second oldest and

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second largest general farm organization. And we are here today in enthusiastic support of Sherry Vinton to be Director of Nebraska Agriculture. We have known her and worked with her for many years on a variety of issues. She is knowledgeable, she is experienced. She has good command of the issues. She's a good problem solver. She's a good listener, and we look forward to working with her in her new position. And just to share a bit about the working relationship that we have with the department that we also serve as the fiscal agent, our foundation is the fiscal agent for the Nebraska Rural Response Council, which sponsors the Rural Response Hotline, and we work closely with the Nebraska Department of Ag to provide a wide range of services to farm and ranch families and members of the rural community in their time of need. And so by working together with Legal Aid of Nebraska who provides the staff services, we're able to provide emergency food assistance, bookkeeping assistance, legal counseling and legal assistance, and also mental health vouchers. Thanks to the Nebraska Department of Health and Human Services, this is the longest continuously serving farm crisis hotline in America. It is a collaborative effort between the church and the ag community. And we've had since the very beginning, going back to 1985, the enthusiastic support of not only the Nebraska Department of Health and Human Services, but the Nebraska Department of Agriculture. And so this unique and "Nebraska Nice" collaborative effort continues to go forward. And to give you a bit of an idea of the amount of services that we provide, last year we distributed well north of over 9,000 mental health vouchers. And so that means each of those folks were able to go to a licensed mental health professional who was ag knowledgeable and that those expenses were covered with those vouchers. And so we worked with the Negotiate the Nebraska mediation program and the other services they provide to do workshops and outreach for rural folks on intergenerational transfer, as well as also having the services that we need there and the technical expertise that we need to be able to provide the bookkeeping and the other services. So we've always had a long and very productive working relationship with the Nebraska Department of Ag, and it's just one of the many things that the Department does that helps serve the needs of family farmers and ranchers that a lot of folks might not even know very much about, but they play a very meaningful and pivotal role. And so with that, I would end my comments and be glad to answer any questions, if I could.

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

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**JOHN HANSEN:** You bet.

**HALLORAN:** Next proponents. Good afternoon.

**MARK MCHARGUE:** Good afternoon. I am Mark McHargue, M-a-r-k M-c-H-a-r-g-u-e. Chairman Halloran and Ag Committee, thank you for having me be here. I serve as president of Nebraska Farm Bureau and also here to testify in support of the Wheat Growers as well. And it is my distinct pleasure to testify in support of the appointment of my friend and colleague for the Nebraska Director of Agriculture, Sherry Vinton. And I've served with Sherry for a number of years. We served together on Nebraska Farm Bureau Board as a director for a number of years, and then she set out for a couple of years and came back as vice president. And I can tell you, just as a colleague serving beside her, her ability to understand issues, to understand how policies-- policies should be crafted to get at those issues, and then just her broad breadth of understanding in agriculture. Nebraska is a big state. We have a lot of ecological zones all the way across Nebraska. And to have someone that uniquely understands crop production from east to grassland to range production in the west, understands the largest sector of the beef sector. But you know what? She's got a grandson in the pork sector. And as a pork producer myself, you know, that warms my heart a little bit. But I've always known Sherry to just have full integrity. And it doesn't really matter who she's having a conversation with. She-- she leans in. And she clearly values what that person has to say. And so I think as she is-- becomes the Director of Agriculture, I think she will take those same skill sets and she will have the ability to listen to all of those across Nebraska in agriculture. But also, I think she has a very discerning spirit which allows her to get at some of those tough questions. We don't know what agriculture is going to hold over the next number of years. We certainly know there's going to be significant challenges, but she is certainly up to the task. She has the ability to do that. I want to thank her as well for just putting her name forward. When Governor-elect Pillen called me and asked, you know, told me that, you know, she's-- he's picked Sherry Vinton to be the Director of Ag, I was like-- like our Sherry Vinton? You're going to take her from Nebraska Farm Bureau? But I could not be more proud that she's going to serve in this capacity. And I look forward to working alongside her. Be happy to answer any questions.

**HALLORAN:** OK. Thank you. Any questions for Mr. McHargue? Seeing none, thank you very much.

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**MARK MCHARGUE:** Thank you.

**HALLORAN:** Next proponent. Seeing none, are there any opponents? Seeing none, my favorite status, anyone in the neutral position? It's not my favorite status. Seeing none, Ms. Vinton, would you like to come up and close?

