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General Affairs Committee
February 12, 2007

[LB404 LB578 LB689]

The Committee on General Affairs met at 1:30 p.m. on Monday, February 12, 2007, in Room 1510 of the State Capitol, Lincoln, Nebraska, for the purpose of conducting a public hearing on LB404, LB689, and LB578. Senators present: Vickie McDonald, Chairperson; Russ Karpisek, Vice Chairperson; Annette Dubas; Philip Erdman; Mike Friend; Ray Janssen; and Don Preister. Senators absent: Merton "Cap" Dierks. []

SENATOR McDONALD: Welcome. I think we'll get started here. This is the General Affairs Committee and I am Senator Vickie McDonald and I'm chair of the committee. We have at least five committee members here present so I think we'll get started. To my left is Senator Dubas from Fullerton, Senator Ray Janssen from Nickerson, and to my right is Senator Friend from Omaha, Senator Erdman from Bayard. Missing Senator Dierks, but he should be with us shortly. Senator Karpisek from Wilber. Very good. Our page today is Marcus Bish from Ord. My committee staff to my right is Laurie Lage, our legal counsel, and to my left is Nicole Trexel, our committee clerk. Today we'll be hearing three bills and here comes Senator Preister. The first bill we will hear is LB404, then LB689, and then LB578. After the bill openings we will first hear testimony in support of the bill, and then testimony in opposition, and finally, neutral testimony. If you're planning to testify in any capacity please pick up a sign-up sheet that's available at either door at a table and bring those forward and give those to our page or our committee clerk. Please fill these out before you come to testify and have them filled out correctly so we can use that information for our recording. If you have handouts, make sure you have at least 10 handouts. And if you have a cell phone or any object that makes noise, please put it on vibrate, and I think we will get started. Please give us your first name and last name and spell both of those. We're ready for our first bill, LB404 with Senator Janssen. Welcome. [LB404]

SENATOR JANSSEN: Good afternoon, Senator McDonald and fellow members of the General Affairs Committee. The bill I'm bringing you today would allow the maximum salary members of the Liquor Control Commission to increase from \$12,500 to \$25,000 per year. Currently, the Governor sets the salary at an amount not to exceed \$12,500. LB404 would give the Governor the authority to set that salary at any amount up to \$25,000 per member. This last salary was raised in 1973 when it was increased from \$10,500 to \$12,500. You know, we always like to look at things based on inflation and that in 1973, that \$12,500 would equal over \$56,000 in today's economy. It's been 34 years since it was this last increase and I think now is a good time to increase it so that we can retain and attract the quality members, which in my opinion, we have on the commission. I believe that there are people here who would probably testify for me. With that, I'll try to answer any questions you might have. [LB404]

SENATOR McDONALD: Any questions for Senator Janssen? Senator Karpisek.
[LB404]

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

General Affairs Committee
February 12, 2007

SENATOR KARPISEK: Thank you, Chair. What was the \$25,000? Just double it? Was there anything more than just... [LB404]

SENATOR JANSSEN: Basically, yes. Of course, you realize that that would be up to the Governor to set that rate as he now has the authority to do and not to go over the \$25,000. So if he would want to set it at \$14,000 or whatever number he would choose to do. And I think that's a good idea and in order to get qualified and quality people like, I believe we have on the commission right now. They are (inaudible). [LB404]

SENATOR KARPISEK: And how many are on the commission, Senator? [LB404]

SENATOR JANSSEN: There are three. [LB404]

SENATOR KARPISEK: Three? [LB404]

SENATOR JANSSEN: Um-hum. [LB404]

SENATOR KARPISEK: So what you're saying is you're not saying, yeah, let's give them \$25,000. Let's let the Governor decide up to that. [LB404]

SENATOR JANSSEN: That's right. It just raises the cap, Senator, so that he has some room to work with in there. [LB404]

SENATOR KARPISEK: Thank you, Senator. Thank you, Madam Chair. [LB404]

SENATOR McDONALD: How long a terms do their commissioners run? [LB404]

SENATOR JANSSEN: Oh golly. You know, I think it's a four-year term. [LB404]

SENATOR DUBAS: It says six. [LB404]

SENATOR JANSSEN: Is it six? Okay, six years. I stand corrected. [LB404]

SENATOR McDONALD: Are they appointed by the Governor or are they voted... [LB404]

SENATOR JANSSEN: They are appointed by the Governor, yes. [LB404]

SENATOR McDONALD: And renewed every six years? [LB404]

SENATOR JANSSEN: Um-hum. [LB404]

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

General Affairs Committee
February 12, 2007

SENATOR McDONALD: Or reappointment is then created? [LB404]

SENATOR JANSSEN: That's correct. [LB404]

SENATOR McDONALD: Any other questions for Senator Janssen? I see none, thank you. [LB404]

SENATOR JANSSEN: Yes, I'll stick around to close. [LB404]

SENATOR McDONALD: Okay, all right. We're looking for testimony that supports LB404. Welcome. [LB404]

MIKE KELLEY: Madam Chairperson and members of the General Affairs Committee, my name is Mike Kelley, K-e-l-l-e-y. I'm registered lobbyist for Responsible Beverage Operators of Nebraska and I'm also representing myself, which is something I try to very rarely do if at all possible. They always say an attorney represent yourself you have a fool for a client. I started practicing law in 1972 and as part of that practice, Liquor Control Commission has been one of the emphasis that I've been there. And I'd say maybe starting about 20 years ago, it's become a major emphasis. The Liquor Commission, just so you know a little bit about it, is again, three--one person from each Legislative (sic) District--two from one political party, one from the other political party. That obviously kind of rotates around. They serve six-year terms. They meet at least once a month. Generally have two-day sessions. The responsibility is enormous. I'm informed they collect over \$26 million in taxes. They also conduct quasi-judicial hearings. If you own a bar or a restaurant or something and you have a liquor violation, this is the body you go in front of. This is the jury. They act as a quasi-judicial body. They hear cases. They hear evidence. And they hear some...again, Whiteclay was an issue for them. They've had all kinds of issues. It's an enormous responsibility that these folks have. We are very fortunate to have one lady from Scottsbluff who comes in who's an attorney--very, very good commissioner. And I echo Senator Janssen's comments. We happen to have some very good people, as we do senators, too, but you're not paid enough either. That doesn't make the salary right. We've been very fortunate to have the kind of quality people we have. I think sooner or later our luck will run out. I think you've got to pay something commensurate. Somebody from Scottsbluff and Senator Erdman can probably tell us better, but you come in for a two-day hearing I would assume you're basically talking four days out of your week--a day to get here...unless you want to push it in the evening or something, because you're talking a day to get here, two days of hearings, and then a day to go home. That's a lot of time. Here's a lady who also has a family, but she also has an active practice of law. So you're talking to try to get people who have professional degrees and people who are, you know, have good records and upstanding people, you know, they're busy folks and time costs money. So I think in order to continue to attract those type of people we need to have more salary, whether it's \$25,000--I don't know--but I think we ought to give the

