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Agriculture Committee
March 03, 2009

[LB224 LB516 LB593]

The Committee on Agriculture met at 1:30 p.m. on Tuesday, March 3, 2009, in Room 1510 of the State Capitol, Lincoln, Nebraska, for the purpose of conducting a public hearing on LB593, LB224, and LB516. Senators present: Tom Carlson, Chairperson; Annette Dubas, Vice Chairperson; Brenda Council; Merton "Cap" Dierks; Russ Karpisek; Scott Price; Ken Schilz; and Norman Wallman. Senators absent: None.

(Recorder Malfunction--Some Testimony Lost)

SENATOR DIERKS: (Exhibits 1, 2 and 3) (Recorder Malfunction--Some Testimony Lost)...and I represent Legislative District 40. I am pleased to introduce LB593 to the Ag Committee today. LB593 will place provisions very similar to the successful 1982 Citizens Initiative 300 into Nebraska state statute. Initiative 300 banned nonfarm corporations from owning farm or ranch land in Nebraska. LB593 reinstates the wishes of the majority of voters who told us this, and this is what they wanted 26 years ago. It places a ban on nonfarm corporations from owning farm and ranch land. LB593 is a combination of last year's I-300 bill, LB1174 with the Ag Committee, but it also includes...this bill includes then the Ag Committee amendments we had for that bill last year. For those who were not here or do not remember, LB1174 was my priority bill last year. The bill was discussed on General File, and we were unable to get the committee amendments attached to the bill. At that point, all efforts to advance LB1174 ended. LB1174 and LB593 were drafted with consideration to the recent court cases in which questions were raised concerning violations of the Commerce Clause and the Americans with Disabilities Act. Farmers and ranchers from other states may join a farm or ranch entity in Nebraska as long as they provide day-to-day labor and day-to-day management where they are located. A provision found in LB593 that is not found in the original Initiative 300 would allow five or fewer unrelated individual farmers or ranchers to join together to form a farm entity. The only stipulation is that all five or fewer farmers and ranchers must provide day-to-day labor and day-to-day management. There is no requirement as to where they work on a farm or a ranch. Members of the Ag Committee received an e-mail from Neil Neidig regarding LB593. Mr. Neidig mentions that the bill is of questionable legal validity and would likely be challenged in court. He also asks at the end of his e-mail what part of unconstitutional don't you understand? My staff and I spent hours working with excellent legal counsel while drafting the bill this year. One of the attorneys we work with is Andy Schutz from the University of Nebraska. Mr. Schutz could not join us today, but I'm including his testimony from last year, and I passed that out to you. We also worked with some of the original volunteers who spent hours of their own time asking for citizens to sign petitions. Initiative 300 was challenged many times during the 25 years it was in effect and was considered one of the best drafted initiatives because it withstood so many challenges. My question in return to Mr. Neidig is, what do you not understand about an election, and the majority of people voting for a provision? Even though the election took place 26 years ago in 1982, a majority of our

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citizens wanted this provision added to the state constitution and made the effort to get out and vote. With that, Mr. Chairman, I'll end my testimony and answer any questions from the committee. [LB593]

SENATOR CARLSON: Thank you, Senator Dierks. Any questions of the committee for Senator Dierks? Okay, and we'll call upon you to close. Okay. [LB593]

SENATOR DIERKS: I will do that. [LB593]

SENATOR CARLSON: You can come forward. [LB593]

CHUCK HASSEBROOK: Proponents first? [LB593]

SENATOR CARLSON: Proponents first and you can sit down there, and then I want to make a statement before you start. [LB593]

CHUCK HASSEBROOK: Okay. [LB593]

SENATOR CARLSON: So we will ask proponents of LB593 to come forward and testify first. How many proponents do we have that are going to testify? Okay, and in seeing that, then, again, to remind you that we will set the light, and when you start, the green light is on and that goes for three minutes, and then the yellow light one minute. When the red comes on, please conclude your testimony. Okay. [LB593]

CHUCK HASSEBROOK: I'm Chuck Hassebrook. I live in Lyons, a town of 960 people in northeast Nebraska. [LB593]

SENATOR CARLSON: We'll make you spell it. [LB593]

CHUCK HASSEBROOK: C-h-u-c-k and then H-a-s-s-e-b-r-o-o-k. Chairman Carlson and members of the committee, thanks for giving me this opportunity to testify. I want to make three key points. First is that LB593 imposes no restrictions on the rights of any individual. Any individual in this state, any group of individuals in this state can invest in agriculture and engage in farming under LB593. All it does is create appropriate guidelines on access to the special benefits provided by government to limited liability entities to ensure that they're used in a way that's good for our communities, and it serves the common good. Number two, the research is very clear about what form of agriculture is best for rural communities. It's owner-operated farms. And number three, this is compromise legislation. It addresses all the concerns that were raised over the years about farmers working together under Initiative 300 and working with beginning farmers, and addresses those very concerns that opponents of Initiative 300 said or many opponents said was all they wanted. They just wanted those changes; it makes them. Point number one, LB593 simply creates guidelines on who can use limited

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liability entities which is a form of business created by government to provide a particular benefit which is protection from liability. Now, limited liability is really a misnomer because limited liability entities don't make liabilities go away; they just shift them to somebody else. So that if somebody is operating as a limited liability entity, and they can't pay their bills or say their farm is poorly operated, so it destroys the property values of their neighbors. If the liabilities don't go away, they just get shifted to the people that that operation is doing business with or to the neighbors or to the community. Let me give you an example. Jack DeCoster came into Iowa. He's one of the nation's largest hog and poultry producers, but when he came into Iowa, he didn't come in as one corporation. He came in as a lot of corporations, each of which had very little in the way of assets even though he's one of the richest men in agriculture in America. And so when one of his northwest Iowa farrowing operations broke its contract with ten farmers to provide healthy pigs, it was providing sick pigs, and he lost a judgment, the cost to his corporation, just filed bankruptcy and walked away, left them holding the bag. Now, I'm here to remind you, he was one of the richest men in American agriculture, and he could just walk away because he had limited liability. Now when Initiative 300 was in effect, that couldn't happen in Nebraska, and now it can. And I hear opponents say that this legislation is flawed because it doesn't affect Ted Turner. That's just false. It's absolutely false. This legislation does affect Ted Turner. It affects him because it says he can invest, but he's got to take personal responsibility for the operation. And when Initiative 300 was in effect, he took personal responsibility. I don't know that he is anymore. But if this legislation goes into effect, then he's personally liable. He pays taxes under the same rules as most farmers, as an individual loses some of those corporate tax benefits, and he takes liability for his operation. That's all we've ever said it did. We never said this was some kind of radical legislation that prohibited certain people from investing in agriculture, and it really does come down to this. You know, who should be liable for the debts and the liabilities of a farming operation--the investors who call the shots and make the money and collect the profits or the people with whom they do business in the communities with whom they operate? In my mind, it's a pretty simple answer. Now, this bill doesn't deny everybody the use of limited liability, and what it does is try to target it to the most beneficial form of agriculture. And I have to tell you that I looked at a lot of studies on the impact of how we farm and life in rural communities. And basically, all the studies come to the same conclusion. You know, we find that...well, some years ago, sociologist Dean McKennell did an exhaustive review for the U.S. Congress on the impact of how we farm and life in rural communities, and looked at all the studies that had been done. And he said that they had all found the same thing, that, you know, communities surrounded by owner-operated farms had healthier business community, healthier churches and schools and less poverty. But there was one sentence in his report that really jumped out at me. He said, all the series studies reached the same conclusion, and that is that communities are surrounded by farms. They're larger than can be operated by a family unit, have a few wealthy elites, a majority of poor laborers, and virtually no middle class. And that, my friends, is not progress. That is social decay. And in my judgment, there is

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no reason to effectively subsidize social decay by granting special government protections to farms that aren't good for the community. One last point: This is compromise legislation. You know, for years, not to pick on anybody, but, I mean, for years we were told, for example, by Farm Bureau that we really support Initiative 300 in concept, but we want some changes, so that farmers can work together. Established farmers can work with beginning farmers, and so we've done that in this legislation. We've done that in this legislation. It allows farmers to work together, work with a beginning farmer, but let me be....let there be no doubt, this is not a debate over the details of the bill. This is a debate over whether we want no holds barred corporate farming in this state. And it's a debate over who should be responsible for the liabilities of the farming operations of rich investors--the people who call the shots and the people who collect the profits, or the people with whom they do business in the communities with whom they operate and their neighbors. Thank you. [LB593]