**KRIS BOUSQUET:** Senator Halloran?

**HALLORAN:** Yes.

**KRIS BOUSQUET:** Did you get written testimony as well?

**HALLORAN:** Yes.

**KRIS BOUSQUET:** [INAUDIBLE]

**HALLORAN:** Yes.

**KRIS BOUSQUET:** I wasn't sure,

**HALLORAN:** It's on record. OK, before you start, I do need to say that we-- there were five official position comments submitted for the record, all in favor of the appointment. These may be viewed online at the written comments link in the hearing and will be included in the hearing records. Members, a copy of the submitted comments are included in your books behind the tab of this appointment. So back to you.

**SHERRY VINTON:** Once again, thank you for your time and for your patience this afternoon. I couldn't be more proud to serve the state of Nebraska and the only thing that would get me off the ranch to come and do this would be agriculture and serving our farmers and ranchers. With that, thank you.

**HALLORAN:** On behalf of the committee, thanks for putting your name out there and accepting the appointment from Governor Pillen. So we thank you for your testimony. That concludes our gubernatorial appointment hearing. We will move on to LB117. Senator Brandt. Good afternoon, Senator.

**BRANDT:** Good afternoon.

**HALLORAN:** Welcome back.

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**BRANDT:** It's good to be back. Good afternoon, Chairman Halloran and members of the Agriculture Committee. I am Senator Tom Brandt, T-o-m B-r-a-n-d-t. I represent Legislative District 32: Fillmore, Thayer, Jefferson, Saline, and southwestern Lancaster County. Today I am introducing LB117. LB117 would expand the Independent Processor Assistance Program, IPAP, in our state. This program provides crucial support for small and medium processors in Nebraska, and its expansion would have a significant positive impact on our economy and communities. First, a little bit of background. The Independent Processor Assistance Program was created in LB324, which was part of my bill that was passed in 2021. This program allowed local processors to apply for a grant to receive financial assistance for eligible expenses, such as expansion or modification or construction of buildings, packaging, processing and storage equipment, technology to improve logistics or enable e-commerce, cost associated with state or federal inspection, and educational or workforce training programs. We are grateful that former Governor Ricketts allocated \$10 million in his budget to this program. The first round of funding in 2022 distributed almost \$5 million to 64 small meat lockers across Nebraska, most receiving grants of \$80,000. The changes this bill will make for the Independent Processor Assistance Program is the elimination of the \$2.5 million sales revenue cap, along with increasing the maximum number of employees from 25 to 50. These two changes were requested by the Nebraska Department of Agriculture and will enable more processors to qualify as NDA distributes the second and final round of grant funding. The changes in this program will not affect anybody that applied and received grants from the first round of funding. We encourage everyone that received funding before to apply again. With that, I would be happy to answer any questions the committee may have.

**HALLORAN:** OK. Thank you, Senator Brandt. Any questions from the committee? Senator Riepe.

**RIEPE:** Thank you for being here, Senator. You said that there was \$10 million in the original grant.

**BRANDT:** That's correct.

**RIEPE:** And \$5 million has been expended through these \$80,000.

**BRANDT:** Yes.

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**RIEPE:** So are you asking for additional funds to-- in addition to the existing funds?

**BRANDT:** No, the funds are-- the funds are sitting there.

**RIEPE:** Are you asking--

**BRANDT:** What we're simply asking for is the original criteria to qualify had a \$2.5million cap and 25 maximum FTEs or full-time equivalent employees. The Nebraska Department of Agriculture last year was asking that that cap be increased to 50 FTEs and that we remove the financial cap. There were-- most everybody that applied got a grant. There are a very few meatpackers that fell on the wrong side of the line.

**RIEPE:** But this doesn't have a fiscal note for this legislative session.

**BRANDT:** No.

**RIEPE:** OK. Thank you. Thank you very much.

**HALLORAN:** Any further questions? Senator Hughes.

**HUGHES:** Thank you, Chairman. Thanks for being here, Senator Brandt. So was there-- is there a definition when it was originally created, the bill, of what a small to medium processor was? Is that-- is that why that range was under--

**BRANDT:** That, that--

**HUGHES:** [INAUDIBLE]

**BRANDT:** Yes, that was initially the thought. And when NDA got the applications, I think they got a pretty good feel for what was out there.

