

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

General Affairs Committee
January 29, 2007

[LB441 LB549 LB645]

The Committee on General Affairs met at 1:30 p.m. on January 29, 2007, in Room 1510 of the State Capitol, Lincoln, Nebraska, for the purpose of conducting a public hearing on LB549, LB441, and LB645. Senators present: Vickie McDonald, Chairperson; Russ Karpisek, Vice Chairperson; Merton "Cap" Dierks; Annette Dubas; Philip Erdman; Mike Friend; Ray Janssen; and Don Preister. Senators absent: None. []

SENATOR McDONALD: We have the majority of the members here. Welcome to the General Affairs Committee. I'm Senator Vickie McDonald, chairman of the committee. And the committee members we have present, we have Senator Friend from Omaha. Senator Erdman is absent. We have Senator Dierks from Ewing, Senator Karpisek from Wilber. We have Senator Janssen from Nickerson and Senator Preister from Omaha. Our committee staff, to my right, is Laurie Lage who is our legal counsel, and to my left is Nicole Trexel, our committee clerk. Our page today is Marcus Bish from Ord. And today we'll be hearing three bills. Our first bill is LB549, Senator Synowiecki. And after the bill openings we will first hear testimony in support of the bill, then testimony in opposition, and finally, neutral testimony. If you're planning to testify in any capacity, please pick up a sign-up sheet and that is on the table at either side of the room, and bring it to the page when you're ready to testify. If you have handouts make sure that you have at least 10 copies. And when you're coming up to testify speak clearly into the microphone and tell us your name, who you're representing, and then spell both your first and last name. Please turn off any pagers, cell phones, and keep your conversations to a minimum. I think we'll begin the hearing with LB549 with Senator Synowiecki. [LB549]

SENATOR SYNOWIECKI: Thank you, Senator McDonald and members of the General Affairs Committee. I am John Synowiecki. I represent District 7 here in the Legislature and I bring today LB549. It's a bill that provides for microdistilleries. LB549 allows any party holding a microdistillery license to manufacture and retail their own spirits within their licensed retail location just as the craft brewery law does for beer. The bill also mandates that the holder of the microdistillery license shall not be allowed to engage in the wholesale distribution of spirits. If microdistillery license holder would choose to sell spirit to a retailer, they would be required to follow the existing three-tier distribution system. I bring this legislation on behalf of a very responsible constituent microbrewery establishment that wants to expand the scope of their business. I think microdistilleries might be beneficial to our state. First, tax revenue. The spirits manufacturer tax rate is \$3.75 per gallon. If the maximum 21,000 gallons were produced, it would equal an extra \$78,750 of revenue for the state. Second, job creation. Producing a new product and expanding businesses would allow for the hire of additional employees, at least as it relates to my constituent business. They informed me of plans to hire additional employees to produce the product envisioned under LB549. Third, the use of Nebraska raw materials and products. The list of products that may be used from Nebraska to

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

General Affairs Committee
January 29, 2007

make this product includes corn, wheat, fruit, beer, cider, and wine. Lastly, tourism. Many in-house breweries or farm wineries give tours as part of their services. It would be the same for a microdistillery if the license holder chooses to do so. There will be individuals testifying behind me that can articulate the advantages to our state in adopting this bill, LB549. Again, Senator McDonald, I want to thank you and members of the General Affairs Committee for your consideration of the bill. [LB549]

SENATOR McDONALD: Thank you, Senator Synowiecki. We've been joined by Senator Erdman from Bayard. And it sounds like we have one question from Senator Janssen. [LB549]

SENATOR JANSSEN: Senator Synowiecki, did I hear you right when you said that it would distill on premises? [LB549]

SENATOR SYNOWIECKI: Yes. [LB549]

SENATOR JANSSEN: Okay. Just the same way that they do with the microbreweries. [LB549]

SENATOR SYNOWIECKI: The bill was patterned after the microbrewery... [LB549]

SENATOR JANSSEN: Yeah. [LB549]

SENATOR SYNOWIECKI: ...and the substantive nature of the bill is basically embodied, I believe, on page 12. And the persons that brought me this bill have kind of dotted their i's and crossed their t's. We've had conversations with the beer industry. We've had conversations with the liquor industry and I might be proven wrong here today. You never know who's going to come in and testify on particular bills, as you know Senator Janssen, but I'm not aware, at this time, of any specific opposition to the bill from them industries because my constituents have dotted their i's and crossed their t's and have done overtures with those groups. [LB549]

SENATOR JANSSEN: Good. Okay, thank you. [LB549]

SENATOR McDONALD: Any other questions for Senator Synowiecki? I guess not. Do you plan on closing? [LB549]

SENATOR SYNOWIECKI: I'll stick around. [LB549]

SENATOR McDONALD: Okay. [LB549]

SENATOR SYNOWIECKI: I do have another bill in another committee. If I get called out, of course I will be unable to, Senator McDonald, but can I supply a closing in

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

General Affairs Committee
January 29, 2007

writing? [LB549]

SENATOR McDONALD: That would be fine. [LB549]

SENATOR SYNOWIECKI: Thank you. [LB549]

SENATOR McDONALD: Thank you. Anyone testifying in support of LB549? [LB549]

BRIAN MAGEE: Good afternoon, Chairman McDonald and Senators presiding over the General Affairs Committee. My name is Brian Magee, B-r-i-a-n M-a-g-e-e, and I am the president and founder of Upstream Brewing Company in Omaha, Nebraska. We are a restaurant brewery concept in Omaha with two restaurant breweries in the city of Omaha, and I'm here today to speak in favor of LB549 which would allow for microdistilleries in the state of Nebraska. Upstream Brewing Company first opened in Omaha's Old Market historic district in October 1996. We began with 85 employees serving our guests in a 90-year-old historic firehouse building. We now have two locations in Omaha employing over 250 people. A brewpub business like ours would not have been possible in Nebraska if it were not for the craft brewery law which passed in the Legislature in 1988. At that time, there was concern about brewpubs bypassing the three-tier distribution system which became law after prohibition. There was also a concern that brewpubs would proliferate to the point that they would greatly reduce beer sales from the national breweries and their local distributors. That did not happen. Today, almost 20 years later, Nebraska has 12 brewpubs that collectively account for about 1 percent of beer sales in the state of Nebraska. There was a great deal of risk in opening our business back in 1996. Two other brewpubs had already opened and closed in Omaha, and a third one closed shortly after we opened our doors. Moreover, the cost of opening a brewpub was high, especially considering the cost of brewing equipment and a plant. But our business model, based upon a craft brewery law, worked. Our high-quality beer became popular and we went on to open our second location. And although we sell a great deal of beer on our premises, we are well-known as a restaurant with a high percentage of food sales in our market segment. Now we want to build on the success of producing high-quality craft beers and begin distilling in our existing business. We believe that LB549 is the way to do that. We have a talented brewer who recently spent a year in Scotland earning a master's of science degree in brewing and distilling. We have the expertise in place and now we need to create a viable business model that increases our ability to be successful. LB549 is about creating a viable business model that will help jump start a type of business that does not currently exist in Nebraska. The bill is not about the ability to distill, because currently distilling is allowed in the state of Nebraska. Startup costs for a distillery are significant and so we believe that LB549 would assist us in keeping our startup costs to a minimum by giving us the opportunity to install our initial distillery within our existing business. There are many things, both plant and equipment related, that a brewery and distillery have in common. Using our existing facility and equipment could save up to

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

General Affairs Committee
January 29, 2007

\$350,000 or more in capital expenses. That's a great deal of money in a business that incurs considerable expense before products get to the marketplace. We wish to sell our distilled spirits directly through our restaurants which is what a craft brewery law allows brewpubs to do for beer. We are simply following the same model for the craft distilling law. Our restaurants would also act as a test market for our products so that we can modify our products before introducing them to a broader market. As with the craft brewery law, regarding distribution, any spirits we sell to another business for resale will follow the three-tier system. We currently distribute a portion of our beer products through our distributor now. That would occur with our distilled products as well. We also believe that LB549 will create jobs for the state of Nebraska just as the craft brewery law has. We may initially create only two to five jobs; however, our goal is to grow our microdistillery business to a point where we are not only selling our products in restaurants, we intend to grow the business to a level where we are exporting our distilled products to other states which would entail as many as 15 to 25 employees. Before I close, I want to add that we have run a successful beverage business within our restaurants while adhering closely to state liquor law, receiving no violations during our 10-year history. We especially enforce laws forbidding consumption of alcoholic beverages by minors as well as overconsumption of alcoholic beverages by all of our guests. In closing, I respectfully ask for your support of LB549. Please help us to create a whole new industry just as the craft brewery law did for brewpubs 19 years ago. The craft brewery law has created hundreds of jobs in the state of Nebraska and craft distilling has the potential to do that as well. Thank you again. [LB549]

SENATOR McDONALD: Thank you. Do we have any questions for Mr. Magee?
Senator. [LB549]

SENATOR DIERKS: Yes. When you manufacture in a microdistillery, are you manufacturing a scotch or a vodka or what product... [LB549]

BRIAN MAGEE: It would be any of those distilled spirits. We would probably start with lighter spirits. They're more easily placed into the market. They're faster to produce. But we would definitely do whiskeys and that sort of thing which require more aging. And again, there is more expense there, because you're creating a product but you don't have it on the market for anywhere from two to ten years. [LB549]