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

General Affairs Committee
February 12, 2007

Governor a little more leeway in that area. This scenario you probably won't have a lot of testimony about it either way, but I think it's something that's been 30 years...I think I feel strongly it's something it's time we looked at. I've been involved in political process for many, many years and sometimes I've been involved in recruiting for some of these types of offices, and sometimes it's really hard to find people when it doesn't pay very much, and here's one that I think requires pay. There are some, a lot of them don't. You know, most school boards, they serve without it, but here is something we are doing. I think major-league responsibility and I think we ought to have the pay be somewhat commensurate with the duty. So with that, I would be happy to answer any questions. [LB404]

SENATOR McDONALD: Any questions for Mr. Kelley? Senator Preister. [LB404]

SENATOR PREISTER: Mr. Kelley, I think you were saying that there's one representative on Liquor Control Commission from each congressional district, meaning three? [LB404]

MIKE KELLEY: What did I say? Legislative District? [LB404]

SENATOR PREISTER: Legislative District. [LB404]

MIKE KELLEY: I'm so sorry. I meant congressional district, obviously. Three commissioners. [LB404]

SENATOR PREISTER: Okay, I thought that was what you meant. [LB404]

MIKE KELLEY: Thank you very much for correcting me. [LB404]

SENATOR PREISTER: Thank you. [LB404]

MIKE KELLEY: The older I get the worse I get. [LB404]

SENATOR McDONALD: Any other questions for Mr. Kelley? I have one. Do you remember the last time it was changed? Was it the Governor's discretion to make the decision of what the amount would be or was the bill with an exact figure? Do you remember? [LB404]

MIKE KELLEY: In 1973, I don't know. I was just starting to practice law. Barely even knew how to spell Liquor Commission and I didn't know how to spell Legislature. I thought I did. I thought I knew everything, but I found out, you know, the longer you're around the less you know. But, Senator, I don't know. I can't tell you that. [LB404]

SENATOR McDONALD: Okay. That's fine. All right. Appreciate that. Thank you. Oh, we

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

General Affairs Committee
February 12, 2007

have one more question. [LB404]

SENATOR KARPISEK: I'm sorry. Do they make the \$12,500 now? [LB404]

MIKE KELLEY: Yes, yes, they do. [LB404]

SENATOR KARPISEK: All three. [LB404]

MIKE KELLEY: Yes, I believe it's either \$12,500 or \$12,000. I thought it was \$12,000 to be honest with you. Mr. Rupe is here if you want to know for sure, but I thought it was \$1,000 a month, but it might be the full \$12,500. [LB404]

SENATOR KARPISEK: Okay, thank you. [LB404]

SENATOR McDONALD: Okay. Any other questions? I think that's all. Thank you, Mr. Kelley. [LB404]

MIKE KELLEY: Thank you. [LB404]

SENATOR McDONALD: We are taking support. Those that support LB404. Any opposing legislation or debate, excuse me? Welcome. [LB404]

RICHARD HALVORSEN: Good afternoon, Senators. My name is Richard Halvorsen, R-i-c-h-a-r-d H-a-l-v-o-r-s-e-n. I suppose I represent the thousands of Nebraskans that think \$12,500 a year for a part-time job that doesn't involve any heavy lifting with an expense account is, you know, pretty good wages. Like the lobbyist pointed out, I mean, there are people like Board of Regents for example, and school boards...there are people that, you know, take up public service that spend large amounts of time and cover large amounts of distance with no pay whatsoever, because they are interested in that public service. And then he says, well, this will just raise the cap. Well, knowing government, if you raise the cap it's going to sooner or later you're going to reach the cap. You can almost bet on that. If you raise it to...like I say, mention inflation? Well, this will be 50 percent in one year. There are lots of Nebraskans that will be lucky to get 2-3 percent raise this year and that probably won't even cover the cost of their health insurance. And he says, responsibility. Yes, it is a great responsibility, but then again, you know, other boards--Board of Regents--you know, they shoulder great responsibility, too. And let's say this board, they have legal counsel, they have staff. So it's not like they're shouldering, you know, the entire workload themselves. Again, maybe a raise is justified. In fact, a single raise probably is justified, but I think the 100 percent raise is too much. I'm sure with a slightly higher raise you can find plenty of competent people that these people just, you know, decided well, it's too much of a burden. I'm sure you can find somebody else very competent to step in for, you know, either current rate or maybe a little bit higher. Thank you. [LB404]

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

General Affairs Committee
February 12, 2007

SENATOR McDONALD: Thank you. Any questions for Mr. Halvorsen? Mr. Karpisek. [LB404]

SENATOR KARPISEK: I would just like to point out that they didn't get any raise for 30 years. So getting a... [LB404]

RICHARD HALVORSEN: But it's not the same people either. [LB404]

SENATOR KARPISEK: Well, true, but anyway if you split that out it... [LB404]

RICHARD HALVORSEN: Right, yeah. [LB404]

SENATOR KARPISEK: I'm not a very good mathematician. Senator Erdman could probably help me out. [LB404]

RICHARD HALVORSEN: It would be 50 divided by 13 into 50...or 30...that would be about...yeah, if you give it now it would be a little bit over 1 percent, I guess. [LB404]

SENATOR KARPISEK: Yeah, so anyway I just wanted to point that out. Thank you. [LB404]

RICHARD HALVORSEN: Yeah, all right. [LB404]

SENATOR McDONALD: Mr. Halvorsen, would you rather see...you said maybe they deserve a small raise. Would you rather see an exact figure that's voted on the floor rather than giving the Governor a range? [LB404]

RICHARD HALVORSEN: Yes, I think, because I think if you vote for that range it's going to reach that range. I mean, the Legislature's been pretty generous. Like last session increasing several like Public Service Commission salaries and some of the other salaries. So I think, you know, the government would probably feel obligated, you know, to match, you know, those raises with this board here. [LB404]

SENATOR McDONALD: And what do you think that magic number should be? [LB404]

RICHARD HALVORSEN: A hundred percent, yes. [LB404]

SENATOR McDONALD: No, if we did a number rather than a range what do you think that number should be? [LB404]

RICHARD HALVORSEN: I say 10 percent. [LB404]

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

General Affairs Committee
February 12, 2007

SENATOR McDONALD: A 10 percent raise? [LB404]