**HUGHES:** And do we have any numbers of, like, who fell? How many processors in Nebraska fall in the 25 employees and less versus how much we're expanding if we are?

**BRANDT:** And that's-- that's a good question. At the time we created this, we believe there were about 73 meat lockers in the state of Nebraska. There were several that were trying to get established. The first tranche of money was awarded to those that were already killing

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livestock or harvesting livestock. That was a criteria. We have a number of processing plants out there that will buy carcasses and break them down or make meat products out of them. Those-- those did not qualify. The concept of the bill was to increase shackles space in Nebraska because of what happened during COVID when the line speed slowed down in our major packing plants, producers, particularly those with hogs, were left with very few options on how to harvest this livestock. And consequently our small lockers were working seven days a week doing the best they can. And this was kind of a way to upgrade those facilities.

**HALLORAN:** Yes. Senator Raybould.

**RAYBOULD:** Senator Brandt, thank you for bringing this forward. Can you tell us a little bit about the recipients and some of the equipment purchases they made and the reporting? Could you tell a little bit more about the reporting requirements and [INAUDIBLE].

**BRANDT:** Hopefully somebody from NDA is going to testify and can give you that information. We did not get involved with that. We left that entirely up to the Nebraska Department of Agriculture on how much to award and which recipients got it. I think they did a very good job. And actually, if the next time around we have 100 applications that qualify, they could cut the award down to, say, \$60,000. Or if we have less, they could increase the award.

**RAYBOULD:** OK. Thank you.

**HALLORAN:** Any further questions? I have a question or two real quick. Do you know if the department plans to follow the same time schedule for the second round of?

**BRANDT:** I believe they want to award the money this year in 2023.

**HALLORAN:** To what-- will the bill need an E clause then you think?

**BRANDT:** That's a good question. Yeah.

**HALLORAN:** OK. All right. Well, we'll get back to you on that. Senator Riepe.

**RIEPE:** Has anything been audited or a follow-up report that says this is what failed and this is where it was successful?

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**BRANDT:** No, not that I'm aware of. Yeah. Some of these funds that were expanded the first time were used for construction of-- of new lockers and they may still be getting built. They purchased new-- new equipment. And so if you ordered a new band saw or something of that nature, it may not have even arrived yet. They could have went for training of workforce. You know, they may have gone to Northeast Community College to learn how to cut up meat. So a lot of this is probably still in process.

**RIEPE:** OK.

**HALLORAN:** OK. Any further questions from the committee? Seeing none, thank you, Senator Brandt. All right. Seeking proponents. Welcome back.

**AL DAVIS:** Good afternoon again, Senator Halloran, members of the Agriculture Committee. My name is Al Davis, A-l D-a-v-i-s, and I am speaking here today as the registered lobbyist for the Independent Cattlemen of Nebraska, also known as ICON, in support of LB117. ICON is the voice of the mother cow in Nebraska and represents cow/calf producers across Nebraska, with our membership base centered in the Sandhills, where so many of Nebraska's cows reside. The passage of LB324 last year opened the door for cow/calf producers and small packing facilities to directly market meat to consumers. This has long been prohibited by obsolete rules which imposed barriers to direct marketing and fostered the development of massive packing plants, which in turn empowered those plants with price setting abilities, which worked to the detriment of producers on the farm or ranch. LB324 opened the door for producers to sell shares and specific animals to consumers who then are able to convert their share in that animal to product. ICON was a strong supporter of LB324 because we recognize that more access to markets for our producers will generate additional income on the farm and ranch and will also chip away at the domination of the industry by giant feedlots and packing plants whose interests are to buy cattle at the lowest possible price and sell the meat at the highest possible price. LB324 also opened doors to small packers all across Nebraska to market meat to their neighbors in their own communities who want to purchase meat which originated locally and benefits their friends and neighbors. And LB324 opened the door to economic development in these small towns where new businesses are sorely needed to stabilize the tax base, provide jobs, and revitalize the community. Caps were put in place on entities which could participate in the benefits of LB324 and these caps are changed or removed under LB117. Specifically, a gross receipts cap is stricken



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from statute, and the bill also doubles the cap on full-time employees from 25 to 50 full-time employees. Since there is no change in funding associated with this bill, there will be no cost to the state of Nebraska by passing this bill, which has no fiscal note. We would support an amendment to the bill which restricts those entities which employ more than 25 full-time employees from participating in the revenue carved out for the program in last year's bill because we do not believe larger entities need the additional revenue and we do not want to see funding diluted for smaller producer packers. ICON believes that market accessibility is the key to profitability on the farm and ranch. We believe this bill provides additional incentives to producers and small packers to make further investments in their community. And we wish to thank Senator Brandt for introducing the bill and encourage the committee to quickly Exec on the bill and move to the floor where it can be debated and hopefully passed. Thank you.