SENATOR CARLSON: Okay, thank you, Mr. Hassebrook. Any questions of the committee? Senator Dubas. [LB593]

SENATOR DUBAS: Thank you, Senator Carlson. Thank you, Mr. Hassebrook. You referenced that you feel that this bill is a compromise, trying to address a lot of the concerns that have been raised in the past about Initiative 300. Does this bill keep large corporations from operating in Nebraska? [LB593]

CHUCK HASSEBROOK: It does. I mean, a large corporation with many, many stockholders that is using, that has the protections of limited liability is prevented from operating in the state, yeah. But any individual or group of individuals who wants to invest, can. [LB593]

SENATOR DUBAS: What do you see as the biggest differences between this bill and I-300 as it was originally in place? [LB593]

CHUCK HASSEBROOK: Well, there are two key differences. One is that this bill allows up to five farmers to go together and form a corporation even if they're not all...and the majority stock isn't held by people that are working on that very farm. There's a second one. The court said, I think falsely, frankly, but the court said that Initiative 300 was unconstitutional because only Nebraskans can qualify as family farms because you have to work on a farm or be engaged in the day-to-day labor and management to qualify as a family farm. And so, therefore, they said it was discriminated against out-of-state investors. This makes it very clear that if you're a family farmer in Utah, for example, and you work on...you live on your farm, you work on your farm, and you're a family farmer, and you have a corporation, and that corporation can feed cattle in Nebraska or, say, buy farmland in Nebraska. So it's just very clear that a family farm can be a family farm in another state and still be qualified to operate in Nebraska, and that addresses the objection of the court. [LB593]

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SENATOR DUBAS: Thank you. [LB593]

SENATOR CARLSON: Okay. Any other questions? Senator Schilz. [LB593]

SENATOR SCHILZ: Mr. Hassebrook, welcome. Thank you for coming in today. One question that I have as I look at this, in the past with Initiative 300, it was stated, and it's stated here too that those going into the business of farming in Nebraska have to be in the management and the day-to-day operations. Does that also apply to the ones from Utah or wherever else? [LB593]

CHUCK HASSEBROOK: Yes, it does. They have to be... [LB593]

SENATOR SCHILZ: So they'd have to come to Nebraska? [LB593]

CHUCK HASSEBROOK: No, they have to be in... [LB593]

SENATOR SCHILZ: Are you sure? [LB593]

CHUCK HASSEBROOK: ...they either have to live on or be involved in the day-to-day labor and management in their state. [LB593]

SENATOR SCHILZ: Of which operation? [LB593]

SENATOR HASEBROOK: Of their corporation. It's very clear in here that they can be doing that in Utah, and that corporation which might be based in Utah, where they work on a day-to-day basis or live on that farm corporation. That farm corporation can feed cattle in Nebraska, can buy land in Nebraska, and they don't have to come here every...they don't have to come here personally. [LB593]

SENATOR SCHILZ: Okay, thank you. [LB593]

SENATOR CARLSON: Okay, other questions? I have one as a follow-up to that, because on page 5, line 23, "qualified owner-operator controlled farm or ranch entity means an entity in which all ownership is held by five or fewer individuals actively engaged in day-to-day labor and day-to-day management." But then it goes on to say, "at least one of whom is actively engaged in the day-to-day labor and day-to-day management", so the first part of the sentence says all have to be. The second part says one has to be. [LB593]

CHUCK HASSEBROOK: Well, the five...each need to be involved in the day-to-day labor and management of a farm or ranch, so it could be it's...they may be farming...say they're farming in Chadron, and they come together with...but if each of those have their

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own farming operations, and they come together to form a corporation that has a separate farming operation, then one needs to be involved in that one. And so, for example, if you have farmers around the state who form a corporation, it's set up someplace else to, say, run a feedlot. There has to be at least one share of stock owned by somebody working in that feedlot. Now it could be a very minor share of stock given to an employee, but at least some minor stock has to be held by somebody working on that particular operation. But each of them have to be farmers. [LB593]

SENATOR CARLSON: Okay. But the bill says, "day-to-day labor and management." In your answer, you said management. [LB593]

CHUCK HASSEBROOK: I'm sorry if I did. I meant day-to-day labor and management. [LB593]

SENATOR CARLSON: So my father who's 92 years old and has the ability to manage, but not the physical ability to work could not be one of these shareholders? [LB593]

CHUCK HASSEBROOK: Well, he certainly could if he were a farmer...if he were a family farm and had a family farm corporation. Like Initiative 300, this legislation would allow him to retire and continue to operate as a family farm corporation. [LB593]

SENATOR CARLSON: But if he's not a family farm corporation now, he couldn't finance me. [LB593]

CHUCK HASSEBROOK: Well, he could if you had...no, if you were operating the operation or living on it, he could, yeah. Then it's a family farm corporation, absolutely. [LB593]

SENATOR CARLSON: He's in management, but he's not day-to-day labor, and it says, day-to-day labor and management. [LB593]

CHUCK HASSEBROOK: Well, it doesn't...first of all, if he were financing you and you were operating the farm, then it would be a family farm corporation, and only one person needs to be involved in day-to-day labor and management, one family member. So if he were financing you and you're a farmer, then he could do it. Now if he were financing you and you're not farming, and the two of you like gone together to form a corporation to invest in land, and neither one of you actively farm, then you wouldn't qualify. [LB593]

SENATOR CARLSON: Okay, and I don't want to belabor this. That's not what the bill says, so maybe we can get some clarification as we go on. [LB593]

CHUCK HASSEBROOK: I just want to be clear, though. There are two different

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clauses. There's a family farm corporation, and then there's this qualified owner-operator corporation. You got to look at both of them. [LB593]

SENATOR CARLSON: Okay. Any other questions? [LB593]

SENATOR SCHILZ: One more, Senator. [LB593]

SENATOR CARLSON: Okay, Senator Schilz. [LB593]

SENATOR SCHILZ: Senator Carlson, thank you. Mr. Hassebrook, let's say just now...Senator Carlson's question prompts me for another question. Let's say I want to become a beginning farmer, and I have a corporation, but I've never farmed before... [LB593]

SENATOR HASSEBROOK: Um-hum. [LB593]

SENATOR SCHILZ: ...do I qualify? [LB593]

SENATOR HASSEBROOK: Um-hum. [LB593]

SENATOR SCHILZ: How's that? If I'm coming in from out of state and I have a corporation set up to do business and I want to come in and do business, how do I qualify? I have never done it before. Am I...do I just define myself as a farmer or are there criteria that...? [LB593]

CHUCK HASSEBROOK: Well, you just have to...as long as you're going to operate that farm, you qualify. If you're going to provide day-to-day labor and management on that farm or live on it, you're qualified. You qualify as a family farm corporation in that case. [LB593]

SENATOR SCHILZ: Okay. But if I was going to go into a partnership, I would have to have had farmed before in order to qualify under what you're talking about, five or more farmers coming together, correct? [LB593]

CHUCK HASSEBROOK: Well, first of all, if you're going in a partnership, a general partnership, you're not affected... [LB593]

SENATOR SCHILZ: But if you're in the corporation. [LB593]

CHUCK HASSEBROOK: If you're in a corporation and your...let me think about this. And you're going to operate the farm, and you form a corporation with another partner who's unrelated to you...now, first of all, it's a family member and you're going to operate it, you're fine. [LB593]

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SENATOR SCHILZ: I understand that. [LB593]

CHUCK HASSEBROOK: Now, if it's not a family member and they're farmers or ranchers someplace, and they're going to invest with you... [LB593]

SENATOR SCHILZ: Or let's say they're another beginning farmer. [LB593]

CHUCK HASSEBROOK: Okay, then you're fine. [LB593]

SENATOR SCHILZ: Whatever. [LB593]