RICHARD HALVORSEN: Yeah. [LB404]

SENATOR McDONALD: Okay, thank you. [LB404]

RICHARD HALVORSEN: All right. [LB404]

SENATOR McDONALD: Any others in an opposing viewpoint? We're looking for neutral testimony. Those that would like to testify in a neutral testimony. I see no neutral? Okay, I see none. That closes the hearing on LB404. Do we have a closing? [LB404]

SENATOR JANSSEN: Can I? [LB404]

SENATOR McDONALD: You can close if you'd like. [LB404]

SENATOR JANSSEN: I'd appreciate it. A couple comments. Now if you remember it says not to exceed, and that's the old language that when the cap was at \$12,500, that was also in there--not to exceed \$12,500. I don't know what they started out at 30 years ago, but it was probably...well, the increase was from \$10,500 to \$12,500. So that was the only increase that they had received in 1973. So with that, I think the argument has been made that it is a job that is probably a thankless job, because the issues that do come before the Liquor Commission usually are pretty tough jobs. You know, you're talking about a livelihood of some people that they have to make decisions on. And most of the time they're not very popular decisions either, because when you're working with alcohol sometimes those aren't popular. And I think that the Governor would not go from \$12,500 to \$25,000. [LB404]

SENATOR McDONALD: You think that will fit within the Governor's budget. He is allowing very small increases in government spending... [LB404]

SENATOR JANSSEN: That's right. [LB404]

SENATOR McDONALD: ...and so probably would be closer to a smaller number than a larger number. [LB404]

SENATOR JANSSEN: I would say, you know, probably 10 percent. Something like that...15...that would be up to the whoever is sitting in the executive branch of our government. [LB404]

SENATOR McDONALD: Okay, all right. Thank you. Well, that closes the hearing on LB404. Our next bill is LB689 from our own Senator Karpisek. Welcome. [LB404]

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

General Affairs Committee
February 12, 2007

SENATOR KARPISEK: Thank you, Chair McDonald, members of the General Affairs Committee. My name is Russ Karpisek, K-a-r-p-i-s-e-k, and I represent the 32nd Legislative District. I'm here today to introduce LB689, which would provide for a limited winery license. Just going to read to you from the statement of intent. LB689 provides for a limited winery license, whereas limited winery would mean an enterprise in which a customer creates his or her own wine using products and the premises provided by the holder of a limited winery license. Further defined, the customer begins by selecting the products to be used, beginning the fermentation process, leaving the product at the winery for the fermentation process, and bottling by the licensee after the fermentation is complete. Then they return and bottle and cork it and affix the label of their own design, usually, or a bottle for the customer's wine. The bill also mandates that the holder of the limited winery license shall not be allowed to engage in the wholesale distribution of the wine. LB689 was drawn up much like the farm winery and the craft brewery bills, and also the Colorado Limited Winery License. A big difference from the Colorado license would be that the limit in Colorado would be 100,000 gallons of wine, where in our bill we are letting them make 30,000 gallons. Another difference is that Colorado will allow them to manufacture, wholesale, and retail while our Nebraska law will not allow for the wholesale until they would go over the 30,000 gallons. You have to use a wholesaler. The major difference between a farm winery and a limited winery is that the limited winery would not need to use the 75 percent Nebraska products. And I realize that's a huge part of the Farm Winery Act. Since it is not a farm winery, it would be taxed at 95 cents per gallon compared to the 6 cents per gallon that we currently let the farm wineries use. The fiscal note assumes only one winery could generate over \$25,000 per year. I think more would come in online and help the wine and grape industry, and also rural and small community business development, as well as a money maker for the state. My wife and I went to Hermann, Missouri, a couple of years ago for vacation and they have a large winery base right around there. Missouri has many more grapes grown and a larger winery. But the whole state now is really cashing in on these wineries. They have limo services that will take you from winery to winery and you can sample and buy things and can just really see that it has been a huge economic booster for that part of the state and the country. So with that, I would take any questions. [LB689]

SENATOR McDONALD: Are there any questions for Mr. Karpisek? Senator Dubas. [LB689]

SENATOR DUBAS: Thank you, Senator McDonald. So what customer are we targeting here? Just somebody who wants to have their own wine label or... [LB689]

SENATOR KARPISEK: Right. I could see it as maybe a doctor's or a lawyer's office or as my meat market or your meats. You could go in, start the wine process, pick a wine that you like. They would have different kinds to sample. Pick one that you like, get the process started. They turn it and do all the things that need to be done. When the

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

General Affairs Committee
February 12, 2007

process is finished you come back, bottle it and cork it, and then put your own label on it. So you would have something made by you, from you, and I think that it could be a very good thing to give away. Again, I realize with the farm winery the difference would be the 6 cents and the 95 cents. [LB689]

SENATOR McDONALD: Senator Janssen. [LB689]

SENATOR JANSSEN: Well, could you use your own recipe then? Say you wanted some oranges or grapes and have your own formula and... [LB689]

SENATOR KARPISEK: I'm sure that you could. I think we'll have some testimony by the couple that are interested today and they could probably answer that better, but I'm sure that you could use whatever you want. What they want to do now is use grape concentrate from other places than just Nebraska...California...I know, but if you consider the 95 cents compared to 6 cents per gallon, I think that's where we're trying to go here. [LB689]

SENATOR JANSSEN: But then they could actually use their own recipe then. [LB689]

SENATOR KARPISEK: Yes. [LB689]

SENATOR JANSSEN: All right. And then would they have to buy the products through the winery? [LB689]

SENATOR KARPISEK: Yes. [LB689]

SENATOR JANSSEN: Okay, all right. [LB689]

SENATOR McDONALD: Any other questions for Senator Karpisek? Okay. [LB689]

SENATOR KARPISEK: I would also like to say a farm winery, then, in my thinking, if they would go over their 25 percent...or under the 25 percent Nebraska product anything over and above would be taxed at the 95 cents rather than the 6 cents. I don't know if that...right now you have to have 75 percent Nebraska product. Say if they would use 30 percent and only 70 percent Nebraska product, the other 5 percent could be taxed at the 95 rather than the 6 possibly. [LB689]

SENATOR McDONALD: Any additional questions? I think not. Would you like to stay around to close? [LB689]

SENATOR KARPISEK: I would love to stay and close in a little bit. [LB689]

SENATOR McDONALD: All right. [LB689]

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

General Affairs Committee
February 12, 2007

SENATOR KARPISEK: Thank you. [LB689]

SENATOR McDONALD: Senator Karpisek, thank you. We are looking for someone to support legislation LB689. Those that would like to support this bill. Welcome. [LB689]