SENATOR DIERKS: Okay, and then when you have a product that's ready for sale, besides selling it in the establishment where it's being manufactured, you could offer it through a wholesaler. Is that right? [LB549]

BRIAN MAGEE: That's correct. [LB549]

SENATOR DIERKS: Have you done that with the beer? With the brewpubs? [LB549]

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

General Affairs Committee
January 29, 2007

BRIAN MAGEE: We certainly have. We have a distributor and we distribute our products to a couple of places. We don't distribute it widely, though. But some brewpubs do. [LB549]

SENATOR DIERKS: Thank you. [LB549]

BRIAN MAGEE: You're welcome. [LB549]

SENATOR McDONALD: Senator Erdman. [LB549]

SENATOR ERDMAN: Mr. Magee, I'm assuming you're the brains behind this. I figured I would ask you a few questions as far as this and the first question is maybe something you can't answer. I don't know how much a barrel of beer is, but in comparison to the ability for a microbrew, which I believe is 10,000 barrels of beer is what less than that is a microbrewery, how does the 21,000 gallons of distilled spirits compare with that? Is that... [LB549]

BRIAN MAGEE: I would have to do the math in my head. A barrel is the equivalent of 31 gallons, so 10,000 barrels would be...10,000 times 31 you're at 310,000 gallons, so... [LB549]

SENATOR ERDMAN: So, it's quite a bit less. [LB549]

BRIAN MAGEE: ...a significant amount as far as the amount of liquid, certainly. But it's taxed at a higher level, excuse me. [LB549]

SENATOR ERDMAN: Right. The other questions that I have is dealing with the new language. We specify in here that I can't seem to find in the other sections for the microbreweries and others that specifically that you may obtain a catering license, a special designated license, or to import, you know, that you are licensed to import, those types of things. Why is that included in here specifically? Why don't we find it specifically for those general authorities for those other entities? Is there a reason? In other words, it says that the holder of the license may obtain an annual catering license, and I'm just asking if there's a reason why it was done this way and I'm sure our legal counsel can help. [LB549]

BRIAN MAGEE: I think it was because, and correct me if I'm wrong about this, the craft brewery license is another type of liquor license. Technically speaking, the holder of a craft brewery license, I believe, doesn't necessarily have to have other licenses to sell their products as long as they're not selling other beers or liquors or wines on premise. So that added the potential for them to obtain a catering license as do those other types of licenses do. [LB549]

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

General Affairs Committee
January 29, 2007

SENATOR ERDMAN: Okay. I was just seeking clarification, not trying to put you on the spot. [LB549]

BRIAN MAGEE: I believe that's probably the answer. I can't be 100 percent certain. [LB549]

SENATOR McDONALD: Any other questions? I have a question. You said that you could use some of the existing equipment that you have for your microbrewery. Would you shut that down before you did the distillery or would you do both at the same time and use just separate units? [LB549]

BRIAN MAGEE: We would do both at the same time. There are a number of pieces and Zach Triemert, who is our brewer and would be our distiller, can tell you a little bit more about that, but the equipment that handles the grain-milling, there's a grain elevator that we use internally, there is something that's called a mashton where you essentially are going to take the water and the grain and heat them to a certain temperature. There are a number of other pieces of equipment that we currently have that we use for the brewery that we would also use in the distillery. And that's where we come up with the approximate \$350,000 in equipment and infrastructure. The other option, and I think it's interesting, you don't see any distilleries in the state of Nebraska and I don't think there have been any here for a number of years. It is very expensive to put together a distillery. This would be a way for us to, at least, get one started and see if we have a viable product. [LB549]

SENATOR McDONALD: Okay. All right, thank you. [LB549]

BRIAN MAGEE: Thank you very much. [LB549]

SENATOR McDONALD: Any others would like to testify in support of LB549? [LB549]

ZACHARY TRIEMERT: Good afternoon, Senator McDonald and members of the General Affairs Committee. My name is Zachary Triemert, that's Z-a-c-h-a-r-y T-r-i-e-m-e-r-t. I am Upstream Brewing Company's head brewer and aspiring distiller. And I am here, as well, to speak in support of LB549, a bill designed to create a viable microdistilling business model. Today I would like to talk about the craft distilling industry in the United States and how we see it fitting in the state of Nebraska. At the moment, there are 72 distilleries in 25 states. Some are, of course, the large industrial distilleries that we are familiar with such as Jack Daniels and Jim Beam. However, the majority of these 72 distillers are small craft distilleries. These small craft distilleries are producing high-quality spirits, many of which are unique in nature. Most of these distilleries are in the Pacific Northwest and California. There are, however, distilleries in the states surrounding Nebraska including Minnesota, Iowa, Kansas, Missouri, Montana, and Colorado. My personal favorite is Stranahan's, a craft distillery in Denver

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

General Affairs Committee
January 29, 2007

that produces their own Colorado whiskey. It's an upper-tier product which sells for about \$55 a bottle. It is our goal as well to produce high-end craft spirits, spirits that meet or beat quality standards of the current premium spirits found on all retail shelves. This claim of quality is not a marketing tactic or an effort to be boastful. It is a fundamental fact to our business model. Everywhere in the beverage market, both alcoholic and nonalcoholic, consumers are opting for better quality and they're willing to pay a premium for it. To ensure this quality, Upstream Brewing Company supported my one-year sabbatical that I spent living in Edinburgh, Scotland, where I earned a master's degree in brewing and distilling. During this time, I was able to do product and recipe development as well as learn all the analytical and quality standards and measurements for premium spirits. With this education and our business model we plan to create a niche market for craft spirits in Nebraska. We plan to build that market with products that are based on quality and genuine craftsmanship. Our long-term objective is to build a strong Nebraska brand that is exported to surrounding states and beyond. Our distilled spirits will be Nebraska products made with Nebraska ingredients that we believe will bring another source of recognition and pride to our great state. Nebraska has been called the golden belt of the continent for a reference to its great capacity for producing grain. We hope to take Nebraska grain and fruit and use it to produce world-class spirits. For us, it is always about quality not quantity just as it has been for our beer. I'd like to add here that our colleagues at the Nebraska Wholesale Liquor Distributors Association helped to add language to LB549, specifically prohibiting the holders of the microdistilling license from purchasing bulk spirits for the intention of repackaging and labeling a craft spirit. A few other notes, somebody who is interested in having a craft distillery in the state will not only get licensing through the Nebraska Liquor Control Commission, but the federal TTB, the Tax and Trade Bureau, as well. This bill also includes a production cap of 21,000 gallons. The production of up to 21,000 with LB549, as Senator Synowiecki stated, also includes \$3.75 excise tax revenue per gallon. That will equal up to an extra \$78,750 for the state per Nebraska microdistillery. To conclude, our greatest goal is to build a small scale production facility that manufactures premium Nebraska spirits for a niche market that will displace other high-end spirits currently being imported into Nebraska. As we grow we hope to be the ones gathering market share outside our borders in a manner that every Nebraskan can be proud of. I thank you, Senator McDonald and the members of the General Affairs Committee. [LB549]

SENATOR McDONALD: Thank you, Mr. Triemert. Any questions? I have a question. So do you have a name for your distillery or is it going to be Upstream? [LB549]

ZACHARY TRIEMERT: We don't know yet. It's one of those marketing tools that we're still working with and haven't made any final decisions on. [LB549]

SENATOR McDONALD: Thank you. No questions? Oh yes, Senator Preister. [LB549]

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

General Affairs Committee
January 29, 2007

SENATOR PREISTER: Must have been interesting to be in Scotland and to see some of the distilleries there. I assume Glenfiddich and some of the other ones that were there were part of your program, your master's degree in brewing and distilling? [LB549]

ZACHARY TRIEMERT: It was an excellent experience and I was able to travel around and see Glenfiddich and Macallan and all the large, famous scotch whiskey distilleries. But the one I really found and was very passionate about was a distillery called Edradour, and Edradour is Scotland's smallest distillery and they still do everything by hand. There's three gentlemen that work there just like they were doing in 1850. All the raw materials are added by hand, removed by hand, and the whiskey is made by hand. And it's very much the model that we'll be crafting our spirit after. It is a very much handmade craft product. [LB549]

SENATOR PREISTER: Good. I wish you success. [LB549]

ZACHARY TRIEMERT: Thank you very much. [LB549]

SENATOR McDONALD: Will you have windows so that we can watch? (Laughter) [LB549]

ZACHARY TRIEMERT: We hope so. You know, being able to see the brewing process has been a very fun part of our business as it exists and we don't know if we'll be able to engineer that or not, but I think that would be a terrific thing to do. [LB549]

SENATOR McDONALD: Thank you. See no further questions, thank you. [LB549]

ZACHARY TRIEMERT: Great, thank you. [LB549]

SENATOR McDONALD: Anyone else wishing to testify in support of LB549? Welcome. [LB549]