CHUCK HASSEBROOK: Then you're fine. The only way you would run into trouble is if you're a beginning farmer coming in and say Ted Turner wanted to set up a corporation to farm in Nebraska, and he said, well, you're a beginning farmer. You run it, I'll give you, you know, 5 percent of the stock. [LB593]

SENATOR SCHILZ: Um-hum. [LB593]

CHUCK HASSEBROOK: But it's really a Ted Turner operation. Then he wouldn't qualify. Now, if Ted Turner wanted to help him out and buy 49 percent of the stock for this beginning farmer, that'd be fine. But he couldn't, you know, you can't have somebody who's not a farmer under this law, who's not a farmer, has no involvement in this operation, come in, own most of the operation, and give one share of stock to their employee, and call it a family farm or a...you know, whatever, and qualify under these exceptions. [LB593]

SENATOR SCHILZ: Okay. [LB593]

CHUCK HASSEBROOK: The key is that majority control has to be...if you look at the two provisions together, majority of control...majority has to be in the hands of people who actually farm. [LB593]

SENATOR SCHILZ: Okay, thank you. [LB593]

SENATOR CARLSON: Okay, Senator Price. [LB593]

SENATOR PRICE: Senator Carlson, thank you. Sir, so just to make sure I have it right. My squad of buddies and I, we come back, we decide to make Nebraska our home, and we want to go out to rural Nebraska. The six of us from all over the country, we want to have part of the good life,... [LB593]

CHUCK HASSEBROOK: Um-hum. [LB593]

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SENATOR PRICE: ...and we want to invest and we start a farm. We see all the benefits of going...and the six of us couldn't form an LLC and go farm? [LB593]

CHUCK HASSEBROOK: What do you mean by go farm? [LB593]

SENATOR PRICE: We want to have a hog operation... [LB593]

CHUCK HASSEBROOK: Do you mean farm or...? [LB593]

SENATOR PRICE: ...or whatever we want to do, and my squad and I want to go out and farm and we... [LB593]

CHUCK HASSEBROOK: Yes, you could. [LB593]

SENATOR PRICE: We could do that? [LB593]

CHUCK HASSEBROOK: Yeah. [LB593]

SENATOR PRICE: Is there any reason why you picked five as your threshold? [LB593]

CHUCK HASSEBROOK: Not that I recall, and I'm sure that if that were an issue, people would be happy to...I would think Senator Dierks would be happy to talk about that. But... [LB593]

SENATOR PRICE: Okay. [LB593]

CHUCK HASSEBROOK: ...I don't recall a particular reason for that. But just to be clear, if those folks want to farm, by all means, they can come in... [LB593]

SENATOR PRICE: But I mean... [LB593]

CHUCK HASSEBROOK: ...unrelated folks together and create a corporation and farm. [LB593]

SENATOR PRICE: Okay, and I don't want to belabor the point, but I think like Senator Schilz had said, you know, we all know that if you're going to go into business, you probably should find some form of protection, get yourself an accountant, get an attorney, go to (inaudible), and on their advice, say, hey, if you guys want to go into a...I don't know why you would right now, but you wanted to go into a hog operation. You know, you'd...you couldn't form a company beforehand, because if we didn't have experience, and then we'd go buy the people and the supplies and goods we need to do this, and we'd go out somewhere way out west where maybe we had a hub zone, take

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advantage of that, you know, to form this company and get incentives. And I just...the way that read, it looked like Nebraska wouldn't be open for business that way. [LB593]

CHUCK HASSEBROOK: Well, they certainly...they certainly could as long as they were involved in day-to-day labor and management of any farm. [LB593]

SENATOR PRICE: Okay. Okay. [LB593]

CHUCK HASSEBROOK: And one of them was involved in that one. [LB593]

SENATOR PRICE: Okay. [LB593]

SENATOR CARLSON: Okay. Any other questions? Worked you over pretty good, thank you for your testimony (laughter). And in the meantime, Senator Russ Karpisek from Wilber has joined our committee, so next testifier, please. [LB593]

SCOTT KINKAID: Ladies and gentlemen, good afternoon. My name is Scott Kinkaid, S-c-o-t-t K-i-n-k-a-i-d. In a long, famous speech, one Mr. Lincoln made reference to a government for the people, but he made no reference to a government for the corporation. In fact, I think if I'm not mistaken, he was very much against corporations having too much advantage relative to individuals. That, I think, is something that means a lot to me as an individual, as a citizen of this state, as a taxpayer, it would seem to me that I should have at least as good a chance to make a living, make a buck as a corporation does. Why else does a corporation exist if not to gain advantage in the marketplace? And I understand in a marketplace that sometimes there are situations where a corporation can do something that individuals couldn't accomplish, but why else do we need corporations if not to make a buck, so why can't I as an individual have just as good a chance to make a buck in this great state as a corporation does? And when I think of the term "Nebraska, the Good Life," part of what makes it good to me, I think, is the fact that I can as an individual make a living here. I also think individuals have a greater attachment to the land, greater commitment to the land. That's one of the state's greatest resources, I believe. They also have a greater attachment to the water, another one of our greatest resources. And I think individual business owner has a greater connection to the community in which he lives than does a corporation. I think that's mostly what I wanted to say this afternoon. I thank you for your opportunity to do that. [LB593]

SENATOR CARLSON: Okay. Thank you, Mr. Kinkaid. Do we have questions? I have a couple. Did you say...if you said it, I missed it, where are you from? [LB593]

SCOTT KINKAID: No, I didn't. I think I forgot...northeast Nebraska near Hartington. [LB593]

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SENATOR CARLSON: And you're in...you're a farmer? [LB593]

SCOTT KINKAID: I'm an independent producer. I meant to say that. I forgot to do that. [LB593]

SENATOR CARLSON: Okay, okay. Thank you. [LB593]

SCOTT KINKAID: You're welcome. [LB593]

SENATOR CARLSON: Next testifier, please. [LB593]

RODNEY FLAUGH: Good afternoon. I am Rod Flaugh, R-o-d F-l-a-u-g-h. I also am from Hartington. I am a fourth generation producer on the land. Some of that land that I now farm has been farmed by my family over...well over a hundred years. I don't understand much about this bill, I'll be real honest. But I encourage any kind of legislation that levels the playing field for us family farmers, us young farmers. I guess I'm not real young anymore (laugh). When Initiative 300 was enacted, I graduated from high school, so that's been quite awhile ago already. But I just feel...well, I guess another point I wanted to make. Sorry. That I would much rather be at home today taking care of my little operation. I thoroughly enjoy that. It makes me wonder how many more individuals such as myself are across this great state today that just are at home. They should be here testifying for this bill. So with that in mind, I want to thank you people for your time and push this bill forward. [LB593]

SENATOR CARLSON: Okay. Thank you. Any questions? Senator Dubas. [LB593]

SENATOR DUBAS: Thank you, Senator Carlson. Thank you, Mr. Flaugh for coming today. What do you see as your biggest challenge in your farm operation? [LB593]

RODNEY FLAUGH: There's quite a few, but one thing maybe that concerns me a lot is just the legislation that gets passed either state or nationally. Look at a year ago, ethanol was just the beaming star, greater than...brighter than a star. Today it's just about to twinkle out, it almost appears, all because the...I don't understand this clearly, I'll be honest. But maybe it is because the new administration coming in doesn't embrace the ethanol nearly as closely to the heart as the previous one. I don't know. But I feel that's one of the big...scariest things in my future. If you were to allow all corporations to come into this state and have tremendous tax advantages over me as an individual, that scares me. [LB593]

SENATOR DUBAS: Thank you. [LB593]

SENATOR CARLSON: Okay. Any other questions? Thank you for your testimony. [LB593]

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CAROL SCHOOLEY: Hello. My name is Carol Schooley, and I represent... [LB593]

SENATOR CARLSON: I'm going to stop you to spell your name. [LB593]

CAROL SCHOOLEY: Oh, sorry, yes. C-a-r-o-l S-c-h-o-o-l-e-y. [LB593]

SENATOR CARLSON: Okay. [LB593]