MICHAEL MATTHEWS: (Exhibit 1) Thank you, Senator McDonald and the other members of the General Affairs Committee. My name is Michael Matthews, M-i-c-h-a-e-l M-a-t-t-h-e-w-s, and I'm here to support the LB689 provide for a limited winery license. And the handouts that are coming hopefully clarifies some of the business model that we're shooting for, but I'll just start with the background. My wife and I are both native Nebraskans who grew up in western Nebraska out in the rural community. And we moved to Lincoln when our children were getting ready to go to kindergarten. So we've been here for about seven or eight years. And on a trip to Texas, we went with some friends to a winery called Swirl in downtown Dallas and we loved the whole concept that we experienced there. And as discussions went, we decided that we'd like to try to do this with some friends down in Frisco, Texas, but the financing and stuff were kind of out of our range for having to do something in Texas, you have to do it big always, I guess. So we decided to not pursue that any longer and a couple years later we started the process to see what we could do here in Lincoln to start the same business. We're currently aware of at least 12 states that allow this concept and they're listed in the handout here. And we just went with the franchises that we knew of and this is the states that they were in. The business model that we're basing it on is similar to what we experienced in Dallas where you start out the business with, say, 30-50 different wines for the consumer to taste and each of these wines is manufactured by the holder of this license. Our vision is to also try to include the Nebraska wineries and their products, but that's all based on their economic studies that they'll have to do for some of the visions we have. The 30-50 wines that will be in-house will be available for consumer tastings. You narrow the choices down to red or the color or the tannic or the acidic or sweetness or whatever. And when the consumer goes through the tastings and finds a wine that they would like to personalize then you start the process where they go back to the wine making stations and mix all the ingredients, and from that point they leave it at the premises for six to eight weeks while it ferments. Once it's ready to be bottled, you contact the consumer and they come in and they would pick their bottle type, their label--or at this point they had already designed their own label--but they do the foil and the cork. They get to choose everything and they make their own unique style of wine that they can put in gift bags or give out for Christmas presents or Valentine's presents. And then page 2 kind of is a fancy diagram that my wife put together to kind of show you that you sample, you start your batch, you let it sit until it's fermented, and then you come back and personalize your own bottle. The reason, I guess, we're here today is after discussions with the Liquor Control Commission, we realized that you cannot manufacture and have a way for the consumer to taste the wine because that would be considered a retail license also. So I'd like to thank the Nebraska Liquor Control

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

General Affairs Committee
February 12, 2007

because they've been very helpful in telling us where we need to go and what needs to be in place for us to actually make our dream this reality. So I put in the last e-mail where their agency outlined what had to be in place for this concept to move forward. The benefits for Nebraska we put on page 4 here and I'll just kind of run through them real quick that there's potential for additional make-your-own wine businesses to start out and I guess anywhere in the state that the market and the consumer demand will determine if that's something that can be started in Kearney or Scottsbluff or...each new business or small business that starts also benefits by using the realtors or the architects and the construction companies just for starting up a new business as well as possibly tourism for people who come in to Lincoln for this first store and need a place to go. There will also be employment opportunities. And I think Senator Karpisek already mentioned that there is additional tax revenue for the state. We also see that these specialty businesses also piques the curiosity for the consumer and the surrounding businesses also would benefit from that. We would always promote Nebraska products. My wife's in-laws are water bottlers so that would be one product that would be included as well as meats or cheeses or jellies to go along with the tastings. Our vision is to also market Nebraska wines, because we've heard that the Midwestern pallet is more of a sweet wine and that Nebraska wines compete with anybody in the sweet wine. And we also had the vision, if we could, to go with using their already bottled wine if we could find a label that would meet the federal regulations and then let consumers personalize a bottle of the Nebraska farm wineries' wine. And this would also provide a central location for consumers to learn about the Nebraska's different wine regions as well as wine regions from around the world, because part of the business model will educate the consumer also about the wine regions. And it would offer a new marketing forum for the wineries as far as free advertising. One of the last bullets I have is possible virtual tours using slide show or whatever. So I guess I can close now and open the floor for questions. Sorry, I'm shaking. [LB689]

SENATOR McDONALD: Thank you, Mr. Matthews. Any questions for Mr. Matthews? I have a question. Now you had said earlier, is this a franchise? [LB689]

MICHAEL MATTHEWS: No. [LB689]

SENATOR McDONALD: Is this something that you franchise or is this something that you would purchase the wine-making products? [LB689]

MICHAEL MATTHEWS: Yeah, you would purchase the kits to start out with. [LB689]

SENATOR McDONALD: Are they expensive? [LB689]

MICHAEL MATTHEWS: You can buy them right now at Kirk's Brewery. They're available for people to use to take home and do this at home. [LB689]

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

General Affairs Committee
February 12, 2007

SENATOR McDONALD: Make your own, but you could not... [LB689]

MICHAEL MATTHEWS: You cannot sell. It's for your... [LB689]

SENATOR McDONALD: ...let other people make it on your premise. How do you feel that it would be regulated? Do you think the Liquor Commission would come in and regulate you? [LB689]

MICHAEL MATTHEWS: I would think so, just like I'm sure they do for the breweries. That's kind of what it was modeled after is the breweries. Now the new distilleries that...I think all three bills are written with the same language. [LB689]

SENATOR McDONALD: Okay. Well, there are no other questions? Thank you, Mr. Matthews. [LB689]

MICHAEL MATTHEWS: Thank you. [LB689]

SENATOR McDONALD: Any others testifying in support of LB689? Welcome. [LB689]

MONTE FROEHLICH: Good afternoon. My name is Monte Froehlich, and the spelling is M-o-n-t-e F-r-o-e-h-l-i-c-h. I am the president of U.S. Property. It's a local real estate company. My testimony is primarily going to be directed at just the economic development potential for this bill. And even though I think we're talking about just one startup company, this has the potential to create a new industry in Nebraska. I was born in Nebraska, have two degrees from the University of Nebraska. The first one is in food science, but somehow I wandered into the real estate business. But this truly is an opportunity and I just want to make sure that that vision is definitely cast in terms of this being an opportunity to create a value-added food industry. And my opinion on this is why should Nebraska play second fiddle to any state, including Texas or Colorado. Nebraska, if you spend much time with economic development promoters, value-added food products is one of the top targeted industries to try to enhance, promote in Nebraska. And I think this is an opportunity for not only growers in Nebraska to get their product through all the channels and into consumers' hands, but it's the opportunity to create kind of a new venue for people making their own wine and creating that opportunity. So that's basically the extent of my testimony. If you have any questions... [LB689]

SENATOR McDONALD: Are there any questions? Seeing none, thank you. [LB689]

MONTE FROEHLICH: Okay, thank you. [LB689]

SENATOR McDONALD: Anyone else wishing to testify in support of LB689? If not, we're looking for opposition. Anyone opposing LB689, please come forward. Welcome.