**HALLORAN:** Thank you, Mr. Davis. Any questions from the committee? OK.

**IBACH:** I have one.

**HALLORAN:** Yes, Senator Ibach.

**IBACH:** I see in the literature that it talks about being federally inspected. And I'm certain that that's probably a requirement that they be federally expect-- inspected.

**AL DAVIS:** They have to meet the standards of-- of other packing facilities. I should defer to Senator Brandt on this. They have to meet the standards of regular packing facility. But by using the share piece of that, you can avoid the federal inspection, as I understand it.

**IBACH:** Thank you.

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

**AL DAVIS:** Thank you.

**HALLORAN:** Additional proponents of LB117. Good afternoon.

**KRIS BOUSQUET:** Good afternoon, Senator Halloran and members of the Ag Committee. My name is Kris Bousquet, K-r-i-s B-o-u-s-q-u-e-t, and I'm the executive director of the Nebraska State Dairy Association. And I'm here to testify in support of LB117. And I'd like to just kind of

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give you guys an understanding of the situation in the dairy industry and-- and kind of how important these small- to medium-sized packers are to us. So it-- it all kind of goes back to Darling and rendering, which I know it's kind of an interesting tie. But when you think about the rendering facilities, they're not taking animals over 30 weeks or 30 months of age. And on a dairy farm, we have a lot of animals that are over 30 months of age. And so what that's causing is a lot of our producers to increase their cull rates. So they're taking some of these animals that might be a little bit of more of a risk, and they're leaning on their local processors to process those animals and to decrease their on-farm mortality rates. And so ensuring that our small- to medium-sized local lockers have the facilities that they need is extremely important. The other thing that's really important to keep in mind is that on a dairy farm or excuse me, a dairy animal structurally is different than a beef animal. They're much larger framed. And so typically our small- to medium-sized packers, our local packers have the facilities and the wherewithal to be able to handle a larger carcass animal. So when you-- when you think about your JBS and your Tyson and some of these larger processing facilities, they don't take large frame dairy cows. And so we have to lean even more on our local processors to get those animals through. So I just-- I just wanted everybody to know that's the situation specifically for the dairy industry and why it's so important to support our local small- to medium-sized processors. And with that, I'll be happy to take any questions.

**HALLORAN:** Very good. Any questions from the committee? Seeing none, very thorough. Thank you.

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

**HALLORAN:** Additional proponents for LB117. Welcome again.

**STEVE HANSON:** Too much fun being up here. Good afternoon, Chairman Halloran and members of the Agriculture Committee. My name is Steve Hanson, S-t-e-v-e H-a-n-s-o-n. I serve as president of the Nebraska Cattlemen and I'm a fourth generation cattle producer from Elsie, Nebraska. I'm here to express support for LB117 on behalf of the Nebraska Cattlemen, the Nebraska Farm Bureau, and the Nebraska State Dairy Association. The organizations I listed above support the expansion of processing capacity in the state of Nebraska. The current restrictions that are written into the state statute limit medium facilities from being eligible. We support increasing employees and removing the existing sales revenue limit. The grants are vital for

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these processors to complete projects. Facilities can use these grants to replace equipment, expand capacity, or potentially achieve a grant for federal inspection. All these advancements in these facilities are necessary and welcomed by Nebraska's agriculture sector. Thank you, Senator Brandt, for helping us emphasize the importance of expanding beef processing capacity and supporting small communities in Nebraska. And we ask for the committee to advance LB117. I would happily answer any questions you have.