CAROL SCHOOLEY: Okay. I want to urge you to serve this bill with favor, especially in times when we're having financial difficulty all across the country. It's important that we try to protect our farmers, and keep them, you know, as strong as possible. If we allow corporate farming, we invite, I think, financial problems for the people who are affected by the operations of those farms or those corporate farms. And we also invite ecological problems for our state and for the land. More people making more money individually will stimulate the economy better than just about anything else we have, and helping those farmers make it, and this bill will help that happen by stopping the large corporations from taking over. [LB593]

SENATOR CARLSON: Okay, thank you for your testimony. Any questions? And I...again, if you said, and I'm busy writing your name down, where are you from, and are you in farming? [LB593]

CAROL SCHOOLEY: Okay (laugh). I'm from Grand Island, Nebraska, right now. I did have a farm at Wolbach, and was actively engaged in small farm operation of my own. [LB593]

SENATOR CARLSON: Okay. Thank you. Next testifier, please. [LB593]

NORMA HALL: (Exhibit 4) I'm Norma Hall, N-o-r-m-a H-a-l-l, from Elmwood, Nebraska. I am a family farmer, although we have retired. My testimony is not going to follow per se what I have handed you. We have a computer at home that seems to have a mind of its own, and those that run it don't always have a mind that operates that in the correct way. So when I got up this morning and looked at this testimony, it lacked a few things. I am here today representing Women Involved in Farm Economics, WIFE. WIFE, in the beginning, was a supporter of Initiative 300 and worked very hard to get its passage. We have continued to work all through the process, through the court system, and all in trying to save Initiative 300, so it has been our interest. I believe rural communities benefit by having farm and ranch land owned by those who are involved in the day-to-day labor and day-to-day management of the operation. There are many large operations in Nebraska, not necessarily owning the land, but renting it for the most profit they can derive. The entity clause addresses some of the concerns of individuals who are unrelated to form a group together to operate a farm or to produce animals. That

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should satisfy those who opposed I-300. LB593 addresses the disability clause that was one of the concerns of the court. The proposed legislation requires the Secretary of State to be responsible to annually prepare a report indicating the total number and types of entities and trusts. And I'll stop here from my written testimony, and tell you that when I-300 was in effect, I was one of those who went up to the Secretary of State's Office and looked at the farm corporations filings, and let me tell you, they were a sad lot. Many of the blanks were not filled in. They were not filled out correctly. They were very vaguely filled out, so my question is, if...unless we're going to require better construction of those applications, it isn't going to make much difference at the Secretary of State's Office. It had...it was a surprising thing to me, because the Legislature at that time gave the Secretary of State additional funds for someone to do this, and to put it on a computer software. I don't know that that ever got done, but it was a futile attempt at trying to report that you're a corporation, but it was done very poorly, and yet it was accepted. In closing, I believe the family farmers and ranchers are best equipped to apply sound conservation practices. They support the local community and have an interest in who will own the land in the future. And we all know the saying that "They who own the land, own the food." Thank you for your attention. [LB593]

SENATOR CARLSON: Okay. Thank you. Any questions of Mrs. Hall? Senator Schilz. [LB593]

SENATOR SCHILZ: Senator Carlson, thank you. Ms. Hall, thank you very much for coming in today. You brought up the Secretary of State's Office and policing of these issues. If we expand this, unlike I-300, and take it out to anybody across the nation, and I'm not sure that you can answer this question, but obviously, if there's other interests out there, how is the Secretary of State going to police all those outside interests that have no reporting responsibilities to the state right now? [LB593]

NORMA HALL: It will be an added burden on them, but let me tell you, some of those...I wish you could have seen them. Some of those applications are saying that they are family farm corporations were not filled out... [LB593]

SENATOR SCHILZ: Oh, I've seen...yeah, I understand. I filled them out a number of times. [LB593]

NORMA HALL: ...were not filled out at all, and to me, they should have been sent back to that farm corporate owner and been made to fill out. And the same problem will probably exist with those five... [LB593]

SENATOR SCHILZ: And maybe...and maybe this isn't a question for you, but would other folks that are family farmers in different countries also qualify for this? I don't know if you can answer that or not. It's a question. [LB593]

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NORMA HALL: Well,... [LB593]

SENATOR SCHILZ: And maybe somebody else later on, if you don't have the answer. [LB593]

NORMA HALL: I think that would be a better idea to ask someone who really knows. [LB593]

SENATOR SCHILZ: That's fine. Thank you very much. [LB593]

NORMA HALL: Thank you. [LB593]

SENATOR CARLSON: Okay, any other questions? Thank you for your testimony. I might add a comment here, and next testifier, come on up, that throughout our hearing, there are times when members of the committee have to get up and leave for one reason or another, and sometimes it's to introduce a bill in another committee. So it won't be because they're upset with you if you're testifying. It will be because they had to leave to do something, and they will return. Okay. [LB593]

JIM CUNNINGHAM: (Exhibit 5) Senator Carlson and members of the committee, good afternoon. My name is Jim Cunningham, J-i-m and the last name is spelled C-u-n-n-i-n-g-h-a-m. I'm the executive director of the Nebraska Catholic Bishops Conference and testify on its behalf in support of LB593. Our history on this issue and this collection of issues goes back a long ways. In the mid and late 1970s, even before there was a petition drive that resulted in Initiative 300, our conference joined with other church groups, interested organizations, and family farm advocates in urging enactment of statutory limitations on investment motivated land ownership and agricultural enterprises on the part of nonfamily farm corporations. For the conference, it was then and it continues to be a matter of social justice, fairness in competition, and social policy with a significant moral dimension involving a way of life and the common good. When these legislative efforts were consistently stymied and unsuccessful, the conference supported the initiative petition drive and endorsed Initiative 300 when it qualified as a ballot question in the 1982 general election. Our conference's view on these important public policy issues is grounded in Catholic social teaching including the following two principles: First, that economic life is not meant solely to multiply goods produced and increase profit or power. It is ordered, first of all, to the service of persons and the entire human community. And, secondly, that those responsible for business enterprises are responsible to society for the economic and ecological effects of their operations. There is an obligation to consider the good of persons and not merely the increase of profits. The conference's position on Initiative 300, and now this effort to legislatively retain it in principle, stem from support for the traditional concept of owner-operated family farms and ranches, for a family-based food production system, and for principles related to ownership of land and stewardship of natural resources. It also stems from concern

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over the concentration of land ownership in fewer and fewer hands, and the risk that nonfamily investment motivated corporations and absentee ownership will dominate production agriculture. And it stems from concern for maintaining the culture and values of rural communities and many of which, and so often the presence of churches and religious beliefs is deeply rooted. To put it most simply, we agree with the overall thrust of the findings set forth in the preamble to LB593. We think the stated findings are compelling and encouraging of the right public policy direction. They justify the advancement of this bill to the full Legislature for debate. We also understand and appreciate that these important public and social policy issues are affected by complex legal issues involving constitutional standards and interpretation. That effective and unchallengeable responses to these issues are not routine decisions easily attained. We appreciate and respect all the good faith efforts that address the situation. Thank you for your time and attention. [LB593]

SENATOR CARLSON: Okay. Thank you. Questions for Mr. Cunningham? Senator Wallman. [LB593]

SENATOR WALLMAN: Thank you, Chairman Carlson. Yes, thank you, Mr. Cunningham, for coming down here. I have relatives who, and friends who farm in Iowa, and they always have hog roasts and hog...do corporate farms ever give hogs to your church? [LB593]

JIM CUNNINGHAM: I could not say that they don't. I mean... [LB593]

SENATOR WALLMAN: They didn't there but, I mean,... [LB593]

JIM CUNNINGHAM: I'm not familiar with that...I wouldn't know whether they do or not. [LB593]

SENATOR WALLMAN: The local farmers, smaller farmers did. (inaudible)... [LB593]

JIM CUNNINGHAM: Right. Are you talking about community events, rural community events? I really don't know. [LB593]

SENATOR CARLSON: Okay. Other questions? Thank you for your testimony. [LB593]

JIM CUNNINGHAM: Great. Thank you, Senator, very much. [LB593]

FREDERICK PINKELMAN: My name is Frederick Pinkelman, F-r-e-d-e-r-i-c-k. Last name Pinkelman, P-i-n-k-e-l-m-a-n. And my address is Wynot, Nebraska. Small family farmer all my life. Our son took over the family farm about ten years ago, and at that time, I got conned into running for county commissioner, and, of course, I've been afflicted with that since (laughter). But anyway, I'm here to testify in support of LB593.