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

General Affairs Committee
February 12, 2007

[LB689]

JOHN FISCHBACH: (Exhibit 2) Good afternoon, Madam Chairman and Senators of the General Affairs Committee. I am John Fischbach, J-o-h-n F-i-s-c-h-b-a-c-h, and I have to say at least one thing. Madam Chairman, you look a lot younger than your picture in the Internet. [LB689]

SENATOR McDONALD: Oh, thank you. [LB689]

JOHN FISCHBACH: A lot younger. When I first read this bill I was kind of in favor of it, and then I started looking at it and I saw some potential problems with it. You've got copies of pages 10 and 11 of the bill, which I've highlighted certain points and I'll go over those. The first thing that kind of caught my mind...like I say, I was kind of in favor of this because I thought it would be similar to California's custom crush operations where customers come in and crush their own grapes, make it on site, and then take it home. And as a wine maker for the last 30-some years--I've been making wine since 1972--I have not been selling it because I don't have a license. I thought this would be a perfect way for me to come in, make 500 gallons of port and then be able to sell it to the public, because the limited winery license would allow the customer to make it there and then come in and cork it and label it, and then they have a license for a tasting room and would have a license for retail. So I thought, bingo, I've got a way of making my own port, which is allowed under state law. Port is a fortified wine. It stated in there using grape products and port is considered a grape product. It's a...brandy is fortified to the new batch of wine about six days into the fermentation process. Brandy is distilled grape wine. I guess since grape products...there was no definition of what a grape product is, but then after I started looking at it I thought okay, what's the definition of a customer? You know, is that a Nebraska resident or is that a non-Nebraska resident? And I included Section 53-125. Classes of persons to whom no license can be issued, which is not a resident, not a citizen of the United States or a person who has been convicted or has pleaded guilty to a felony in their laws of the state. So basically, I thought, gosh, you know, somebody from Texas could probably come up here wanting to avoid the \$500 shipping fee that they have to pay to the state of Nebraska to sell wines in the state. You know, a Texas winery could come up here and make wine at this winery and then, you know, ship it from that point or sell it. I know it also came to a point of after you make this wine at this winery does it...you know, after listening to the person that wants to do this winery, it's basically a small kit type of operation, but it doesn't say that in here. He mentions 4-8 weeks fermentation process. I've been making wine, like I say, for over 30 years and it usually takes about 120 days for fermentation process to be completed and that does not include any type of aging in oak if you're using that. I had another problem on the grape products listed. You know, it specifically says grape products. What happens if I want to make a raspberry wine? It doesn't state in here that I can use other than grape products. And then...let's see what else was I had problems with? I think that basically comes down to it. Yes, it's going to be taxed. Their wine is

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Transcriber's Office

General Affairs Committee
February 12, 2007

going to be taxed at 95 cents a gallon. I know that includes the customer's wine, if that's going to be taxed at the 95 cents a gallon or is it...and it just says once the bottling is complete, they cork and label it. There's nothing about removing it, you know, if the customer proceeds to remove it from the property, not sell it to the public, then I guess there would be no tax. They're just going to give it away, as a home wine maker would do anyway. Well, I've been doing it for the last 30 years. Also, attached to that handout is a business card. I'm also webmaster of the vintagenebraska.org, which is a grape and tourism website for your reference. And I guess I'll be open for any questions. [LB689]

SENATOR McDONALD: Any questions for Mr. Fischbach? I see none, thank you. We're looking for others that would oppose LB689. Those in opposition. If not, we're going to go to neutral testimony. Anyone wishing to speak in a neutral. [LB689]

HOBERT B. RUPE: Good afternoon, Chairman McDonald, members of the General Affairs Committee. My name is Hobert Rupe, R-u-p-e. I'm the executive director of the Nebraska Liquor Control Commission. We're testifying on neutral in this behalf and I'll be honest with you, because we have lot less problems with it in its current form than when it was originally proposed to us, but because we have that past history we still have reservations, I guess, would be a good term regarding the way this is going to work. As the advocates say they did contact the Liquor Control Commission and as part of that we requested a business plan. Well, the business plan basically broke the tier system completely. They wanted to import these grapes, manufacture the wine on the premises, sell it to other retailers, sell it to final end consumers. Basically, they wanted to be a farm winery--because that's the only other license which has that authority--without having the primary limitation placed on it from the Farm Winery Act which must be 75 percent Nebraska agricultural product. The reason this brings concerns up to me is what's happening currently in federal litigation. Some of you probably are aware of the Costco case, which is currently going up to the 9th Circuit Court of Appeals. Costco, at its core, the state of Washington allowed its in-state wine producers to sell directly to the retail tier. Costco says well, then why are you making me buy all my California wines through a wholesaler. I should be able to buy them direct from the winery. I can cut out the middleman. And that's what the court found, that if you're going to allow your in-state entities to do it, you're going to have to allow your out-of-state entities to do it. And that relies upon the earlier case, about two years ago, of Granholm. Granholm was the first time where the U.S. Supreme Court analyzed sort of the tension that can exist between the 21st Amendment, which says hey states, you have exclusive rights to regulate the sale, manufacturing, and distribution of alcohol within your borders versus the Dormant Commerce Clause found in the Constitution. In that case, it had to do with a direct shipping case, but the basic thing in a nutshell, what it is is what was going on in Granholm would have been a slam dunk commerce clause case, but for they had to weigh out and balance out the 21st Amendment. And the way the court did, they sort of split the baby in half, said if you're going to allow in-state people to do it you have to allow out-of-state individuals to do that. So I'm getting a little

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Transcriber's Office

General Affairs Committee
February 12, 2007

leery about...because what this process does, and I was sitting back there and, you know, I kept hearing about the possibility of losing in-state grapes. Well, that's not part of their business plan. The business model they supplied to us is they're importing grape concentrate from Canada. Most of that grape concentrate comes from California, goes to Canada. Why does that happen? Canada's excise tax on wine is horribly expensive so you have a huge home vinting market in the country of Canada. Well, they've produced these kits. Well, that's basically what he's saying. That's where these kits are coming from. They're California grapes, maybe some other grapes, but primarily from large grape-producing states. And so the concern we have is if we're allowing an in-state entity to do this, are we going to have to allow an out-of-state entity who wants to say...Senator Erdman comes out to California. He tries my wine. He goes back home. He says, you know, I really like that. I want to order a case for my upcoming wedding. I don't know if you're getting married soon or not. [LB689]