SHARON SCHILLING: Thank you. Good afternoon, Senator McDonald and members of the General Affairs Committee. My name is Sharon Schilling, S-h-a-r-o-n S-c-h-i-l-l-i-n-g. My husband and I, Mike, own Schilling Bridge Winery and Microbrewery in Pawnee City, Nebraska, and speaking on behalf of Schilling Bridge Winery and Microbrewery I am here this afternoon to speak in support of LB549 which would provide opportunities for microdistilleries in the state of Nebraska. It is our understanding that Upstream Brewing Company of Omaha, Nebraska, and their master brewer, Zach Triemert, desire to design and place into production a new business industry model not seen in the state since prohibition, a microdistillery. This project would provide yet another use for Nebraska raw materials such as corn, wheat, fruit, ciders, and very important to us, grapes and wine. A secondary benefit in the passage of this bill will be the establishment of yet another attraction for Nebraska's tourism

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

General Affairs Committee
January 29, 2007

industry. We have proven at Schilling Bridge that value-added products are of great interest to the tourist. Since opening November 26, 2005, just over a year, we have entertained more than 10,000 guests from 40 different states and four different countries. Not bad for a community of 1,008. In closing, we would ask that all of you thoughtfully consider allowing the passage of LB549 which is needed to provide Upstream Brewing Company and others like them who have identified and are willing to seize a new business opportunity as a microdistillery by making available to them this legislative bill necessary to have the capabilities of being the manufacturing vehicle which would provide the Nebraska wine industry as well as other Nebraska agricultural entities yet another avenue to add value to our products which in effect will help us all to establish and accomplish our goals and aspirations of being the state of choice for tourists around this country. It is with great pleasure that I ask again for your positive support of LB549. [LB549]

SENATOR McDONALD: Thank you. Any questions? I think not, thank you for coming. [LB549]

SHARON SCHILLING: Thanks. [LB549]

SENATOR McDONALD: Anyone else wishing to testify in positive? Anyone testifying in a negative? Anyone in a neutral position? [LB549]

HOBERT B. RUPE: Good afternoon, Senator McDonald, members of the General Affairs Committee. My name is Hobert Rupe, H-o-b-e-r-t R-u-p-e. I'm the executive director of the Nebraska Liquor Control Commission and the commission is taking a position of neutrality on this for a couple of different reasons. The first one is as many of you are aware given the recent cases of Grandholm and the current litigation of Costco, the commission is quite leery of further eroding the distinctions between the three-tiered system; however, this legislation is clearly based upon the craft brewery license which has limitations, i.e. they only exist of two of the three tiers as a manufacturer and as a retailer. Furthermore, there's not a taxation issue possibly looming because they'll be paying the same exact tax as Diageo or Jim Beam or Jack Daniels does, \$3.75 a gallon. One thing I do need to clarify a little bit is the fiscal note which is attached is sort of a best-case scenario fiscal note. That assumes that the one microdistillery we are aware of is going to meet maximum production and that they're going to sell all that product in Nebraska. If they were to get a license to shipping, say, into Iowa the excise tax would then be collected at the Iowa's level. The excise tax of Nebraska is collected when they would either sell at the retail level or when they would sell to a wholesaler so it's, you know, just want to make sure that that is a clear thing here. That's the only way the taxation...the feds get their taxes regardless under the TTB and the states only get it when it's being put into that state's distribution channel for the filing consumer. But other than that, and I would actually echo Zach's earlier treatment statements, Upstream has been a paragon of compliance with the Nebraska Liquor Control Act, knock wood.

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

General Affairs Committee
January 29, 2007

They've never had any problems where they've been called in for any questions in front of the commission. They pay their taxes on time and we've never had a violation report that I'm aware of come in over the last 10 years of their operation. [LB549]

SENATOR McDONALD: Any questions for Mr. Rupe? Senator Friend. [LB549]

SENATOR FRIEND: Thank you, Senator McDonald. Hi, Hobie. [LB549]

HOBERT B. RUPE: Hi. [LB549]

SENATOR FRIEND: I wanted to and maybe we can carry this on, you know, offline but I sort of wanted some of this on the record. How many craft, and somebody might have mentioned this, how many craft brewery licenses are out there in this state? [LB549]

HOBERT B. RUPE: I think we have 12, I'm sorry, we did have some more--12. [LB549]

SENATOR FRIEND: There are 12 that are being taxed under that... [LB549]

HOBERT B. RUPE: Yeah, the craft brewery license. [LB549]

SENATOR FRIEND: Would you venture a guess when if something like this were to come to fruition, how many would actually take advantage of...I mean, I'm asking you to guess. [LB549]

HOBERT B. RUPE: If I were to guess I would say probably a third to a half might. A lot of them will probably sit back and honestly see how well Upstream does. I mean, Upstream is ahead of the game because Zach's already got the distillation background behind him. The reason why you probably see more craft breweries consider going into it is for a couple reasons in the marketplace. They're already riding the edge of...for most of our beer sales are pretty stagnant when you look at the major manufacturers. Most of your growth in the beer market has already been in the craft brewery and in the quality imports. You're seeing that same marketing, or I guess dynamic, in distills. You're seeing people going for higher end. The idea of getting something local that's good quality is appealing. And so I think that they are absolutely right that there's probably a good market for it. The advantage that an existing brewpub will have is a lot of the first steps, at least from my understanding and I'm not nearly the expert that Zach is, is that a lot of the first steps that take place in a brewery making beer are identical to the first steps you're making in going to make a distilled product. You're making a barley malt water mixture, you bring it to a boil. It's commonly, I think it's called a wort. I'm probably butchering things and Zach's probably cringing behind me (laughter), but that step is identical in a lot of respects and so you get actually to the distillation where you're taking that raw product and then taking it to a temperature where it will then go through a system and distill the clear liquid. [LB549]

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

General Affairs Committee
January 29, 2007

SENATOR FRIEND: Thanks, and Senator if I may, one more. Based on your reading of LB549, and I believe I was looking at the same section that Senator Erdman was looking at, nothing in this legislation would indicate to you that we're more or less giving an unfair advantage to 12 licensees out there in comparison to, you know, the 500 or 1,000 other license holders throughout the state. I mean, I didn't see that here. [LB549]

HOBERT B. RUPE: I don't see that either. I think what you're doing is, this is sort of a stage three nationally of first there was the craft breweries, then the farm wineries, and now the microdistillations. As I said, I think we're about the 25th or 26th state to look at these kind of things. I don't see an unfair advantage. What you're doing is you're giving somebody an opportunity to produce a product that people will consume and they're going to have to take a risk on it. I mean, although they can use a lot of the same processes, they're going to be taking a financial risk of trying to do it. I don't see an unfair advantage. And furthermore then, if I'm a bar down the street and people like this product, once it is available I can call my wholesaler and order it and have it on my bar shelf behind me. I'm just not making it. [LB549]

SENATOR FRIEND: Yeah. Thanks, Hobie. [LB549]

SENATOR McDONALD: Senator Dierks. [LB549]

SENATOR DIERKS: Hobie, We have a license for breweries and we have a license for wineries and now we're going to do a license for microdistilleries. What's the difference? Why do we need three different ones? What's that based on? [LB549]

HOBERT B. RUPE: Well, a couple things. First of all we're patterning this after the federals. The feds treat these things differently and furthermore you've actually got quite a difference between Nebraska's current Farm Winery Act and the Craft Brewery Act. I mean and I'll hear some probably people intake some gasps. I have more concerns under our Farm Winery Act under some possible changes that are happening at the national level. A farm winery can actually wholesale themselves. They sort of exist in all three tiers rather than a craft brewery or a microdistillery which only exists as two sort of at the beginning and the end. And there's a lawsuit going on on the West Coast right now called Costco which might impact that act and it's quite likely we might be bringing the bill next year to try to fix that so we're not next one in the let's sue the state Liquor Control Commission lottery. The other difference is is the Farm Winery Act has a huge tax difference for a Nebraska farm winery. If a Nebraska farm winery produces a product which uses 75 percent or more, to be a Nebraska farm winery you have to use at least 75 percent Nebraska agricultural product. You're only paying 6 cents a gallon as a farm winery, whereas the normal state excise tax on wine is 95 cents a gallon. Here they're not looking to get a tax break one way or the other. Right now, Upstream pays exactly the same price per gallon as Budweiser pays for the stuff they ship in here and

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

General Affairs Committee
January 29, 2007

they'll be doing the same stuff as they do for, say, for Jack Daniels. So there's not a problem there either, because they're paying the same tax. One of the reasons why you have differences is traditionally and historically these products have been treated differently by both the feds and the state legislatures. Distilled spirits are always looked at a little more seriously. They're the high alcohol. You know, there's concerns about that. In fact, you can home brew, as an individual, you can make home beer for yourself and you can home vent. I get many questions every year, can I home distill? No, you can't. You cannot distill liquor yourself even in the privacy of your own home. It's against the federal law. It's also against state law in manufacturing. So that's one of the reasons why there has historically been a difference, Senator. [LB549]

SENATOR DIERKS: Thank you. [LB549]

SENATOR McDONALD: Thank you. Yes, is this an upcoming business and are a lot of states joining in this legislation? [LB549]

HOBERT B. RUPE: A lot of states are dealing with this right now. One of the big people who is pushing this nationally is a gentleman by the name of Fritz Maytag out in California. He's, yeah, he's originally from Iowa. I'll let you figure out the last name where some of his money came from. And he's one of these people who started the craft brewery stuff and now this is sort of the next evolution that they're looking at. And a lot of it is because distilled spirit sales are going up where most beer sales are flat and where the distilled spirits products are going is going for the high-end stuff. It's the high-end vodkas, the high-end whiskeys, even the high-end tequilas today. I mean, people are going for the higher end product. They're willing to pay more for a good product. And so it's sort of a national trend. [LB549]