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And I don't have a lot to say, because most of what needs to be said, I think, has probably been said already. But I think that we need LB593 to support one of the basic founding principles of our country; namely, the right of every citizen to own land. This bill is important to help slow the ever-increasing concentration we're seeing in agriculture. The question I would pose to this committee is this: Do we want to see Nebraska agriculture owned primarily by a few powerful financial interests, many from out of state, or would we like to see that ownership spread out among a larger portion of Nebraska citizens where our young people would at least have a fighting chance to own land and become involved in agriculture? And, again, I want to thank you for listening to what I have to say. [LB593]

SENATOR CARLSON: Thank you for your testimony. Any questions of Mr. Pinkelman? Okay, thank you. [LB593]

BEN GOTSCHALL: Hello. My name is Ben Gotschall. That's B-e-n G-o-t-s-c-h-a-l-l. I grew up on a cattle ranch and dairy in southwest Holt County. My parents still operate that ranch. Currently, I'm the herdsman on an organic grass-fed dairy out by Raymond, Nebraska. I produce food, not commodities. The dairy products that we produce there are sold locally, directly to customers at Lincoln Farmers Markets or on the farm. I'm not a landowner, but that's not to say I would not like to be, and I do know that this bill would possibly, probably make it easier for people like me...and I would say the group that I represent would be young, beginning farmers, just recently graduated from college or high school. And I would ask you not to underestimate the importance of encouraging and promoting young, beginning farmers in this state especially the ones who grew up here and would like to stay in this state and stay in their hometowns and raise families where they grew up. So kind of building on Mr. Hassebrook's statement, there are a lot of young people like myself who would like to become involved as independent food producers. In other words, we want to feed our families; we want to feed our neighbors; we want to feed the people in this state. We feel like we can't. I feel it's sometimes like I can't, because I either can't compete with a large corporation or I just don't even want to try. My ability to purchase land, to become a landowner, my ability to, you know, to expand my operation, as small as it may be, is in a lot of ways inhibited by the...what I consider unfair competition advantages that we give to large corporations. I'll use an example from a friend of mine, Wayne Frost, who's here. And I don't know if he's going to testify, but he recently...his family recently sold some ranch and farm land, and he had many young, local producers who were interested in buying that land. And they were bidding in competition with corporate interests, you know, with a corporate interest farm representative, whoever that might be. And those young, local, you know, producers were unable to, you know, to compete with that. They even pooled together their resources. They pooled together and tried to bid as a group and still could not compete, so that's just one example of the unfair competition that we're allowing, and it eliminated or it restrained or it restricted or whatever, it kept young, local, independent producers from being able to operate in Nebraska. And that's about all I've got for now.

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Thank you. [LB593]

SENATOR CARLSON: Okay. Thank you. Any questions? And I have one. It's maybe not fair, but you can answer it in what you think. [LB593]

BEN GOTSCHALL: Okay. [LB593]

SENATOR CARLSON: You gave an instance where several young farmers wanted to buy this farm, and it sounded like the owner would like to have had them buy it. [LB593]

BEN GOTSCHALL: Yes. [LB593]

SENATOR CARLSON: Why didn't he sell it to them? [LB593]

BEN GOTSCHALL: It was up for public auction. [LB593]

SENATOR CARLSON: But he didn't have to put it up for public auction. [LB593]

BEN GOTSCHALL: Well, once you put it up for public auction, it's up for public auction. And at the auction, when you're bidding in competition with someone, that's what's happening right then. Yeah, maybe if he had known beforehand, but that's not what happened. So I see what you mean, but that's not what the case was. [LB593]

SENATOR CARLSON: No, I realize that. Okay. Any other questions? Yes, Senator Schilz. [LB593]

SENATOR SCHILZ: Senator Carlson, thank you very much. Sir, thanks for coming in today. You say that...you say that this law will help a beginning farmer. Could you illustrate that just a little bit more as to what specifically within the bill helps you as a beginning farmer? [LB593]

BEN GOTSCHALL: Well, the main thing, and I kind of already went over it, is it allows what I would say more fair competition for resources. You know, land taxes, land prices that are a lot of cases driven up, the beginning farmers can't afford. [LB593]

SENATOR SCHILZ: Right. And you talked about this unfair competition. So if we pass this law here in Nebraska, does that alleviate the competition? [LB593]

BEN GOTSCHALL: No, I don't think it alleviates competition. I just think it levels the playing field. [LB593]

SENATOR SCHILZ: In Nebraska, so to speak. [LB593]

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BEN GOTTSCHALL: So to speak. [LB593]

SENATOR SCHILZ: But right across the border in Iowa or South Dakota or Kansas it's all different. So, on a global scale, as you're farming out there, are you competing on a regional scale? Are you competing on a local scale? Are you competing on a national scale or are you competing on a global scale? [LB593]

BEN GOTTSCHALL: I would say all of those. [LB593]

SENATOR SCHILZ: Okay. [LB593]

BEN GOTTSCHALL: Because our customers choose to come to us and buy our products, so, in effect, by doing that, they are not choosing other local producers. They are also not choosing maybe national...you know, interstate producers. They're not buying milk at the grocery store that may have come from Iowa. [LB593]

SENATOR SCHILZ: Right. [LB593]

BEN GOTTSCHALL: But...and they might be, you know,... [LB593]

SENATOR SCHILZ: So how does this bill help you sell that product to those people that are...you say are your customers? [LB593]

BEN GOTTSCHALL: It helps me...well, it's not necessarily a marketing advantage. It's more of an operational advantage. [LB593]

SENATOR SCHILZ: Okay, okay. Right... [LB593]

BEN GOTTSCHALL: But it does help, you know,...one of the reasons why my customers buy my products is because it's produced in Nebraska. [LB593]

SENATOR SCHILZ: Understandable, understandable. So my question is back to the...explain to me what you consider to be unfair competition. If I understand it correctly, what you're saying is higher land prices and economies of scales are unfair competition. Is that correct? [LB593]

BEN GOTTSCHALL: Yes. And I, again, point to the example that I gave... [LB593]

SENATOR SCHILZ: Now remember, someday as a farmer, you're going to want to get out. Is it your prerogative to decide what you sell that for? Do you not want to get the most of what you can for what you have? That may be your total... [LB593]

BEN GOTTSCHALL: Well, maybe. That depends. I guess if I had the choice to either sell

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my farm to the highest bidder, and that was a, you know, a corporation that was going to, you know, put in a 15,000 head hog confinement, I probably wouldn't want to sell that to them even if they could spend more than my neighbor down the road who wants to keep milking a few cows and raise a family. [LB593]

SENATOR SCHILZ: Right. And that has always been your choice, right, whether or not this law is in place? [LB593]

BEN GOTTSCHALL: That being...that has always been my choice... [LB593]

SENATOR SCHILZ: You, as a landowner, and a landowner you have that choice. Just as Senator Carlson asked you if that person had known that you guys were interested in the land, would he have put it up for auction? Right? [LB593]

BEN GOTTSCHALL: That's not...I don't...that's not for me to say. I don't know... [LB593]

SENATOR SCHILZ: But it will be at some point. [LB593]

BEN GOTTSCHALL: Maybe. I'm not a landowner. I don't... [LB593]

SENATOR SCHILZ: You have aspirations to be one. What I'm saying is put... [LB593]

BEN GOTTSCHALL: That's what I mean. That's the whole point. I have aspirations. [LB593]

SENATOR SCHILZ: Right. And so what's hurting those aspirations? I mean, do you...what I'm asking you is that at some point, if this all works, right? You will still have that choice. Whether the law is in place or not, you will have the choice if you own land to sell that land to whoever you want. Is that correct? [LB593]

BEN GOTTSCHALL: Yes, if it's... [LB593]

SENATOR SCHILZ: Hopefully, as long as... [LB593]

BEN GOTTSCHALL: ...if I offer it for private treaty... [LB593]

SENATOR SCHILZ: ...as long as you don't go into bankruptcy and... [LB593]