SENATOR ERDMAN: It would be a surprise to my wife if I were, Hobie. [LB689]

HOBERT B. RUPE: Okay, well then, or your anniversary or whatever purpose... [LB689]

SENATOR ERDMAN: It would be a surprise to me, too. [LB689]

HOBERT B. RUPE: And then we would have to allow an out-of-state winery to do something because we allow it in-state. So that's one concern the commission really has. I just was using Senator Erdman because he and I usually poke fun at each other in these hearings. So that's one of the main concerns we have on this. There's a question that came up earlier on the 75-25. The tax stays at 6 percent. However, if a winery is going to fall below that 75 percent minimum, they have to seek permission from the commission and it has to be for, basically, a natural disaster. They've had to have a tornado, a late or early frost, which destroyed parts of their grapes. We have a system where they have to come in for a hearing, show the last production for the last three or four years, what those fields produced, show what happened because of the natural disaster, and then if they can prove they've had a loss we'll allow them a waiver. We've only allowed two waivers since the Farm Winery Act's been applied, because it's got to be attributed to a natural disaster. And because if they go below 75-25, they're no longer farm winery in which case they no longer can, you know, manufacture, wholesale, and retail, because then they're existing in all three tiers in violation of the statute. So they've got to stay for that 75-25 or seek the emergency waiver from the commission. As this bill sits right now, like I said, it's a lot cleaner than it was. I still have reservations because one of the other things that we saw in the supplied business model was they wanted to supply hotels, Senator Karpisek's meat market. Well, the problem with that is once you start supplying anything other than the final end consumer...in other words, just for my personal use or for my personal use of my guests, then you're acting as a wholesaler again and then you're also supplying to other retailers. I'm not sure if Senator Karpisek has a liquor license currently so I'll use

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Transcriber's Office

General Affairs Committee
February 12, 2007

Senator Janssen. Currently, I believe you don't have one. If you did have a license, but then wanted to raise (inaudible), he couldn't do this, because they would be purchasing for his purpose to then resell and use as a retail, and that would be in violation. And that was an integral part of the original business plan was that exact scenario. So I guess I will leave that we do have serious concerns and raising questions. [LB689]

SENATOR McDONALD: Senator Friend. [LB689]

SENATOR FRIEND: Thank you, Senator McDonald. So, Hobie, let me make sure I understood what you just said. Senator Janssen purchases a liquor license and tries to do what he's going to do under a certain section of the law. He can't, according to the new language we have here, do both. I mean, it wouldn't be feasible? Am I understanding that right? [LB689]

HOBERT B. RUPE: Anything they produce here under this statute would require them to go back to the wholesale tier, sell it through a wholesaler, and manufacturing it. Our concern that we had was the original business plan was he would go into their shop, they would make it for him, and then just sell it to them there. Then he would end up reselling it. That was the original business model. They wanted to be able to make it for you for other retailers to then utilize their purpose. Primarily, they were looking at probably small specialty stores and restaurants being that market, you know. They could do your house wine for them and you have your own license, your own label. And so although that's not allowed under the current statute. That's one of our concerns was when we were first approached about this and the business model we showed, showed that as an integral part of how this operation was going to succeed was based upon having that additional market. That's cut off by this. And so we're making sure that, you know, people know that. [LB689]

SENATOR FRIEND: All right. I got you. So it's not that Senator Janssen--I don't know why we keep bringing--it's not that if he wanted to do it he couldn't do it. If he had both licenses he'd be okay. The law doesn't preclude that, but this law would not allow him to incorporate a limited winery and also market it in that particular area, even though he had a liquor license. Market that wine that he made under a limited winery... [LB689]

HOBERT B. RUPE: See it does allow them to get an additional retail license. You can get a retail license on top of this. That's what this is patterned after the Craft Brewery License, which says if you want to sell anything other than your existing product you have to do that. [LB689]

SENATOR FRIEND: But that's the point. There's nothing in this green copy that deals with that or allows for that. [LB689]

HOBERT B. RUPE: Well, and I said the concerns that we had was because that was a

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

General Affairs Committee
February 12, 2007

major part of the...you know, right now they're going to be left with people who are going to be buying for anniversaries, for weddings, maybe for gifts. This bill sort of cuts out the whole sale for resale side of it unless they're going back in through the wholesale tier. And so then they're going to have to find a wholesaler who's going to carry it. And honestly, Senator Friend, I'm not sure how that would work. I would go in here and say I want this for my restaurant. Oh, let's go find a wholesaler who will carry it so I can buy it from them who will buy it from you, therefore my price just went up by 40 or 50 percent. [LB689]

SENATOR FRIEND: Okay. [LB689]

SENATOR McDONALD: Any other questions? Senator Preister. [LB689]

SENATOR PREISTER: Thank you, Senator McDonald. Hobie, my question is only tangential to the bill, but at one time Nebraska had a separate license for wine, I believe. [LB689]

HOBERT B. RUPE: Yes. [LB689]

SENATOR PREISTER: The beer license and you have the full off-sale license. What happened and why was that wine only license removed? [LB689]

HOBERT B. RUPE: Primarily because we had gotten into about 12 or 13 different classifications of retail license only. That's taking everything else out. What had developed over 15 or 20 years of lawsuits, which sort of broke down the restrictions between in the county and in the city, as to what the (inaudible) could do. The example that I would show you is say if I'm inside the city of Omaha and I want to have a full retail license--beer, wine, spirits on sale and also have an off sale--I would have to get a C Class license. If I'm 500 yards outside the city limit in the county, I would have to get two licenses. I would have to get an M for bottle club, as well as the D for the off sale. And so a lot of those things we have because of court law on how they deal with bottle clubs didn't make any sense anymore and so the commission decided, and we worked with Senator Janssen's office when he was chairman of the General Affairs...I think that was a General Affairs bill. LB45 was, I think. We sort of said let's sort of clarify these license types down as to what they do and we came down to five--a beer only on sale, a beer only off sale; a beer, wine, and spirits on sale; a beer, wine, and spirits off sale; and one that has basically everything. So we have five general types of retail licenses. And that was sort of driven by what we were seeing in the marketplace. Those are the five types of places, because you very rarely would have a wine only location, because wine is wine. Brandy is a distilled spirit. And I think, contrary to Mr. Fischbach, I think and I could be wrong on this one, I think ports are classified as a distilled spirit under the act for taxation purposes, too. I'm not sure. They might not be. I could be wrong on that one. It depends on how it works. So you would have a wine product like brandy, which