**HALLORAN:** OK. Thank you, Mr. Hanson. Any questions for Mr. Hanson? You must be pretty thorough. Thank you.

**STEVE HANSON:** Thank you.

**HALLORAN:** Next proponent for LB117. Good afternoon again.

**JOHN HANSEN:** Chairman Halloran and members of the Ag Committee, for the record, my name is John Hansen, J-o-h-n, Hansen, H-a-n-s-e-n. I'm the president of Nebraska Farmers Union. We were in strong support of the parent bill that created this program, and we give thanks to Senator Brandt for his foresight and also this committee for their support. Because not only did we help create an additional sort of niche marketing opportunity by doing what the bill did through the herd share program that borrowed something that was working in Wyoming and modifying it appropriately, but we also created an opportunity to take advantage of additional funding, should funding show up. And I would tell you that if somebody would have asked me how much money we were likely to get, I would not have said \$10 million. But I'm here to tell you that we gratefully took the \$10 million, as it is a great investment in rural Nebraska and small town Nebraska. And that in my experience of having done this job for now, I'm starting year 34, is that you look at different communities and you see what's working and what's not working. And one of the things that really does help rural communities is if they have a good, a local butcher shop and a processing facility. Not only is it a-- it an important thing to have on Main Street, but it's also for the ag community and the people in that town. It's just-- it is one of the building blocks of a healthy rural Main Street. And so we think this is a great investment. We think the Nebraska Department of Ag did a good job. We'd like to see all the folks who got the funding the first time, if they need additional funding, to knock on the door again and come back. We certainly sent a bunch of the folks that we work with to this program, and what they tell us is that the program is simple, it's easy, and it worked. And so we have not fielded complaints. When you recommend

folks use things and then you-- when they go there and they don't work, I guarantee you that you hear about it. And so I didn't get any complaints from this program, and I had a lot of people that went out of their way to-- to thank me and say this was, you know, this was a very needed and appreciated effort. And so if the department says that we need to expand the criteria a bit, we're going to trust them that that's needed and that we hope that we get the money out the door. And anything that we can do at the state level to help support our small town Main Streets and our ag producers and also our consumers, this is an increasingly important niche market is for more and more of our producers to be able to do direct marketing. And we have more of our members are pursuing those kinds of opportunities. That doesn't work if you don't have a reliable facility that you can use to process your animals. And so we're seeing some of our producers drive many miles to be able to get their livestock to an appropriate facility. And so is there a need out there? Yes, there's-- there's an enormous amount of additional need across our state for more of these kinds of facilities. And so while this is-- seems like a lot of money, if you look at it in terms of the total need, it's a-- it's a-- it's a good drop in the bucket. But it's not-- it's not what we really need to address, the kind of the structural deterioration of what used to be a really vibrant industry. When I started farming in 1973, I could take any of my critters to any one of five local facilities within 25 miles and now there's one. So thank you. I'd be glad to answer any questions.

**HALLORAN:** Thank you, Mr. Hansen. Any questions for Mr. Hansen? I will say you don't hear those words very often: simple, easy, and it works. So that's good news.

**JOHN HANSEN:** Those are good words.

**HALLORAN:** Thank you, Mr. Hansen. Additional proponents for LB117? Additional proponents? Seeing none, addit-- opponents, I should say? Are there opponents for LB117? Good afternoon.

**BRIAN KURTH:** Good afternoon. Chairman Halloran and the members of Agriculture Committee, thank you. My name is Brian Kurth, B-r-i-a-n K-u-r-t-h. I'm the general manager of McLean Beef in York, Nebraska. Today I am here to oppose LB117 on behalf of the approximately 50 members of the Nebraska Association of Meat Processors who are also against this bill. The Independent Processors Assistance Program was designed to help small to very small processors defined by the USDA. So at our site they have levels of how many people and how much