BEN GOTTSCHALL: Yeah, in a private treaty, yes, I guess that would be true. [LB593]

SENATOR SCHILZ: Okay. Right. And so what I'm trying to get at, is well, what advantages does this law give you when you start to look at that? What I see here, and what I'm hearing from everybody is as long as we keep land prices down in Nebraska

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and as long as we keep "unfair competition out" then everything will be fine. We had the law in place for 20 years. Did farms get any smaller? [LB593]

BEN GOTSCHALL: Not all of them, I would say. No, not all of them. [LB593]

SENATOR SCHILZ: No. In fact, they didn't. They grew. Concentration continued to happen. We didn't see this utopia that everybody was looking for, and I just...I think we should all be careful on how we do this, because I think we can get ourselves into another big pickle again if we're not careful. I would say this. I come from a...my district comes out there where Ted Turner owns quite a bit of land out there, you know. A lot of folks would have liked to say that Ted Turner shouldn't had that opportunity either, but I understand that as a free person in this country, you should be able to go and buy land and do deals as you see fit to better what you believe is doing the right thing. Now, I guess that's the question that I have is, does this really make any better? We have a family farmer from...that's now here in Nebraska that's from out of the country, JB Swift and Company, the Batista brothers are probably the biggest family farmers in the world. Should they have the opportunity to come here and do what they do? It's no different than the Ted Turner model. It's no different than what your...my question to you, and I guess you've probably answered it to the best of your ability. But I just...I don't see how holding things back gives any of us an opportunity to move forward. Thank you very much. [LB593]

SENATOR CARLSON: Okay. Ben, thank you. Now, wait a minute. We're kind of working you over here, and you're doing fine so... [LB593]

BEN GOTSCHALL: Okay. [LB593]

SENATOR CARLSON: ...just relax and enjoy it. Senator Karpisek (laughter). [LB593]

SENATOR KARPISEK: Thank you, Senator Carlson, (laughter) and Mr. Gotschall, I'm not going to grill you, because I realize that you're just somebody coming in here to voice your opinion. So I'm not going to make you try to recite the bill. You're just in to try to give your two cents, and I appreciate that. When you talked about four or five of your buddies were going to try to go in and try to get that land, I think that's exactly where the four...I'm going to probably talk more than ask you questions. I apologize. The five people in Senator Dierks's bill comes in...why you could have up to five, because...so you can compete against those large corporations. So I guess in my opinion and maybe this is where I want you to answer, are we trying to stay away to keep the large, great big Swift Company guys out, or are we trying to keep our neighbors from going together? Because I think it's two very different things. Now, did you follow me? [LB593]

BEN GOTSCHALL: From what I understand and from what, you know, from the statements that...or from the discussion of Mr. Hassebrook's testimony, I don't think

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we're trying to keep anyone out. We're just trying to change the nature of the involvement of the owners of the farming operation. We're changing the definition of ownership to my...in my understanding of it, so I wouldn't say we're trying to keep our neighbors from working together or trying to keep anyone out. We're just saying if you're going to be here and you're going to do this, you should do it. [LB593]

SENATOR KARPISEK: Well, you had a better answer than my statement (laugh). I guess the way I look at it is to try to be able to let neighbors go in together and try to compete against some of these big mega corps. And it is tough to compete, and I don't know why we want to do that. Anyway, I want to say that we're going to start down a road that we don't want to go down, so this is the last time I'm going to speak on it, because we can speak on it in executive session. But thank you for coming in. [LB593]

BEN GOTTSCHALL: Thank you. [LB593]

SENATOR CARLSON: And, yes, thank you, Ben, for your testimony. We put you under pressure here, and you kept your cool and you did fine. Thank you. [LB593]

BEN GOTTSCHALL: Well, all right, thank you. [LB593]

SENATOR CARLSON: Okay, next testifier. [LB593]

TED THIEMAN: Thank you, Senators. My name is Ted Thieman, T-e-d T-h-i-e-m-a-n. My address is 405 East Leona Avenue, Petersburg, Nebraska. I grew up on a farm near Petersburg, and lived all my life there with the exception of the military, and worked in and around Petersburg with a small, independent telephone company. So I've been, you know, living with and serving farmers essentially all of my life. I'm now retired, serve on a few boards and do a lot of volunteer work and try to be involved in what I call promotion of sustainable agriculture. To me, sustainable agriculture means widespread ownership, people living on the land, you know, so that we can have a local economy that percolates and that doesn't take its money outside the area when it doesn't have to. And so ownership is really a big deal in my mind. I listened last year to LB1174, Senator Dierks's hearing, and I would like to say I concur with all the proponents' testimony so far, and I won't be repetitious. But one thing that has been brought up, and I think is a disadvantage for being proponents and going first is a big...what turned out to be a pretty big issue last year at the hearings. And that had to do with access to capital. Now I'm not saying that I understand capital in that...you know, in that term...in the terms it was used at last year's hearing. But it seems to me it's kind of like access to money, and I also serve on a bank board of a small community bank there in Petersburg. And since that hearing, I've been asking around to the people who I know in banking and been exposed to it at conferences and so forth, to try to find out what that was all about. I can find no credible information that says family farmers have a problem with access to capital. So the farmers I care about, and I know we're not talking about, you know, a

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quarter or two anymore. I know we're talking 10 or 20 quarters for a functioning farm the way things are going these days. But even at that rate, I see no evidence that farmers have a lack of access to capital. So I'm just anticipating that that's going to come up on the opposition side here today, and I'd like to hear a little better explanation about what that's about. I can only surmise that it might have to do with access to capital by, you know mega corporations that want to get even more mega. So that's exactly what this is trying to avoid, and so I would hope that people don't fall for this access to capital idea. It's just one thing that the proponent side hasn't brought up so far. I thought I'd bring it up now to the extent I understand it. I hope I don't get a lot of questions about (laughter), you know, Wall Street questions. I have them from my own point of view, but that's about it, and with that, I sure thank you for this opportunity. [LB593]

SENATOR CARLSON: Okay. Thank you for your testimony. Any questions? [LB593]

SENATOR SCHILZ: Just...I can't help it now. Just one. [LB593]

SENATOR CARLSON: All right. (Laughter) [LB593]

SENATOR SCHILZ: Thank you, Senator Carlson. Mr. Thieman, thanks for coming. Can you, for me, in your own personal opinion since that's what we've got here, can you define mega corporation? [LB593]

TED THIEMAN: Well, (laugh)... [LB593]

SENATOR SCHILZ: Give me some...I guess you know it when you see it, is that what we're talking about? [LB593]

TED THIEMAN: Well, I guess mega operations might be a more accurate way to look at it, but, you know, if you have a hundred quarters, you're probably mega in my book. Ten or twenty, you're almost family farmers anymore. I'm talking about quarters of land and I think everybody understands what that means. So, but that's...I suppose it is in the eyes of the beholder. [LB593]

SENATOR SCHILZ: Sure. Right, and that person or that entity or whatever that has a hundred quarters could also be a family farm, correct? [LB593]

TED THIEMAN: It could...yes, it's true. It's true, but, I mean, I don't believe even those...I don't see family farmers having trouble with access to capital even at a hundred quarters. [LB593]

SENATOR SCHILZ: Right, I understand. Well, we need to be honest about what we're trying to do here. I mean, if we're...if the bill is to keep...if the bill and the law is to keep certain...I'm trying to figure out what it's for, to keep certain people out, keep certain

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people in? Or define how the business should be set up? I guess I'm starting to get a little confused as to what exactly we're trying to do. [LB593]

TED THIEMAN: I'm sure we can find people that can unconfuse you. [LB593]

SENATOR SCHILZ: Yeah, okay. Well, I'm waiting (laughter). Thank you. Thank you very much. [LB593]

SENATOR CARLSON: Okay. Any other questions? All right, thank you for your testimony. How many more proponents do we have? Okay. [LB593]