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

General Affairs Committee
February 12, 2007

is a distilled spirit, which if you were at a wine only license you wouldn't be able to sell, but it's a wine substance. It's distilled wine product. And so that's why the classification. And like I said, the more I think about it I think I'm wrong on the port, so I apologize on that one. Just strike that one. But I know definitely that the brandy is a distilled spirit even though it is made entirely of wine. Once it goes through the distillation process it becomes a distilled spirit. And so what you had was sort of a clarification as to what license was needed. We went from 12 types of retail license classifications down to 5. [LB689]

SENATOR PREISTER: Consolidation based on what you were seeing in actual practice. Based on also some court law and... [LB689]

HOBERT B. RUPE: Yes. Yeah, and in fact I think one of the proposals was to go down just to three, but it ended up being that the five, I think, reflected what we're really seeing out there. [LB689]

SENATOR PREISTER: Okay, thank you. [LB689]

SENATOR McDONALD: Any other questions? Senator Janssen. [LB689]

SENATOR JANSSEN: Hobie, is there still a bottle club license or is that extinct? [LB689]

HOBERT B. RUPE: No, it's gone. It's extinct. [LB689]

SENATOR JANSSEN: I think those came about in a lot of cities where they did not have liquor by the drink, a bottle club license could be set up or, you know, couldn't be in the city, but was right outside the city limits. In the... [LB689]

HOBERT B. RUPE: You couldn't have liquor by the drink in the county, but you could have bottle clubs. And the court said, basically, that bottle club membership...threw the whole bottle club membership restrictions out. So basically you would get a bottle club and you would have liquor by the drink in the county, because the court law said you couldn't have the restrictions on members only and that kind of stuff. [LB689]

SENATOR JANSSEN: I think you had to bring a bottle in that place. [LB689]

HOBERT B. RUPE: Originally, you had to... [LB689]

SENATOR JANSSEN: I don't...you probably never ever got what you brought in, but... [LB689]

HOBERT B. RUPE: Yeah, originally you had to bring a bottle in. You had to keep it

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

General Affairs Committee
February 12, 2007

there. And then it changed that if you were a member you could buy it by the drink and the court sort of had a little problem with, well, if you can buy it by the drink what does it matter whether you're a member. And these places have real onerous membership difficulties. You had to go up, show them your ID and they would give you a card that said member on it. So they got around it and then the court recognized that that was sort of fallacy and basically did rid of those. I think a lot of the membership requirements were (inaudible) in the early mid-eighties and then, you know...and what happens as oftentimes does with Liquor Control Act was people kept glomming special types of licenses on to meet certain exact criterias. Well, all those criterias were no longer applicable so the time for the clarification not just the five license types for retailers. So I mean, I would say five licenses...I would say you (inaudible) there is farm wineries, craft breweries, wholesale beer, wholesale wine, sacramental wine permit, and everything else, but just for the retail license. [LB689]

SENATOR McDONALD: Any other questions? I have a question. Alcohol, as I'm finding out, is highly regulated... [LB689]

HOBERT B. RUPE: Yes. [LB689]

SENATOR McDONALD: ...whether it's distilleries or breweries or all of the wine making opportunities. In the testimony, they listed several states that have similar business opportunities. My question to you is do they--I'm going to give you those states, too--but do they have the three tier system that we have? And then I'm going to give you the states would be Texas, Colorado, Florida, California, North Dakota, Kansas, Missouri, Illinois, Michigan, Virginia, Kentucky, and New Hampshire. [LB689]

HOBERT B. RUPE: They do and they don't. Some of them you named, i.e. Virginia, came to mind as a control state where the state is the wholesaler, where that to buy a distilled spirit you have to go through a state store, a state wholesaler for a bar. Colorado's limited winery license is basically their version of our farm winery license. There are different permutations, but that exists to serve the same purpose and I think that there is a requirement there for winery. The one thing that is both interesting and maddening at the same time is because of the 21st Amendment, you've had 55 different liquor control acts. People say, well, there are only 50 states. Well, you've got 50 states, 51 for the federal jurisdictions on the District of Columbia, and then somehow Hawaii has three different liquor control boards depending geographically on their license. And so all of them have slightly different variations. I will say that Nebraska has been a pretty strong proponent in defending its three-tiered system. Other states haven't been as forthright in a lot of ways. And that was our main concern when we saw the first plan was it was clearly just, you know, blew the three-tiered system up completely. And I think a lot more states now are sort of following Nebraska's lead on that. The Granholt case and the current Costco litigation has a lot of states revisiting sort of lax enforcement of the three-tiered system. The three-tiered system has worked since

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

General Affairs Committee
February 12, 2007

1934--1935 in Nebraska in the past. That was after the prohibition you had two default systems come and be the three-tiered license system which Nebraska has or the control state system, which currently has 13 states. Use either a pure control or a modified control system because, you know, a lot of the things that's brought around prohibition were the concerns where you had one person who controlled the distribution of this dangerous substance all the way from field to tap. And so there were things that put in there to keep the three-tiered system apart. Now we currently have two exceptions to our three-tiered system. That's our craft brewery license, which allows somebody to exist as both a limited manufacturer and a retailer, but there are limitations and they don't have the full rights of either at those levels. And our farm winery which exists at all three levels. And I think I've said this before, you know, we might be having to revisit our farm winery act depending on how this Costco litigation ends up on the West Coast, because it might be opening us up to wineries being able to totally jump outside our tier system. And the second tier exists for--you know, this is going to sound very somewhat selfish from the commission's standpoint--it makes tax collection easy, because all tax is collected at the wholesale tier. We have, you know, audits. The wholesale tier show almost 100 percent remittance with the tax. There's not the problems and that's one of the primary benefits of the state is we know what's coming into our state and what's being taxed when it's coming to another state. That's one reason why we have a license for those direct shippers. And I'll be honest. The direct shippers we have a lot more problems on keeping track than we do our big major wholesalers, because it's a little hard sometimes when somebody's in California to get full disclosure from them as to what they're shipping into Nebraska. [LB689]

SENATOR McDONALD: So life for these people would be a lot easier if it wasn't liquor. [LB689]

HOBERT B. RUPE: Exactly. [LB689]

SENATOR McDONALD: And that's what complicates the issue is because the alcohol laws. [LB689]

HOBERT B. RUPE: And you've got to remember we're only seeing one side of it. You're only seeing the side where the commission serves as a regulatory body. On the other side of it is the whole TTB where they're regulatory because they think these entities will have to get a winery license through Trade and Tax Bureau as well for manufacture on the premises. [LB689]

SENATOR McDONALD: Senator Janssen. [LB689]

SENATOR JANSSEN: Hobie, how many shippers' licenses do we have now? [LB689]

HOBERT B. RUPE: It went up the other day. We were at 143, I think is what we're at