SENATOR McDONALD: Thank you. Any other questions? I think not. Thank you. Any other one wanting to testify in a neutral testimony? I think that closes. John waives closing. So that closes the hearing on LB549. Our next bill is going to be LB441 and we'll have Senator Karpisek chair. [LB549]

SENATOR KARPISEK: Whenever you want to start, Senator. [LB441]

SENATOR McDONALD: Thank you, Senator Karpisek and committee members. I am Senator Vickie McDonald representing the 41st Legislative District, and I have introduced this bill, LB441, on behalf of our state's wine and grape industries. It proposes that the shipping license fee that the Nebraska Liquor Control Commission collects from those who ship wine from another state directly to consumers in Nebraska be directed to the Nebraska Winery and Grape Producers Promotional Fund rather than to the General Fund. This shipping license, classified as an S1 license, was placed in statute by LB671 in 2001. This direct shipping license came as a result of the involving law concerning the three-tier system of the alcohol distribution and the ability of wineries

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

General Affairs Committee
January 29, 2007

to ship their product directly to consumers rather than going through a wholesaler. Nebraska permits this direct shipping of wine if the winery purchases an S1 license which costs \$500. The number of S1 licenses issued has increased steadily since 2001 and currently is above the 139 number. Over the interim the General Affairs Committee and the Agricultural Committee studied issues relating to the wineries and vineyards in our state. It was clear to the committees that the most important objective of the industry is to find a sustainable funding source for research and marketing. Our wine industry has grown significantly over the past few years and will continue to grow. Currently, we have around 80 vineyards and 18 wineries. Better and more in-depth research, education, and quality promotion of what we have to offer is necessary to help facilitate this growth. Other states have invested in their grape growing and winery industries. We have learned that when funding is provided the tasks of securing grant money for research becomes easier and the state benefits from the boost in the form of economic development, jobs, tourism, all of which lead to additional economic benefits. One hundred thirty-nine licenses at \$500 amounts to almost \$70,000. The Winery and Grape Producers Promotional Fund is the fund for the state's grape and winery board. It provides about \$6,000 annually that comes from a tax on farm wineries. This financial support would be used for research likely in partnership with the University of Nebraska which has a viticultural program. The potential of our grape and wine industry could be realized through research on, for instance, soil and weather and how they affect the types of grapes that we grow. This funding would also be used for marketing and promotion. The grape and winery board and the Winery and Grape Growers Association have been working on an economic impact study similar to studies that have been done in other states. That preliminary shows the positive economic potential in the industry it could have for our state. Funding would help these groups complete a more comprehensive study. The groups have also collaborated in the past on the creation of a winery and vineyard map of Nebraska that has been well-received. The industry has done as much as they can with the resources that they have. Those with an interest in the industry have been working to create partnerships and they work together to find opportunities for marketing and promotion. This bill would give them the boost they need to take this industry to the next level. There are several here to tell you much more about the industry and their plans for growth. And with that I'll take any questions. [LB441]

SENATOR KARPISEK: Any questions for Senator McDonald? Oh, sorry, Senator Janssen. [LB441]

SENATOR JANSSEN: I guess I could raise my hand a little higher. I'd rather just wiggle my pencil. [LB441]

SENATOR KARPISEK: Yeah. [LB441]

SENATOR JANSSEN: Senator McDonald, I don't believe you were here when we

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

General Affairs Committee
January 29, 2007

passed the legislation to impose a shipping fee. Were you here? [LB441]

SENATOR McDONALD: In 2001? [LB441]

SENATOR JANSSEN: Yeah. [LB441]

SENATOR McDONALD: No. I didn't come until August of that year. [LB441]

SENATOR JANSSEN: No. I remember that argument at that time how, you know...I got letters and phone calls from people saying, now I'll never be able to get my wine from California. So what do you want to buy wine from California? I said, we've got some of the finest wine in the country right here. But that wasn't the case. It's brought quite a bit of revenue in and I don't believe anyone is being shortchanged on their wine that they want right now. And it does add something to the treasury of this state. So it's really worked. I just wanted to get that two cents in here to let people know that it has worked. [LB441]

SENATOR McDONALD: I didn't realize that the type of soil that you have allows you to grow certain grapes and those grapes allow certain wine to be produced from those types of grapes. You know, I always felt that you could produce anything from anything, but not knowing how that all comes into play that you cannot produce certain types of wines because we cannot grow certain kinds of wine's grapes and we cannot do that because of the soil and the weather. So I think there's a lot to be learned about how we can promote the industry. Plus, it's a great economic boost for us because we find a lot of our rural communities are looking for ways of entrepreneurs to come to the table and say, hey listen, you know I want to look at something else, maybe could supplement our income. And I think this has been greatly received and I think it will continue to grow. [LB441]

SENATOR JANSSEN: Yeah. The wineries in this state prior to prohibition they were numerous. Nebraska was really a big player in the wine industry and growing grapes. Maybe it can be...that's the intention of the Grape Growers Association to see that happen again, and I hope it does. [LB441]

SENATOR McDONALD: And who would have ever thought that we would be able to produce wine in the state of Nebraska? [LB441]

SENATOR JANSSEN: Oh sure. [LB441]

SENATOR McDONALD: I think quite a few years ago it was basically unheard of. [LB441]

SENATOR JANSSEN: I had an uncle that was pretty good at it. (Laughter) [LB441]

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

General Affairs Committee
January 29, 2007

SENATOR KARPISEK: Thank you, Senator Janssen. Any other questions for Senator McDonald? Senator Preister. [LB441]

SENATOR PREISTER: Senator McDonald, I certainly like the wine industry and I'm glad it's developing, but I'm wondering about this concept and wondering if it's kind of an after the fact checkoff? Is there anywhere else where we are earmarking tax revenue and sending it back for economic development in this fashion? It seems unique to me. [LB441]

SENATOR McDONALD: You know I can't answer that, but maybe we have someone else that can. So I don't know at this point. [LB441]

SENATOR PREISTER: Those who know, when they come up following you, know that the question is there for whoever can answer it. [LB441]

SENATOR McDONALD: Hopefully. If not, we'll find the answer and get back to you. [LB441]

SENATOR PREISTER: Thank you. [LB441]

SENATOR KARPISEK: Thank you, Senator Preister. Any other questions? If not, I want to recognize that Senator Dubas from Fullerton has joined us. Any proponents of LB441? I will turn it back over to Senator McDonald. [LB441]

SENATOR McDONALD: Well, you don't have to. You're doing a great job. [LB441]

SENATOR KARPISEK: Thank you. [LB441]

SENATOR McDONALD: Welcome. [LB441]

JIM BALLARD: Thank you, Senator McDonald, Senators. It's my pleasure to be here to speak in favor of LB144 (sic). My name is Jim Ballard, J-i-m B-a-l-l-a-r-d, with James Arthur Vineyards in Raymond, Nebraska, representing the Nebraska Winery and Grape Growers Association today as well. I think this is a bill that would help our industry grow and take us to the next level as Senator McDonald was saying. We have 18 wineries in the state of Nebraska, over 300 acres of grapes. And the reason I mention that is if we sat up here 10 years ago we could tell you we had two wineries and maybe 30 or 40 acres of grapes. We've seen a lot of growth just in the last 10 years in the grape and wine industry, and a lot of that has come from support within the industry as well. We have a gallonage tax that we pay. The wineries pay each year on the gallons that we produce which is \$25 per 160 gallons. We've also introduced basically a checkoff on our growers. There's a bill in the Ag Committee this session that would pay, I believe it was

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

General Affairs Committee
January 29, 2007

\$20 for every ton of grapes, as well as this past year, the wineries on their own accord, each put in a certain amount of money. We matched it with some grant money. I should say that money that the wineries put in helped us secure that grant to help market and promote the industry and provide a number of other programs that we're working on. As I mentioned that 10 years ago to today we're also going through a lot of growing pains and this is a volunteer organization. And we try to help promote the industry as a whole. Each of us have our own individual wineries to promote, but we all know that working together will help us encourage and secure a better industry as a whole. And through that growing pains we are finding that we need help in just organization and marketing and promoting and letting people know that the wineries are out there and that we're doing a good job with that. The dollars that we're asking for through this bill would help with marketing, would help with research, provide assistance possibly with an executive director, somebody to help us stay better organized as well as continue some of the other programs that we've already started. I'll have I know Dave Hanna who's the president of the Nebraska Winery and Grape Growers Association will give you some more details on exactly where those dollars will go to based on a strategic plan that our board, through the NWGGA, has put together. We've also found that not only in the state, but across the country, that it's a win-win situation when there's support for the grape and wine industries. Vineyards and wineries basically spur economic development. Most vineyards and wineries are located in rural areas and provide an economic boost in terms of tourism, ag tourism, creates job growth not only at the wineries themselves, but also in hotels, motels, bed and breakfasts. It's common that when people come to visit wineries they're going to spend money at the other services--food services, rural entertainment. It's important to remember that those tourists not only spend money at the winery, but also local establishments. Wineries especially contribute to rural economic development providing direct employment through the purchase of locally grown grapes, fruit, and by purchasing locally produced items that can be retailed through our gift shops. Economic impact studies done in other states have shown that for every dollar spent in a local winery, another 75 cents to \$1 is spent locally in that area. And I will add that there was just recently a national study that came out that showed the grape and wine industry as, I think it was a \$400 billion industry now across the country. So there's a lot of good things happening in the grape and wine industry. So I ask this committee to take a look at LB441 as an investment in providing research, marketing, and maybe even encouraging some new ventures to provide an economic impact in rural areas, promote ag tourism, and help a unique and important part of our industry thrive and keep pace with our surrounding states. And with that I'll take any questions that you have. Yes, sir, Senator Janssen. I'm sorry. [LB441]