BRIAN BRANDT: Hello, committee members. I'm Brian Brandt, B-r-i-a-n B-r-a-n-d-t. I'm from Plymouth, Nebraska, 50 miles south of Lincoln. I've testified a few times before. I've been a proponent of I-300 when it stood. As per usual, I didn't prepare a testimony because I believe in what you started out with, let's not repeat what's been said, so let's try to add something different to it. I raise hogs primarily, farm a little, have a couple hundred cows. My operation, in a sense, is about 25,000 head of hogs farrow/finish per year. That consists of two farms in Kansas, one in Nebraska. The Nebraska I own individually. Kansas, I actually have a corporation that myself and five other guys bought from Continental Grain, who I used to work for. And so I've operated with every entity there is, and I guess I feel comfortable talking about it. I think to add a new thought to this, and Senator Schilz alluded to it, what are we talking about in my mind? I think the word compromise legislation is a good word. If people felt like they were held out of Nebraska by not having a family-sized corporation and this offers them that chance, then do it. I don't see, you know, I've been on both sides. It isn't a big deal or not a big deal, but I think the thing that we do need to talk about, the elephant in the room, the Smithfield-Tyson-Pilgrim Pride type of issues. When I was with Continental Grain, my friends were the people that ran Premium Standard Farms, and so I was invited as a guest, and I got to spend three days and tour that. Premium Standard Farms is 90 miles east of here by Princeton, Missouri, was started in the eighties by a guy named Dennis Harms. I don't remember his partner. They accessed Wall Street money. They immediately went into those three counties. They bought 65,000 acres one year. They put in 200,000 sows and a packing plant. Three years later, they went broke. Continental Grain took it over, merged it together, grew it. Continental Grain struggled greatly with it. Two years ago, they merged that into Smithfield. Now Smithfield has it. Smithfield is at 800,000-plus sows. If you follow their stock, they're about broke. Smithfield stock has gone from 20 to 6. They're downgraded to junk bond status; they may go broke. Smithfield has the Farmland plant at Crete. Currently, they have 15 percent of all the hogs in the United States; 60,000 head a day are their hogs. When that farm goes broke again for the third time, what's interesting about it is it won't be taken apart like it was put together. The 60,000 acres probably won't be offered out in quarter section tracts. The buildings and units won't be offered out. Once these things get put together, they never seem to get "untaken" apart. And so if you allow this in, it is

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a world regional competition. Having it in Nebraska, not Iowa, not Missouri, doesn't protect me. But if we let Nebraska do the same things, it doesn't help me either. And if we want to look at our communities, the quality of life issues, when I was down there, I went to a county seat, and if you gave me a map, I can find it. It's east of Princeton. I think it was Mercer County. I think the town was Union. The county was broke. They had closed the courthouse, actually dissolved their county government. It's one of the ten poorest counties in the United States, poorer than the Appalachians. The courtyard square looked exactly like Juarez. You know, this really is the elephant in the room. This is what you're talking about. If you want to go in this direction, we can compete in terms of every competitiveness issue. My family is tougher, meaner, faster than any of these guys, but they create things that no man or men or five men combined. When Smithfield goes broke, that's going to be bought by JBS Swift or Cargill or somebody like that, and if you want to farm exactly like Premium Standard Farms in Gage or Jefferson County, Nebraska, you can create that opportunity. I myself don't want it, and that's the elephant in the room. [LB593]

SENATOR CARLSON: Okay. Thank you for your testimony. Any questions? Senator Dubas. [LB593]

SENATOR DUBAS: Thank you, Senator Carlson. Thank you, Mr. Brandt. So how do we capture that elephant in the room? [LB593]

BRIAN BRANDT: Well, I think the start would have been...I guess we all have to be objective. I would have left I-300 in place. Obviously, it wasn't. I think it's compromise legislation. This is fair enough. You know, to be a corporation like we are in Kansas, the reason that I'm a corporation is Continental Grain sold a farm that they found objectionable. It was too expensive for them to run. They actually gave us the farm, but we bought their corporation because it had tax loss carried forward. That was the only reason we bought the corporation. When you go to borrow the money, we went to Farm Credit in Manhattan, Kansas, and we borrowed millions of dollars, the five of us. They go straight through that corporation to you as individuals. Your corporation is no better than you are individually. You can't borrow more money because you're a corporation. That is a total myth. A corporation is no better than the individuals that are in it. You know, so to allow it or not allow it, to me it's immaterial. You know, family farm size, five people size, corporations, they don't create these type of entities. But if you want to allow, and it will happen...it will happen. If you think that people can't come in and buy 40,000, 50,000 60,000 acres of ground at a whack, you're absolutely wrong. And it's not going to be the Sandhills. It's going to be the good farm ground. You know, and that's...to have some type of legislation like this is at least what we have, I think it's a beginning to prevent that, isn't it? Unless there's something better. [LB593]

SENATOR DUBAS: Thank you. [LB593]

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SENATOR CARLSON: Okay, any other questions? Okay, thank you for your testimony.
[LB593]

GALE LUSH: Chairman Carlson, members of the Ag Committee, my name is Gale Lush, G-a-l-e L-u-s-h. I represent the American Corn Growers Association. I'm a farmer from Holdrege and Wilcox, Nebraska, raise corn and beans, and I'd like to make some observations I've obtained since the old I-300 bill was passed. Primarily, the reason you set up a corporation, they say, is to avoid personal liability. I've set up a couple of corporations myself. They were Sub S corporations, primarily to facilitate passing on assets to another generation and to relieve some of the accounting problems that we have with a family partnership. But even if you have a corporation, you still have to sign with the bank personally. Sometimes in jest, I would ask my banker, well, I'm a corporation, are you going to let me go without signing personally this year? No, we want to know where you live, and if you do something foolish or wrong, we want everything you've got right down to your house. And that's the way it is. Farmer, rancher, or whether it's a corporation or not, is personally liable for all his debts till all his assets are depleted. An entity that was created by a private or a public offering such as the ones that this bill is trying to prevent operating in Nebraska, well, they don't have to sign personally. They've got a little money, and as long as...and if they do something foolish such as what happened with VeraSun, they put a hedge on backwards, to a (laugh) Texas hedge instead of a real hedge. When they wake up in the morning, they'll still own their house. A farmer who has to sign personally, whether he has a corporation or not, he's going to be on the...he's going to be looking for a new job and a new place to live. An analogy, I think, to this whole problem is what's happened on Wall Street. In the good old days, the investment banking firms such as Lehman Brothers, Bear Stearns, they don't exist anymore, Goldman Sachs. Well, they're part of somebody else now. They were private partnerships. When one of the investment bankers in those firms, or when that investment banking outfit does something foolish, they were all personally liable and right down to their house and personal assets. Now, they went public. If they do something foolish, well, they get big bonuses, and the people who own that corporation, the shareholders, they go broke. That's exactly what happened. I think that is something that could happen in Nebraska. If the farmland is owned by a public or private offering, no one really...they're not personally liable; they can run up big bills. We don't know just this...a friend of mine who sold all his corn to VeraSun at a good price, didn't know that they had made a Texas hedge that was going to bite them and cost them almost a half a billion dollars. He didn't know that, and when he sold them the corn, they were solvent. They were in reasonably good shape. They could pay their bills. But by the time October rolled around and he had to bring his corn in, they were insolvent, and who loses their house when they...when someone goes broke? He didn't do anything wrong, but he may lose his house. He may lose his farm. But the corporate officers of VeraSun, maybe the one who decided let's put on a hedge, we'll make a killing on this market, they're still sleeping in their house, and their families are just fine. And they can always find another job, and maybe they'll get a job with the people who

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buy them. I see that my time is up, but, frankly, personal liability, that's the issue--personal responsibility. If you're liable for your own mistakes and debts, you're not going to do something on the cutting edge. You're not going to be doing Texas hedges, and it's too bad that the investment bankers on Wall Street weren't still private partnerships. Maybe they wouldn't have brought this nation to its knees. That's all it takes, just a few bad moves by a few bad apples who overdo it. And we really don't need that in Nebraska. Thank you. [LB593]

SENATOR CARLSON: Okay. Good timing, Gale. Any questions? Okay, thank you for your testimony. [LB593]