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throughput. And currently it's-- the program as it's written, it helps plants that are called very small or small. McLean Beef is what would you call a small producer in-- in that type of lineup. The Nebraska Association of Meat Processors are not the ones asking for a change to this program. It would greatly reduce the pie for the ones that it was originally designed to help. The current restrictions that are written in the act of-- statute limit by design the medium-size facilities from being eligible. Again, let me sidebar from what my written is. The mediums then go to the bigger plants. If you look back, this is called the Independent Processors Assistance Program. If you go up to the next level and those bigger,-- the-- it's not going to be the independently owned, it's not going to be the family owned like the McLean Beef. You're going to get more into the bigger businesses when you get into those types of people and those types of-- of employees. The Nebraska Association of Meat Processors is not in favor of increasing the numbers of workers to 50 and removing the revenue cap-- cap of \$2.5 million that is currently in the program. The grants from this program are vital for these very small and small processors to complete projects. McLean Beef did receive a grant, and I wanted to say thank you. They, like you said, it did work. It went very well. And I do appreciate that from the-- from the committee to be able to provide that. We've used that to purchase shipping containers that have freezers in them so we can expand our freezer capacity. And many of the ones that or most all the ones that got this money from the first round of \$80,000 went out are a part of this Nebraska Association of Meat Processors. We're all the ones that got the money and so I'm just representing them. NAMP believes that the small-sized processors are vital component to the livestock protein supply chain across the great state of Nebraska. And these small to very small processors provide economic opportunities in the communities throughout the state. I, along with NAMP, urge the Agriculture Committee members to vote against LB117. Don't let this very important program take away funding from the small to very small processors it was designed to help. I'm willing to answer any questions that you might have.

**HALLORAN:** OK. Thank you, Mr. Kurth. Any questions from the committee? Senator Riepe.

**RIEPE:** Thank you. Thank you for being here. How many, your firm, how many employees do you have?

**BRIAN KURTH:** We have about 18 full-time employees [INAUDIBLE].

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**RIEPE:** So you're qualified under the contract.

**BRIAN KURTH:** Yes.

**RIEPE:** Is your issue with increasing the number of employees that would be eligible? Or is it the dollar amount, the \$80,000? It sounds like \$80,000 average grant.

**BRIAN KURTH:** So to-- to be able to do something at a plant, it is extremely expensive. You know, I-- it could take one grinder and I would spend \$60,000. These-- these equipments and the stuff that we use to process these animals is very expensive. And so what we're against is if we widened it up to the medium size, defined by the USDA, medium-sized, then these very small like us and the very small processors would not have as much to spread around. And so that's I mean, I was here in support when this first came through and spoke here saying, yes, this is a great bill. But if you open that up, then that pie that's left is going to disperse on some of the bigger businesses that are not the independents that this was designed to do. Did that answer your question?

**RIEPE:** The other question I have, is there a concern that the remaining \$5 million is the end of the line?

**BRIAN KURTH:** That's always the concern, depending on how it can be funded. Of course, by you-- by this committee and by the-- but at the moment, we don't know of any additional funding that I know of that's coming for this program.

**RIEPE:** OK. Thank you very much.

**HALLORAN:** Senator Brewer.

**BREWER:** Thank you, Mr. Chairman. All right. Just so everybody is on the same sheet of music, very small is how many employees?

**BRIAN KURTH:** I believe that's under seven, if I recall correctly.

**BREWER:** OK. Small then is 7 to--

**BRIAN KURTH:** To that, I believe it's to that 25.

**BREWER:** 25, medium is 25--

**BRIAN KURTH:** And up. Yes.

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**BREWER:** And up. OK. That was my question. Thanks.

**HALLORAN:** Senator Hughes.

**HUGHES:** Of the, I think you said-- first of all, thank you for coming.

**BRIAN KURTH:** Yes.

**HUGHES:** Of the NAMP, you said there's about 50 groups in there, I think.

**BRIAN KURTH:** Yes.

**HUGHES:** It's 50 members. Of those 50, do you think the majority of those will be applying again, a second round on this?

**BRIAN KURTH:** Yes. And they-- they desperately need these funds--

**HUGHES:** Yeah.

**BRIAN KURTH:** --and are looking for that. So, yes, they all-- we're all networked. We're all going to be saying it's available again. We're all going to be applying again.

**HUGHES:** Thank you.

**BRIAN KURTH:** So, yes, we could use it.

**HALLORAN:** OK, good question. Any further questions? OK. That was along the questions I had was there-- would there be sufficient small or very small processors that would be still in need of and you answered that question so.

**BRIAN KURTH:** Yeah. So the like, if we get to-- to apply again, we would get another vacuum stuffer and another grinder and that 60 or 80 would be gone just that fast. And so you got to think of the hangar space for these new plants. The-- the-- each animal, there's a measurement for how much a new processing plant costs. So say we're a \$4.3 million facility to have 100 head hanging capacity so \$43,000 per animal hanging cost. That was pre-COVID or right at the start of COVID. For these plants that are trying to do it now, they're looking at \$80,000 to \$90,000 per animal hanging in the aging cooler. So they're tremendously expensive. And-- and so these-- this grant specifically will help us with the smaller items that would-- would help us continue to take care of the hangar space that we have.