SENATOR McDONALD: (Laughter) We'll have to get you a new job. [LB441]

SENATOR JANSSEN: Jim, can you ship any grapes into the state and mix with your... [LB441]

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

General Affairs Committee
January 29, 2007

JIM BALLARD: By the farm winery law, 75 percent of all of our wine has to be produced from Nebraska products. So there's that 25 percent... [LB441]

SENATOR JANSSEN: 25 percent. [LB441]

JIM BALLARD: ...that we can bring in only in grapes, in juice, or concentrates. So we can't bring a finished product in and label it as a Nebraska wine. [LB441]

SENATOR JANSSEN: No, I realize that. Yeah. [LB441]

JIM BALLARD: In fact, anything we bring in cannot be labeled as a Nebraska wine. And I'll be honest with you, of the--I can speak for ourselves and a number of the other wineries--they all strive to be 100 percent Nebraska product and there's an effort. I mean, 300 acres of grapes, I'll be honest, Iowa I think has 49 wineries right now and Dr. Read can probably clarify this, but I believe we have more acres of grapes in Nebraska, though, than they do in Iowa because they don't have the same laws that we have. They can bring in whatever they want and I think that's a source of pride for Nebraska wineries and something that we strive for. That 25 percent is nice to have for startup wineries to help in case we don't have enough product, you know, weather, other things. There's some laws written there that if we do have natural disasters we can petition for more, but to be honest, and Hobie can probably tell you more specific numbers, but I don't believe a lot of wineries utilize that 25 percent. They're trying to be 100 percent Nebraska. [LB441]

SENATOR JANSSEN: There are some cases though, you may need a product that you can't grow here... [LB441]

JIM BALLARD: Correct. [LB441]

SENATOR JANSSEN: ...to blend. [LB441]

JIM BALLARD: You bet. I know for example there's some wineries that do things with certain raspberry juices or blueberries or blackberries, you know, a lot of different fruits. And sometimes Nebraska doesn't allow us to produce those fruits every year, and once you come up with a certain wine you want to continue that from year to year, that's a nice option to bring those juices in or those concentrates in. [LB441]

SENATOR JANSSEN: Thank you. [LB441]

SENATOR McDONALD: Thank you, Senator Janssen. Any other questions for Mr. Ballard? [LB441]

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

General Affairs Committee
January 29, 2007

JIM BALLARD: I'm not sure if I can answer Senator Preister's question or not, but this is actually tax on wines coming in from Nebraska. So we're not paying that same tax. I don't know if that would be considered a checkoff or not, but the wineries that are paying this \$500 permit fee are outside of the state shipping to consumers within the state, and the dollars are coming from that permit fee. So I don't know if that's considered a checkoff or not. [LB441]

SENATOR McDONALD: Senator Preister. [LB441]

SENATOR PREISTER: I guess what I'm thinking of, I was just using that as an example not so much that it is a checkoff, but it's earmarking the tax... [LB441]

JIM BALLARD: You're right. [LB441]

SENATOR PREISTER: ...and other than gasoline, I don't know that we do that with products. I don't know that we do that in other areas. I support the funding. I'm thinking of microenterprise grants. I'm thinking of other areas where funding may be available to promote the product, but how you're structuring it I give you credit for creativity. But I'm thinking this is unique. I don't know if it's done anywhere else. [LB441]

JIM BALLARD: In other wine industries or other wine states I've never seen anything like this except for, I believe Iowa had a...once their equivalent of our Liquor Control Commission in Iowa they set their budget and anything above and beyond what was brought in and taxes on that budget went to, but it was anything that was above and beyond that budget that they already put into place. As well as some state funding and appropriated funding and... [LB441]

SENATOR PREISTER: Sure. In Nebraska... [LB441]

JIM BALLARD: ...a lot of states surrounding us--Missouri--Missouri has something similar in that any wine that comes into the state from out of the state of Missouri is taxed per liter per gallon. So there's a certain amount or percentage. I think it's six cents per gallon which is roughly a penny a bottle that goes into their wine and grape board fund. So in the wine industry we have to be as creative as we can to come up with some different funding mechanisms. So... [LB441]

SENATOR PREISTER: Sure. [LB441]

JIM BALLARD: ...hopefully that answers somewhat. [LB441]

SENATOR PREISTER: We have been real cautious in Nebraska to not earmark revenues except for the Highway Trust Fund and the gasoline tax, it's just very unusual. So I was just querying whether or not there is anywhere else where we've done it and

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

General Affairs Committee
January 29, 2007

what the specific circumstances were. [LB441]

JIM BALLARD: I understand that. Yes, sir. [LB441]

SENATOR PREISTER: In other states, I recognize they do and may do it differently. Thank you. [LB441]

JIM BALLARD: Thank you. [LB441]

SENATOR McDONALD: Mr. Ballard. [LB441]

JIM BALLARD: Yes. [LB441]

SENATOR McDONALD: I'm in the opinion that we're just taking the licensing fee and redirecting that back into the industry rather than going to General Funds. [LB441]

JIM BALLARD: Correct. [LB441]

SENATOR McDONALD: The \$500 licensing fee. [LB441]

JIM BALLARD: The licensing fee. [LB441]

SENATOR McDONALD: That, in looking at other states, is that a high number as far as \$500 compared to other states? [LB441]

JIM BALLARD: Nebraska actually, the licensing fee is the highest in the country right now. Most of those run around \$50 to \$100. I can't remember...the next closest, I believe, is \$300. Again, Hobie could probably answer that better than I, but Nebraska is the highest. And to go back to Senator Janssen's comment, I remember when we sat up here and testified. And I'll succumb, I'm amazed that that many wineries have paid that fee. To put it in perspective, though, there's about 4,400 wineries right now across the United States and we have 169 of them. And I know some of those are probably co-op together, but there's still a lot of room that we could generate even more revenue on that. And it is, as far as I know, it's the highest fee in the United States right now for licensing. [LB441]

SENATOR McDONALD: And so by taking that money that's unusually high to help promote your industry, to me is a logical thing to do. I mean, we could charge you \$100 for the license, and you'd then have \$400 that is being charged now that could be utilized that would be in norm with the other states, as far as what they charge for that license. [LB441]

JIM BALLARD: Correct. [LB441]

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

General Affairs Committee
January 29, 2007

SENATOR McDONALD: If I was to start a vineyard where would I go? Who would I go to if I thought that I wanted to garden out an acre? [LB441]

JIM BALLARD: Well, if you're like the hundreds of people that want to start, they call James Arthur Vineyards or... [LB441]

SENATOR McDONALD: Is that right? [LB441]

JIM BALLARD: No, they do. We provide as much information to potential growers or folks that want to start up wineries as we can. The university is another resource that they can go to to provide information. The university, though, is limited in terms of funding in the viticulture program, but they help out as much as they can providing as much information as possible. The Nebraska Winery and Grape Growers Association, we have an annual conference that we bring in speakers from the region, from across the country, in conjunction with the university--they really take the leading role in that--that folks can come to and find out as much information about growing grapes and making wine in Nebraska as possible. And then they find out the costs that are associated with it and a lot of them change their mind quickly and along with the hard work that goes into it. But there's a lot of resources just within the industry itself that help out as much as we can. [LB441]

SENATOR McDONALD: So I could grow grapes and not necessarily ever dream of a vineyard or a winery in my area. [LB441]

JIM BALLARD: Oh, sure, sure. In fact, at James Arthur Vineyards we have 22 growers that we buy grapes from that don't have any aspirations of becoming winery..well, I shouldn't say that. Maybe a couple are thinking about it, but mostly around the Lincoln, Raymond, Valparaiso, as far west as Kearney, Minden. So yeah, you could grow grapes and a number of wineries then purchase those grapes under contract. You bet. [LB441]

SENATOR McDONALD: Okay. Thank you. Any other questions for Mr. Ballard? Okay, thank you. [LB441]

JIM BALLARD: Thank you. [LB441]

SENATOR McDONALD: Anyone else wishing to testify in support of LB441? [LB441]

DAVID HANNA: My name is David Hanna, D-a-v-i-d H-a-n-n-a, and I'm here representing the Nebraska Winery and Grape Growers Association as their president this year. And I just want to reemphasize that we have a legislative committee of which some of them are here. Jim Ballard is the head of it and you heard his testimony. I want to offer this to all of you. If you have any questions as this bill proceeds that revolves

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

General Affairs Committee
January 29, 2007

around this industry, if we don't know the answer we'll find it. I assure you I'm not as well-versed in some of the national things as Jim is, but we want you to know we're at your disposal. And I came to reemphasize that we have some spokesmen for our industry that will be happy to speak before you as you need us. I will come back down here again. We are a diverse board. We have nine of us on the board and we go everywhere from Chadron to Omaha to Lexington, where I'm from. And we just want you to know we're at your disposal and I thank you. [LB441]