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

General Affairs Committee
February 12, 2007

right now, Laurie? When she last checked. That's a \$500 license which is remitted directly currently to the General Fund. I know Senator McDonald has a bill to earmark those. [LB689]

SENATOR JANSSEN: Are you having any problems with that? Have any renegades? [LB689]

HOBERT B. RUPE: Yeah, a little bit, honestly. [LB689]

SENATOR JANSSEN: Not as many as were anticipated, though. [LB689]

HOBERT B. RUPE: Not as many as were anticipated, because the wineries have been pushing for direct shipment for years. They were the ones who were behind the Granholm case. Most of these places, which are direct wineries, aren't small mom and pop operations. They're usually large wineries or they're consortiums of small wineries who go through an agent who looks into doing that. Now one of the concerns we do have is some of the tax returns we got in are rather miniscule compared to the fee that they're paying and so we are getting concerned that they might decide, well, let's just try to ship in underneath the radar, because I'll be honest with you, there's probably shipments coming in right now that aren't even reported, you know, from nonlicensed. The big problem that we're going to be seeing right now is extraterritorial shipments from websites who aren't domiciled in the United States. Those are going to be getting very hard to regulate coming in, you know, shipments over there, because people are getting more and more used to ordering online all the time. And you know, at least in the United States, because of our system in other states...you know, California, you know, they're pretty good about filing their taxes and filing the applications for it, but there are some concerns as to the more e-commerce gets on how we're going to keep a track on these shipments, because it's a little hard to track, unless we get a tip that it's coming in. It's really hard to track it if it's coming in through UPS or the mail or some other system. [LB689]

SENATOR McDONALD: Any other questions for Mr. Rupe? I guess not, thank you. [LB689]

HOBERT B. RUPE: Thank you. [LB689]

SENATOR McDONALD: Any others testifying in a neutral capacity? If not, Senator Karpisek, would you like to close? [LB689]

SENATOR KARPISEK: Yes, I would. Madam Chair, I haven't been here long, but that was the most negative neutral testimony I've ever heard yet, Hobie. Thanks, buddy. (Laughter) I would like to say that the Liquor Commission has been very good working with us. We have changed this bill. I would just like to say that Hobie keeps going back

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

General Affairs Committee
February 12, 2007

to the way that this bill started. Yes, but we said it's not that way anymore. We have changed that. We've worked--Laurie and I and Alycia--have worked with Hobie. So I don't think we have anything close to what we started with. So going from that, I do have here the Colorado limited winery license. It says nothing about percentage of fruit or anything grown in Colorado, except they need to support the wine and grape fruit growing industries in Colorado and inform the consumer of the source of grapes and fruit used by Colorado limited wineries to produce Venus liquors, enact rules for the implementation, standardization, and enforcement of--boy--the appropriate labeling requirements that are consistent with respect to the origin of the grapes and other fruits used to manufacture the liquor. It says a winery may affix the phrase Colorado grown to bottles of wine that were made Colorado grown. It shall be unlawful for a Colorado winery to make any misleading statement on its product label regarding the origin of grapes, fruit or other agricultural products. So they were having trouble, it seems, that they were saying it was Colorado grown when it wasn't. Again, this could fall under the farm winery bill if we just did the 75 percent Nebraska products, which these people are not interested in that part of it. That's why we're trying to do something different, otherwise we wouldn't even be having this hearing. Mr. Fischbach, we have been having e-mails back and forth with the office and he is correct. We had just grape products in the bill and I was going to try to amend it to say grape products and other products grown in Nebraska and I had sent him an e-mail to that effect. If a Texas company did come here, they'd be charged the \$250 application fee, plus 95 cents per gallon. So to avoid the \$500 shipping fee, I don't think that they would make a whole lot of headway there. Another 250 gallons of wine and they'd be up to the \$500. It seems like we're trying to figure out is it going to work or not when Hobie keeps going back to the bill in its original intent. Well, I don't think that's up to us to see if it's going to work, if they can make a business go. It's up to us to try to make the laws that they have to follow to make it go. Again, the initial business plan has been much modified. And I guess the bottom line here is...why I brought this bill is to try to boost economic development. We keep hearing we have to do something different in this state. We have to do something because nothing is getting done. We don't bring anything in. Again, here we have something staring us right in the face and all we can do is find ways why it is wrong and oh my goodness, we better not try anything like that. Well, it may be that case, but the biggest reason why I took this case on is they're doing the same thing that I'm trying to do with hot dogs. My problem is at the federal level. Their problem is at the state level. So I feel a great sense of urgency, because I'm trying to do the same thing and I know what it feels like when you keep beating your head against a rock. So anyway, I do know that there are some concerns here, but I think we can work through them. Again, Laurie and Hobie have done a great job getting this moved around. And if there's any other questions, I'd be glad to see if I can suffer through them. [LB689]

SENATOR McDONALD: Any questions? And I think one of the issues might be it might fall under the federal regulatory agency with the TTB and that's something that's out of our control also on the federal side. So we're not just looking at what's the state

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

General Affairs Committee
February 12, 2007

problem. We might be looking at federal issues here, too, so it could be bigger than what it appears at this point, but anyway, thank you. [LB689]

SENATOR KARPISEK: All right. Thank you. [LB689]

SENATOR McDONALD: That concludes our hearing on LB689. Our last bill is LB578. Laurie, would you like to open on that? [LB689]

LAURIE LAGE: Yes. Thank you, Senator McDonald, members of the committee. I'm Laurie Lage, L-a-g-e, legal counsel to the General Affairs Committee, here to introduce LB578. This bill makes technical, nonsubstantive changes to two sections of the Liquor Control Act. First, we amend Section 53-123.11 which lists the rights and duties of farm wineries by clarifying that the receipt that is attached to a bottle of wine that has been purchased, partially consumed, resealed and removed from a farm winery confirm the purchase of the resealed bottle of wine. Second, we amend Section 53-134 which lists the powers and duties of local government relative to retail and craft brewery licenses by clarifying language on feed disbursement. These are very basic clarifications. And this bill is here for the committee. It was originally introduced in case we needed a vehicle for other things we were trying to do. And so with that, I'll try to answer any questions you might have. [LB578]

SENATOR McDONALD: Any questions for Laurie? I see none, thank you. Anyone in support of LB578? Anyone offering support? I see none. Any in opposition to LB578? I see none. Anyone in a neutral testimony? I see none. Laurie waives closing. I think that closes the hearing on LB578 and that closes the hearings for today. [LB578]

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

General Affairs Committee
February 12, 2007

Disposition of Bills:

LB404 - Advanced to General File.
LB578 - Advanced to General File, as amended.
LB689 - Held in committee.

Chairperson

Committee Clerk