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**HALLORAN:** OK, very good. Any further questions from the committee? Seeing none, thank you so much.

**BRIAN KURTH:** Thanks.

**HALLORAN:** Is there anyone additionally opponent to LB117? Seeing none, anyone in the neutral capacity? OK. Seeing none, Senator Brandt.

**BRANDT:** All right. We've got a few things to unpack here. We brought this bill for the Nebraska Department of Agriculture last year, and the amendment almost passed on the floor. It was at their behest. And I understand we've got a new director now, so maybe that will change. I don't know. This is not intended to go to large packing plants, you know, any of the name brands: Greater Omaha, Nebraska Beef, Tyson no, they don't. They-- this is not intended for them. NDA did a very nice job on the first round, and they kind of used the criteria that the recipients had to be killers. There are just as many small processors out there, Karpisek's meat market. There you go. There's one Main Street Wilber and Frank's right down the street. We've got two of them in that town. They didn't qualify because they don't kill livestock. So something that could happen on this round to get more of this economic development into our small towns is they could open up the processing on this to maybe, you know, Den's meat market in Fairbury is another one that does nothing but process. I mean they-- these all have employees. They're all in our small towns. The really neat thing about this program, we sent \$5 million into rural Nebraska because that's where you've got to put processing plants. They don't go in downtown Lincoln. They go in really small towns. And, you know, people love these things. They're really attached-- attached to them. Senator Ibach, you asked about federally inspected and you're sitting next to the guy that's been doing state inspection. So a little primer here and I've got a little background in meatpacking is that all of these lockers have to meet federally inspected cleanliness codes. But a locker plant may not see a federal inspector for years and years and years unless somebody turns them in. Federally inspected, if-- if the Diller Locker is federally inspected, means that one day a week, one day a month, they are bringing in those cattle to be killed under the eyesight of a federal meat inspector. So all the other days of the week, there is not a inspector on site. These cattle are killed by the locker owner and he has enough knowledge that if a quarter is bad or something, he'll tank that. Under federal inspection, those operators that are getting their meat federally inspected also own a label. It might say Brandt's Black Beef. And that label probably costs me \$5,000 or \$10,000 today. I'm not sure what the going cost is, is to have your



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own label. And when that beef goes through there, they apply that label to that beef or pork or lamb, whatever it is. And because it is federally inspected, I can take it from that locker and go downtown and sell it to the cafe or the school or anybody. But under normal operations under a meat locker, I bring in an animal and you're getting a quarter, you're getting a quarter, you're getting a half, and you're going to get-- get your meat from the Diller Locker and it's going to have "Teresa Ibach not for sale." OK. We cannot resell that meat. OK? Nebraska does not have state meat inspection. Okay? Twenty-three states have this. Senator Brewer has done a really nice job of trying to get this. The meat processors need to step up and tell us if they want this. This is expensive because we would have to add state meat inspectors to the state Department of Agriculture. And the only way they would get paid for is some of these little lockers out here would have to say they want state meat inspection. The rules for state meat inspection are identical to federal, but they cannot retail outside of the state of Nebraska. And I know this is kind of-- but we've done this so many times and I hope you take another run at this and I will certainly help you do that. But that's kind of the difference between what federal inspected-- but if we do have state meat inspection, there will have to be a state meat inspector there that day that they kill for state meat inspection. And then the owner of that meat can sell it intrastate to anybody inside the state of Nebraska. Or we have to get reciprocal agreements with other states that have state meat inspection like Kansas or Wisconsin. And it's-- it's kind of a deal like that. Rail height: Kris Bousquet was talking about these dairy cattle. A lot of our lockers have a rail height that's 12 inches to 18 inches higher than what you would see in a standard meatpacking plant. And that is so that the necks on the Holsteins don't drag on the ground. That's not a good thing. You asked about an e-clause. I don't think we're going to need an e-clause. I think they sent the grants out last fall. If-- if this were to get enacted and all they would have to do is wait till it goes into effect, probably about September 1-ish, somewhere in there. That's about it. Any questions?

**HALLORAN:** OK. Any questions? Senator Brewer.

**BREWER:** I'm going to follow up on the point you're trying to make, because you did an excellent point of explaining it. But for those that are new on the committee, the challenge that we had was that the state inspector program was going to cost money. So in the case of the one we looked at in Mullen, Nebraska, they killed on Monday. So the cattle had to be inspected while they're still on the hoof in the pen.