SENATOR McDONALD: Any questions for Mr. Hanna? Yes, Mr. Karpisek. [LB441]

SENATOR KARPISEK: Thank you, Ms. Madam Chair. Mr. Hanna, what would you do with some of this money as far as research? [LB441]

DAVID HANNA: As far as research? [LB441]

SENATOR KARPISEK: Or whatever we would do with it. Well, I guess I shouldn't put words in your mouth, but whatever you would do with it. [LB441]

DAVID HANNA: Okay. On the research side, we have always worked with the grape board that's in effect now to have both promotion and Paul would be able to comment that part of the budget goes towards research. Within the association it would be hoped, too, that we can earmark certain ones, but we're after things like...within our state you have to go after certain cultivars that can survive Nebraska winters. This year we'll find out some of them that can and some of them that won't. But bud break is a major issue for us and there is some research done at the vineyard level and I think Paul is doing some and Minnesota...we're all trying to find ways to protect our plant from good old Nebraska weather. We also have some research going on and fertilization techniques. Most of us try very hard not to have to use insecticides any more than we have to. In fact, in our country out west we're dry enough we don't have to use fungicides very often. So there's all this kind of research, and Nebraska is a very diverse place to be growing grapes. It's interesting to know that what they do in the far west and what we do clear back east vary from night to day. It's just unbelievable. But research on some of those topics would be what we hope to accomplish. We need it for our vineyards. [LB441]

SENATOR KARPISEK: So it's not so much advertising. [LB441]

DAVID HANNA: Some of the funding...what it amounts to is the funding that's so far come from the grape board is about a third research and two-thirds promotion. And what we do as an association, and what we're entering into with 10 of the wineries is we've all 10 of the wineries have put up \$2,000 apiece to get a matching grant to promote Nebraska wines as an entity, not an individual necessarily wine, but to promote the whole industry. The tourism advantages and things that we're finding out from our

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

General Affairs Committee
January 29, 2007

Chamber of Commerces and a few places are that Nebraska wineries are doing well for the communities. We pull in a lot of people. [LB441]

SENATOR KARPISEK: Okay. Thank you. [LB441]

SENATOR McDONALD: Thank you, Mr. Karpisek. Any other questions for Mr. Hanna? [LB441]

DAVID HANNA: Thank you. [LB441]

SENATOR McDONALD: I have a question. [LB441]

DAVID HANNA: Oh, excuse me. [LB441]

SENATOR McDONALD: I've lost my train of thought. Are you under the direction of the Department of Agriculture? [LB441]

DAVID HANNA: Are we? [LB441]

SENATOR McDONALD: Yes. [LB441]

DAVID HANNA: Oh no. No. [LB441]

SENATOR McDONALD: No. [LB441]

DAVID HANNA: We're an entirely independent organization. We have about 150 total members of which all 18 wineries are members of the association. Probably like say 80 vineyards, although, that number comes up and comes down, but we're totally independent. We hold our convention at Kearney every year and we coincide our annual meeting with the University of Nebraska's viticultural program who puts on a program at that time. But as far as ties to the Agriculture Department, no we're not. [LB441]

SENATOR McDONALD: Okay. Any other questions? [LB441]

DAVID HANNA: Anything else? We're at your disposal if you need us. [LB441]

SENATOR McDONALD: Thank you, Mr. Hanna. [LB441]

DAVID HANNA: Thank you for your time. [LB441]

SENATOR McDONALD: Thank you. Anyone else wanting to speak in support? Welcome. [LB441]

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

General Affairs Committee
January 29, 2007

PAUL READ: Senator McDonald, members of the General Affairs Committee, my name is Paul Read, P-a-u-l R-e-a-d, like reading a book, and I am happy to have the opportunity to speak to this bill. I am a professor of horticulture and viticulture at the University of Nebraska in Lincoln and I am in charge of the University of Nebraska's viticulture program. Basically that involves conducting research and educational programs on behalf of the developing grape and wine industry in the state. We've been working to enhance this fledgling industry which is now becoming an industry that is taking flight. It has grown since I've been working with it, not because I've been working with it, but I'm happy to be part of it as it has been growing from one winery in 1994 to 18 wineries now. And perhaps 15 or 20 acres of commercial grapes at that time and now we're estimating, at least 400 acres of grapes in the state, perhaps more. The earlier comment regarding did we have an industry that's developing in support of the wineries here in the state. And the comparison was made with our neighboring state, Iowa, where because of the Farm Wineries Act all of our wineries must abide by the 75 percent Nebraska product rule. And my observation is that nearly all of our wineries are at 100 percent or very close to 100 percent, well above the minimal 75 percent that is required. And I think that speaks well to this industry's healthy growth. That, to me, means that we are undergirding a high-quality wine industry with growers throughout the state that are producing high-quality grapes. We have a saying in the educational part of the grape and wine industry. You can't make good wine out of bad grapes. Unfortunately, a few people make bad wine out of good grapes sometimes, but that's not the case with our wineries. They're making some really excellent quality, award-winning wines and they can't say it, perhaps, but I will because I'm pretty proud of the development that has taken place. The reason I am speaking about this is that if the funding should be approved to be made available for research and promotion, a portion of it for research would help immeasurably my efforts to support the development of this industry. When you asked where would you go to find information about starting your vineyard, Senator McDonald, I would be one of the people you would perhaps be suggested to contact early in the game. And usually my first comment is are you sure you want to change your lifestyle, because it is a risky venture, and it's a lot of hard work, and it's not for everybody. And I'd be the last person to say that, but after trying to dissuade people from considering this industry, my job is to provide as much logistic support to them as possible. Fortunately, in the early phases of my research program at the University, I was able to obtain a grant from the Kimmel Education and Promotion Charitable Foundation and that was sufficient to help me start research vineyards on private property that the owners have donated the use of that property for me to do the research there. Much of the research I do is done in concert with advice from our growers and wineries. I do interact closely with the NWGGA as was alluded to by both Jim Ballard and Dave Hanna and other growers and winery operators also provide inputs. We purposely chose to do some of our research on private property to be able to demonstrate how it could be done successfully on some place other than a university property. And it's actually being done more cheaply there,

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

General Affairs Committee
January 29, 2007

because the owners donate the use of the land and because they contribute in kind to my research. For example, the research vineyard I have south of Nemaha, the owner does a lot of routine maintenance for us including mowing the alleyways and a number of other things. And I won't go into great detail on that, but at this point there is a very minimal amount of money available for the research program, because this grant has run out. It was for a three-year grant and it did help us establish these vineyards, but maintaining them and carrying further research forward is dependent on grant money and other sources of funding which are very difficult to obtain. The University provides a total of \$5,000 towards my research program. Only approximately half of that can be used for the viticulture program. The other half has to be used for my other research programs. Therefore we're talking about a miniscule amount of money for support of this program and should LB441 be passed and that money made available through the Governor's appointed grape and wine advisory board, that money would be distributed in a fashion that would be an opportunity for me to and the viticulture program to compete for some of those funds, but that flows through the Department of Agriculture. They organize the meetings of this advisory board, but the advisory board is made up of grape growers and winery operators, people in the business, in the industry, and they determine within guidelines, of course, where that money will go. I could go on at great length and tell you how our research, I think, has helped a number of vineyards and wineries get started. Without going into detail, though, I know your time is valuable and it's probably simpler to stop here and answer questions that you may have. [LB441]

SENATOR McDONALD: Mr. Read, you're saying that having a vineyard isn't as much fun as milking cows? (Laughter) [LB441]

PAUL READ: I grew up on a dairy farm. You don't have to be there everyday, although it's almost as much as milking cows. You marry a dairy farm, you don't own it, I think. I find that if you really are serious and passionate about making good wine and growing good grapes, you probably are going to wind up marrying that enterprise as well. It is a risky venture. It entails a lot of hard work. It's not an easy thing to do, but people that are in the grape and wine industry, there is a certain amount of passion that seems to flow forward from people that have a dream and they move forward to make it happen. [LB441]

SENATOR McDONALD: Well, obviously in the state of Nebraska we have a lot of hard-working people. So any questions? Senator Dubas. [LB441]

SENATOR DUBAS: You talk about the time commitment to the industry. Is it a very capital intensive industry? [LB441]

PAUL READ: It can be capital intensive. We figure that to start a grape vineyard somewhere, if you buy everything at retail, aren't able to get things, you know, by cutting posts in the back 40 or something. If you buy everything and pay all the people involved

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

General Affairs Committee
January 29, 2007

a reasonable wage or salary, approximately between \$8,000 and \$10,000 per acre for the first three years of establishment. That's over the first three years, not per year--\$8,000, perhaps. I don't know too many vineyards that have spent that, because they do find ways to shortcut it somewhat and they don't pay themselves a wage. But in reality if one were to assess the cost, most economic studies I've seen--and I've seen several--peg the figure at between \$8,000 and \$10,000 per acre. [LB441]

SENATOR DUBAS: Do you need a lot of extra labor? [LB441]

PAUL READ: Pardon? [LB441]

SENATOR DUBAS: Do you need a lot of extra labor? A lot of extra workers? [LB441]

PAUL READ: Yes, the labor and maintain a vineyard gets spread over the year, but there are two peak periods where usually most vineyards require either calling in the friends and family or hiring casual labor. One winery I know used to commandeer the high school football team to come out and help, and that's with harvest. Harvest and pruning are the two peak periods and harvest is something you can't put off until tomorrow. When the grapes are ready they must be harvested. If they're at peak flavor, peak quality, that's why you get high-quality wines and our wineries have done a great job of doing that. I have been fortunate, considering I was a little kid brought up on a little almost subsistence farm, I've been fortunate to travel to many other parts of the world and I've visited wine and grape industries in many other countries as well as other parts of this country, and I will say that I think that our industry has developed so quickly to produce high-quality wines that...when I travel I'm sort of an ambassador, I guess. I travel Nebraska wines with me. It's a little harder now. You have to check them in your luggage, but be that as it may, I take them with me because I know when I go to another area where wine is produced, if I can convince them to try them, they're going to be pleasantly surprised. They don't believe that this kind of quality can be produced. Most places are always proud of their own beverages and wines, in particular, so they're going to be defensive almost, but if they're being honest about it...I have had so many interesting comments from Australia to California to Hungary and other wine producing regions where--and Portugal, for example--that they really thought Nebraska wines were world-class. So that's something to hang our hat on and a reason for helping this industry develop. [LB441]

SENATOR DUBAS: What's the average size of a vineyard? [LB441]

PAUL READ: Average size? [LB441]

SENATOR DUBAS: Yeah. Is there an average size? [LB441]

PAUL READ: No. Well, there probably is statistically speaking, but in Nebraska our

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

General Affairs Committee
January 29, 2007

vineyards range from as little as less than an acre to 25 or more acres. In other parts of the world, I did work in the Australian industry for awhile a couple times, and some places the vineyard size may be several hundred acres or several thousand even. That's not feasible right now in our location. Mention was made earlier, by the way, of the impact on the small, rural communities. The economic multiplier effect is really exciting to see, because these places become a destination and when people come to see the winery they also will stop and maybe visit the local antique shop, stay at the bed and breakfast, buy gas at the gas station, eat at the restaurant, and so on. And there's really an economic multiplier effect beyond the obvious ones of the employment that takes place in the vineyards and wineries. [LB441]

SENATOR DUBAS: Thank you. [LB441]

SENATOR McDONALD: Thank you. Senator Janssen. [LB441]

SENATOR JANSSEN: Paul, have you ever thought about using the University of Nebraska property they have in Mead at the old ordnance plant or isn't that soil right? It would be pretty close for you to test with. [LB441]

PAUL READ: The viticulture program doesn't have grape plantings there, but the conservation survey division put a small planting there and we cooperated in helping them get it established. I think they planted about three years ago, but that is not a location that we have focused on. However, there are some commercial vineyards in the immediate area of Mead that are doing quite well. So to answer your question about the quality or the potential of growing good grapes in that area, yes, it's very good potential. We just can't afford to establish another vineyard unless we get an infusion of money. The ones we have are doing well. We'll be in our tenth year. We will have 10 years of record of research on something like 75 different kinds or varieties of grapes that we have in our trials. [LB441]

SENATOR JANSSEN: Where are those vineyards located at around that area? [LB441]

PAUL READ: Initially because the initial funding was provided by the Kimmel Foundation as I mentioned earlier, we put them in southeast Nebraska and also because southeast Nebraska appeared to be the most... [LB441]

SENATOR JANSSEN: Suitable. [LB441]

PAUL READ: ...conducive to growing good grapes; however, you can grow them in a lot of other places and we're finding that out, and growers are finding that out. But anyway, the research vineyards we have are south of Nemaha, northwest of Peru, north of Nebraska City, and the only one we have on university property is at Scottsbluff. We have collaborative vineyard trials with private operators in Wilber and Kearney, several

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

General Affairs Committee
January 29, 2007

other locations throughout the state including recently St. Paul, Nebraska, and nearby vineyards. There are three vineyards given St. Paul and one in between. [LB441]

SENATOR JANSSEN: That's quite a bit. Thank you. [LB441]

SENATOR McDONALD: Any other questions for Mr. Read? [LB441]

PAUL READ: Again, as the previous gentleman said, if I can provide further information I'd be happy to do so. [LB441]

SENATOR McDONALD: Mr. Read, nice tie. (Laughter) [LB441]

PAUL READ: Pays to advertise. Thank you. [LB441]

SENATOR McDONALD: Anyone else offering support for LB441? Anyone in opposition of LB441? Anyone in a neutral capacity? [LB441]

HOBERT B. RUPE: Senators, once again my name is Hobert Rube. I'm the executive director of the Nebraska Liquor Control Commission. I guess I would give you just a little history of the S1 license and then answer any questions. The S1 license is currently set for \$500. Right now I think it's on the high end, but right now a lot of states are having to figure out how they're going to handle the direct shipping issue anyway because of the Granholm case of two years ago. Nebraska was lucky in that we didn't have to scramble and come up with a direct shipping law in a response to that one as many other states did. For as you're aware, Granholm was a case which looked and compared the 21st Amendment and the rights of states to regulate alcohol sales within the borders and how it would interplay with the Dormant Commerce Clause of the constitution. And boiled down to the nutshell, the commerce clause eked out the 21st Amendment at the wire, but they said that states will have a lot of abilities under the 21st Amendment, but they can't treat instate entities better than out-of-state entities. And the case which spawned Granholm was out of Wisconsin where they allowed their farm wineries to direct ship to filing consumers and refuse to allow out-of-state wineries that same privilege. Nebraska didn't have that problem because we have the S1 license. It is \$500. That is a little high, but then when you consider that under our law because they're not domiciled to Nebraska, they're not subject to the occupation tax, so a farm winery in effect is paying \$250 in a fee to the state, but then they're paying up to twice that amount to either the county or the city depending on where they're domiciled as an occupation tax. So their license fee, in effect, is close to \$750. That's across the board on all retail licenses, craft brewery licenses, and farm winery licenses. So, you know, the \$500 looks like its high compared to the other rates, but once you factor in the occupation tax the disparity somewhat shrinks. I'm not going to give you a guess on how many of these S1 licenses we're going to end up. My predecessor was famous for thinking we would have 2 or 3, now we have 139. I'm not going to go down that. If I were

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

General Affairs Committee
January 29, 2007

to guess right now I'm not sure how many more we're going to get. And I'm basing that on this month we're finally getting in the tax returns from the S1 licenses. They only have to remit their taxes by January 25, I believe, for the year preceding. And we're getting quite a few tax returns from people who have S1 licenses which are 75 cents, a dollar and a half. So that means they're not selling a lot of wine, because they are taxed at 95 cents a gallon. And so to say if they're actually paying 95 cents that means they're selling a gallon which is somewhere about 2.37 cases of wine. So there's a lot of these S1 licenses, I'm not really sure how long they'll continue to renew their licenses unless they're increasing sales. So that's just one caveat I wanted to put out there. And I think it might have been Mr. Ballard earlier said that a lot of these places, although there are many more vineyards, a lot of these small vineyards in California will sort of band together and have one person get the license and then handle three or four small wineries. So they sort of do combine under the one license. They have sort of an agent who gets the S1 license. Any questions? [LB441]

SENATOR McDONALD: Any questions? We just downloaded the Nebraska Liquor Control Commission license search and find out they're now 143. So four more from last check. [LB441]

HOBERT B. RUPE: Four more since the other day, yeah. But right now that number will go up and down because we are coming up on renewals in April. So some people might drop off there. So it's...like I said I'm not going to guess. I'm just saying I did see the tax returns because I had my new revenue person going how do I cash a check for \$1.21? I go well, you send it to the General Fund. [LB441]

SENATOR McDONALD: So you're saying it's a moving number. [LB441]

HOBERT B. RUPE: It could be a moving number. Like I said, I think I'm not sure we reached critical mass yet or if we're going to go down. I'm not saying...I guess my gut feeling would be don't expect the explosive growth we've had over the last three years to continue. I think the, you know, the explosive growth time on those licenses has probably peaked. [LB441]

SENATOR McDONALD: And I look at it, success breeds success. And so I look at it that we have successful vineyards and wineries, we're going to continue to look at that opportunity. [LB441]

HOBERT B. RUPE: You've got to remember all the S1 licenses are domiciled outside of Nebraska. [LB441]

SENATOR McDONALD: Any other questions for Mr. Rupe? Okay, thank you. Any other one in a neutral position for LB441? If not, that closes our hearing. Our next bill will be LB645. Senator Heidemann. Welcome. [LB441]