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And then they were inspected after they've been essentially field dressed. And-- and once those inspections were done, that's all you really needed the inspector for. The problem is they're GS-5s, probably like being an AA. And you got to live in a place where you're driving huge distances to hit all these packing plants of the size that we're talking about here. And there just wasn't anybody that wanted to do it. So these plants end up not being able to kill but, say, once a month. Well, you can't keep the doors open doing that. So the idea was that we could take and have a state program. Now, how we-- we had looked at possibly kind of cutting corners is using veterinarians because they could do that same inspection. They go through a quick course and they, I mean, they-- they essentially know what to look for; but they-- they need to know the specifics. And so you would have a lot less state employees that doing this part of it. They would then migrate that work out to where one day a week the vet could come in just for the kill part, and then he'd go back to being a veterinarian. There were things we looked at. And so I think maybe next year we will make another run at this to try and figure out a way to help these small town meat lockers so that they can have an inspector. And the federal government is failing miserably at this inspection. And I think it's just because the pay scale, if you look, there's hundreds of these positions available that they can't fill. So to his point, and I guess that's why I was a little shocked to see someone come in opposition to this, because the concept, I think, is important to save these meat lockers. And this split that we're having between very small and small and then now where even if they get in the medium then that they-- they don't need the money or that's not a good use of it, you know, I guess I'm struggling a little bit with that because, you know, I think we need that ability to have meat production. And-- and I'm struggling with the split on-- on the size here but.

**BRANDT:** If I could respond. So the senator is absolutely correct. The inspector does postmortem and antemortem inspections in the facility. But quite often what happens is those small lockers will kill once every other week. So we schedule it for Tuesday in Diller and JBS calls and we're short an inspector in Grand Island. And they pull that inspector. Those cattle are sitting in Diller and he's calling the producers up. And it's just like, gee, this is fun. I've already, you know, sorted this beast out from the rest of them. Now I got to go get him and bring him home and wait two weeks to-- to bring him back. State inspection is dedicated wholly to those state plants, and the state inspectors have to follow the same rules as the Fed. But they

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are much more accommodating and could create a lot of marketing opportunities, particularly in rural Nebraska, to feed our urban counterparts. I mean, it's-- it is a huge marketing opportunity in the state. The problem with the feds, they can't quite pull the trigger. They will give you 50 percent of the cost of the state inspection because the feds don't want to go to these little places. They just don't want to go there. They want to go to IBP or JBS or the big plants every day. And if they would-- if-- if the USDA would just change its program and say we will gladly pay 100 percent of state meat inspection for any facility under 250 or whatever it is, that would solve the problem, or at least if they would get it up to 80 percent or something that's-- that's survivable. But these are just observations.

**HALLORAN:** Yes, Senator Hughes.

**HUGHES:** OK. So I'm going to go back to LB117. So it sounds like are you-- are you going to go back and talk to them about the Department of Ag and just check since there's a new director and see is the focus on that small, very small if they still want to go that course and you had mentioned to open up the window to possibly processors that aren't kill facilities as well or is that [INAUDIBLE]

**BRANDT:** That's-- that could happen right now. When the bill was written, I was really pleased to hear it was simple. It was easy. That was intentional. OK? We put a lot of trust into NDA, and I think they did a very nice job of selecting on that first tranche how they were going to award that money. There is flexibility in the original bill that they could come back and say, well, you got a-- you got a grant last time, maybe you're going to get less this time. We're going to try and help some-- some new people out. They can do that if they want to.

**HUGHES:** So that's not rely, you know, it's not the language of the bill

**BRANDT:** No, no.

**HUGHES:** That's up to the US-- I keep saying USDA.

**BRANDT:** All this-- all this bill did was at their original request, was just increase--

**HUGHES:** Process.

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**BRANDT:** --take away some of the restrictions to maybe increase the pool of killers out there.

**HUGHES:** OK.

**HALLORAN:** OK. Very good. Any questions? Any further questions?

**BRANDT:** All right. Thank you.

**HALLORAN:** Seeing none, thank you, Senator Brandt.

**HUGHES:** Thank you.

**HALLORAN:** That concludes our hearing today for LB117.