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

General Affairs Committee
January 29, 2007

SENATOR HEIDEMANN: Good afternoon, Madam Chair McDonald, and members of the General Affairs Committee. I am Lavon Heidemann, spelled H-e-i-d-e-m-a-n-n, representing Legislative District 1 and I am here to introduce LB645. In the event that a bed and breakfast establishment obtains a state liquor license, LB645 would allow them to be exempt from any local option occupation tax that might be charged. LB645 also defines a bed and breakfast establishment as any place of lodging that provides rented rooms to 10 or fewer people that is a personal residence of the owner that is occupied by the owner at the time of check-in and in which the only meal served to renters is breakfast. Right now, any business establishment that obtains a liquor license from the state may be charged a local option occupation tax that is up to two times the amount of the state license fee. Most bed and breakfast owners would like to obtain a Class C license which is \$300 or a Class 1 license which has a fee of \$250. This cost for many of them is already prohibitive. Then when the local governing body may charge up to two times that amount, this makes it close to impossible for many small bed and breakfast owners to afford any kind of liquor license for their business. Bed and breakfast owners would not want to be serving a huge amount of beer, wine, or liquor to their renters. It would, however, be nice to be able to offer a glass of wine, for example. These local option occupation taxes that may be charged when a liquor license is obtained are often used to pay local law enforcement. Bed and breakfasts would not be serving the amounts of alcohol that get people intoxicated and disorderly, nor would they want people in an intoxicated state staying in their personal residence. There are others here to testify today that can expand on some of the points I have made, but with that I would be happy to answer any questions that you might have. [LB645]

SENATOR McDONALD: Any questions for Senator Heidemann? I guess not. Do you plan on closing? [LB645]

SENATOR HEIDEMANN: I probably will not. If there are more questions that come up my legislative aide, Anne Fargen, is here. She could maybe come up and answer them if something comes up as the discussion furthers on. The one comment I would like to make that a lot of establishments that get liquor licenses, as far as the locals are concerned--bars and such--there are local expenses that come with that, with the police enforcement and things like that. With bed and breakfasts you usually don't see the amount of alcohol consumed and there aren't the local problems that the local officials have to take care of. And this is one of the reasons that we are supporting this. These people probably don't put a burden on local officials and we don't quite see why they should have to pay the amount of money that they are required. So with that, thank you. [LB645]

SENATOR McDONALD: Okay. Thank you. [LB645]

SENATOR DUBAS: No, that's fine. [LB645]

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

General Affairs Committee
January 29, 2007

SENATOR ERDMAN: She had a question for you, but... [LB645]

SENATOR HEIDEMANN: I've got time. [LB645]

SENATOR DUBAS: You answered it. You answered it for me, thank you. [LB645]

SENATOR HEIDEMANN: Okay. [LB645]

SENATOR McDONALD: Okay. Anyone in support of LB645? [LB645]

MARY COLEMAN: (Exhibit 1) Good afternoon, Chairperson McDonald and committee members. My name is Mary Coleman, M-a-r-y C-o-l-e-m-a-n, and I am the president of the Nebraska Association of Bed and Breakfast, also known as the NABB. We are a state association made up of 45 bed and breakfast owners that vary from one-guest room inns to an 18-guest room inn. Our bed and breakfasts are located throughout the state of Nebraska. The NABB has set standards that prospective members must comply with and an inspection process that must be passed before they can become a member of the NABB. We also have a guest comment card process that members must participate in that helps the NABB inspect each B and B during the year. Copies of these items have been distributed. The Nebraska Association of Bed and Breakfast has established a presence in the lodging and tourism business in Nebraska. The establishments in the association are located in cities, towns, villages, on farms or ranches. Facilities range from historic homes furnished with antiques to contemporary homes with the latest technology. There are cabins in the country with room for horses as well as family homes and historic hotels. The B and B clientele include state, national, and international visitors. NABB innkeepers love what they do and serve as positive ambassadors for Nebraska's tourism industry. The NABB asks that a change in the law be seriously considered as this would directly impact and benefit two segments of business in Nebraska. The bed and breakfast industry in Nebraska is a part of the economy that is growing every day and becoming an important part of tourism industry. Tourism is the third largest industry in the state of Nebraska and owners of B and B's host guests from all over the nation and the world. Bed and breakfast guests love packages. A glass of Nebraska-made wine included in these packages would not only be promoting Nebraska wineries, but also would be a tool in enticing guests to our B and B's. Our small member B and B's cannot afford the high cost of a liquor license, which includes the state and local charges. Exempting bed and breakfasts from the local liquor occupation tax would make it more profitable for these B and B's to make application for a liquor license. We are not bars or restaurants, therefore, we would not allow the public to walk in to our establishment for a drink. We simply want to serve our guests a glass of wine. This would indeed be a win/win situation for all involved. The wine industry and innkeeping go hand in hand in the hospitality industry and it's only natural and fitting that we work together to promote one another and our state for the

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

General Affairs Committee
January 29, 2007

benefit of all. Thank you. [LB645]

SENATOR McDONALD: Thank you, Ms. Coleman. Any questions for Ms. Coleman?
Senator Erdman. [LB645]

SENATOR ERDMAN: Are there any bed and breakfasts that serve food other than
breakfast? I mean, obviously that's implied in the name, but the bill reads that this would
only be available to those entities that only serve breakfast. I've stayed in bed and
breakfasts in other states that serve supper as well. I mean, is... [LB645]

MARY COLEMAN: Right. And I do that, in fact, too. You either have to have a caterer's
license yourself and a caterer's kitchen. Or you have to have a caterer come in, a
licensed caterer come in and serve. I do not myself have a caterer's license so I work
with a local caterer, and she prepares the food and everything in her caterer's kitchen
and brings it to me and then we serve it for luncheons and dinners and brunches. You
know, things other than serving our guests. [LB645]

SENATOR ERDMAN: And so there are scenarios out there where there may be entities
that wouldn't qualify that are considered bed and breakfasts under this bill or... [LB645]

MARY COLEMAN: There might be a few that may not qualify, but the majority of ours
would qualify, because we are living on-premise, the owners are on-premise. I think that
would be the only stipulation--that we would have to live on-premise. [LB645]

SENATOR ERDMAN: So a majority of the 45 members of your organization would be
breakfast only as far as meals that they serve. [LB645]

MARY COLEMAN: Right, right. [LB645]

SENATOR ERDMAN: Okay, thank you. [LB645]

MARY COLEMAN: Um-hum. [LB645]

SENATOR McDONALD: Thank you, Senator Erdman. Senator Dubas. [LB645]

SENATOR DUBAS: Thank you, Senator McDonald. Along that same line, the definition
refers to 10 or fewer people so most of your B and B's they can't house over 10 people?
[LB645]

MARY COLEMAN: Right, right, right. [LB645]

SENATOR DUBAS: Okay. [LB645]

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

General Affairs Committee
January 29, 2007

MARY COLEMAN: Correct. [LB645]

SENATOR DUBAS: How did you come up with that number 10? That's just where it works up? [LB645]

MARY COLEMAN: We didn't come up with it. It was there. I'm not sure how it came about. [LB645]

SENATOR DUBAS: Okay. [LB645]

MARY COLEMAN: I can't answer that right now. [LB645]

SENATOR DUBAS: But that's probably the capacity of most of the... [LB645]

MARY COLEMAN: Right, right, right. [LB645]

SENATOR DUBAS: All right. Thank you. [LB645]

SENATOR McDONALD: Miss Coleman, are you looking at as like a happy hour from before four and six, upon check-in? Is there going to be a time frame? Since you don't serve a meal in the evening or typically most of them wouldn't, what would be the time frame in serving that alcohol? [LB645]

MARY COLEMAN: I would imagine most B and B's have a check-in time say maybe between four and six. That's because most of our guests come in, they check in, and they go have dinner somewhere. I, myself, when they check in I would just say that, you know, we have a complimentary glass of wine for you whenever you would like it. If it be, you know, before they went to dinner or afterwards. Some might choose to have a specific time frame, like say from five to six, you know we do serve a complimentary glass of wine if you would like to join us in the parlor or wherever. Those would be the two options that I would see where most B and B's would do it. [LB645]

SENATOR McDONALD: This would give the guests a chance to mingle and meet the other ones that are there. [LB645]

MARY COLEMAN: Exactly, get to know each other, too. You know, you a lot of times have more than just one couple. I just have two rooms. And so I'm a pretty small one, but when you do have both rooms filled it's kind of nice to get the interaction between those two rooms, you know, of guests and let them get to know each other. If somebody's from out of state you learn more about that state and you learn more about each other, too. Yeah, just kind of a social part. [LB645]

SENATOR McDONALD: So if they decided that they liked that wine you, of course,

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

General Affairs Committee
January 29, 2007

could not sell them a bottle, right? Is that correct? Does this give you the opportunity to sell that wine? [LB645]

MARY COLEMAN: Well, it depends on from what I understand the type of license that you would decide to purchase. Most of us just want to be able to promote Nebraska-made wines. Most of us are close to one of the Nebraska wineries and so that way if we just served a glass of red wine or white wine, we could let them know that those wines are available at the local winery and that way giving them an opportunity to go visit that winery, too. [LB645]

SENATOR McDONALD: Okay. Any other questions for Ms. Coleman? I see none, thank you. [LB645]

MARY COLEMAN: Thank you. [LB645]

SENATOR McDONALD: Do we have anyone else in support of LB645? Anyone in opposition? Anyone in a neutral? [LB645]

SENATOR HEIDEMANN: Unless there are any questions. [LB645]

SENATOR McDONALD: Okay. I see none. That closes the hearing on LB645 and closes the hearings for the day. Thank you for coming. [LB645]

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

General Affairs Committee
January 29, 2007

Disposition of Bills:

LB441 - Advanced to General File.
LB549 - Advanced to General File.
LB645 - Held in committee.

Chairperson

Committee Clerk