KENNETH WINSTON: I'll be very quick. I have two sentences. So, good afternoon, Senator Carlson and members of the Agriculture Committee. My name is Ken Winston. The last name is spelled W-i-n-s-t-o-n. I'm appearing on behalf of the Nebraska Chapter of the Sierra Club in support of LB593. I have a very short statement. It's a basic principle of human nature. The greater the stake an individual has in an asset, the more attention and the better care that person will take of that asset. We have consistently supported restrictions on corporate ownership because we believe that ownership by people who are also engaged in the day-to-day operations of farms and ranches have consistently and historically been more responsible in their stewardship of the land and the natural resources than people who were uninvolved. We ask for the advancement of LB593. [LB593]

SENATOR CARLSON: Okay. Thank you. Any questions of Mr. Winston? Thank you. [LB593]

KENNETH WINSTON: Thank you. [LB593]

SENATOR CARLSON: How many more proponents do we have? Okay, two more. Okay. Welcome. [LB593]

WAYNE FROST: Senator Carlson, committee, my name is Wayne Frost, W-a-y-n-e F-r-o-s-t. There...several questions came up a little bit ago when Ben Gotschall was testifying. That was my operation. Senator Carlson, when he had his twin girls down here last year just before the session ended, I think I explained a little bit about how this worked. [LB593]

SENATOR CARLSON: I thought it was you. (laughter) [LB593]

WAYNE FROST: Yeah, (laugh) well, it was. And the facts that he had were right. The thing is, on that operation, I have six brothers and sisters. When my folks died, they left it into an LLC. I operated it for 25 years for the...I went back to the ranch and run the ranch for 25 years, retired from a feed company and done that. It was what I liked to do.

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I was very happy there. However, I had prostate cancer, and I had a sister who had breast cancer at the same time, and they says, hey, we got this thing into kind of a mess. If you ain't out there to run that place, what are we going to do? And so I wanted to sell it to these young farmers, but they wanted...they live in California and Minnesota and wherever, and they wanted to auction it to make sure they got all the last dollars they needed, even though very few of the family needed the dollars. I'd have sold it for the money that we would have not got if the corporation hadn't been there, and all these young boys got together, trying to buy that unit. But the fact is, they sent in an agent for them, and it was right across the road, was a corporation that had 55,000 head of hogs. Now, that's one unit--55,000 head. They haven't been able to pump those lagoons down since the day they started it because there ain't enough land around there to get rid of it. And that's the fault of the DEQ at the time. They said, well, you can...they turned in 20 quarter sections of land that they could put this manure on. The only thing is, they didn't tell the DEQ it was 20 miles away, and there was no way in the world they could haul that stuff down there. There's more water in them lagoons out there probably than there is in Holmes Lake here in town. I mean (laugh) that's how much manure they've got stored up out there, and someday they're going to have to get rid of it. I say, get a digester and start doing it, but they won't spend the money to do that, see. Because one of these days, it's going to be just like some of these other operations...Sands being one. Just a little bit ago, they brought up the fact that what do you do when that happens? Well, I know what the bank has done. In that case, when Sands went broke, they owed Peachtree Bank in Atlanta, Georgia, \$100 million when they declared bankruptcy. They owed one other bank here in Nebraska \$30 million, and so that banks says I'm not writing it off. Peachtree wrote it off, and maybe that's one of the reasons they're in trouble. But the fact is, this other bank just took them over, and now they're running it. The bank is running it through one of the boys that lives in Colorado, and one day that's going to dissolve. It's the same way with this big unit that's got the 55,000 head across the road from my farm out there, the ranch out there. That thing is going to dissolve too. Whenever it has to break down, it's got to...where's it going to go? And who's going to buy it? Well, everybody always thought it would be Smithfield. That's what they thought. Now Smithfield is backing off and having trouble, so when they're having trouble, what are they going to do? You see,...I see my time is running out, but there is many operations that I could cite that these young people have not been able to get into that operation because they couldn't come up with the kind of money it was. Even though in my case it was a little over \$1.5 million, and \$1.5 million young guys have a hard time being able to borrow that. And so they were trying their best to buy this unit, but there is this guy, every time they'd bid...they'd bid before they could get done with the word, and he was going to buy it. And they could have run him to where, I don't know where, but they still couldn't have bought it. And that's why it went to auction is because the family decided that it should be at auction, and I'd have gladly sold it to these young guys, of which three or four of them had worked for me before that. They knew that farm as well as they knew the back of their hand, and I'd liked to have them had it, you know. But I couldn't do anything about it. And we didn't even find out it was a

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corporation till we went to settle up the papers because nobody...it was almost like you sign one of these agreements that you won't tell nobody nothing. I'll (laugh)...if you got other questions about this whole operation, I'll gladly fill you in, but I know...I've had personal experience with a lot of them and several other cases besides my own.
[LB593]

SENATOR CARLSON: Thank you, Wayne, for your testimony. Any questions? Okay, thank you. [LB593]

WAYNE FROST: Appreciate your time, thank you, Senator. [LB593]

MARVIN 'BUTCH' HUGHES: I'm Butch Hughes, B-u-t-c-h H-u-g-h-e-s. I live in rural Hastings, Nebraska, got a small acreage there, got a background in farming and construction. And I think for the benefit of Senator Schilz, and I think he probably understands this as well as the rest of us, that this bill...what it's an attempt to do is to restore the confidence we have in living out our heritage and giving our children the heritage we had, and to maintain that in our communities and neighborhoods. And this bill, you can Executive Session fine tune it, whatever you have to do, but we know that ownership and responsibility go hand in hand. You own a piece of the action, the odds are very good that you're going to be more responsible whether you're the hired hand that gets a percentage of the corn crop or whether you own, you know, a piece of pasture and you got some cows. We even support this program with the Nebraska School of Agriculture there in Curtis with a hundred-cow program where they teach children...kids, how to run books and end up with a hundred head of cows, so they can have part of the action on a ranch. Our average age of our farmers and ranchers is not quite 60 now. There's going to be a big turnover of land and responsibility in the near future. Nebraska is the owner and possessor of the best water aquifer in the world, the best ranch ground and farm ground in the world, and I think as Nebraskans, we ought to be very proud of that and very protective of that. And I didn't want any JB Swift or any other like corporation coming in this state and taking over like Prudential did in parts of Nebraska. They absolutely destroyed neighborhoods; country schools closed up; neighborhoods were decimated, and we ended up...the cost to the infrastructure was horrendous, and that's why Initiative 300 came about, or one of the reasons. So, you know, whether we're...we Nebraskans...you know, something happens, goes astray in Smith Center, Kansas, or Minot, North Dakota, we don't get too concerned. By the same token, if somebody owns our property that lives in Oklahoma City or from San Paulo, Brazil, they really don't care if we've got a school in Brule, Nebraska, or Howells, Nebraska, or Hastings, Nebraska. They could care less. So whatever you have to do to fine-tune your legislation so it does what we're trying to do, I think you've got a tremendous start on it. I do believe that it's very possible and very real and we should do it. But I think when you look into the heritage of who we are, some of us are fortunate as to have four generations ahead of us here in Nebraska, and almost all of them came as farmers. And almost all of them came from a world where they couldn't own a piece

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of the action. They were slaves to serfs. We've been given that; it's ours. And this bill is about keeping it. We've got a strong economy here in Nebraska because of our private ownership. We don't have a strong economy because of the JB Swifts. So that why am I here is I spent out of college, out of Lincoln, Nebraska, here...I chose to go in the Marine Corps, spent the better part of two decades, traveled the world and defended our country. And I always left my watch on Central Time whether I was in Vietnam, (inaudible) out in California, Camp Lejeune, North Carolina, to remind myself why I was in that uniform. And I think we deserve that to pass, you know, and I think that passion is what I'm asking you folks to have. And if you don't have it now, go home and figure out where it is, uncover it, and dig it out, because I don't think because you're here in Lincoln you had to check your passions and principles at the Lincoln city limit. You got to have them, and if you have them, you will figure out a way to get this bill to the floor. And you will go and you'll talk to your neighbor senators and do the best you can to get this about, because we're talking about our life, and we're talking about Nebraska as we know it, and we deserve the next generation that. [LB593]

SENATOR CARLSON: Okay. Thank you, Mr. Hughes, for your testimony. Any questions? Thank you. Now I'm going to do something a little unusual. Where's Ben Gotschall? Stand up, Ben. Mr. Hughes, turn around and look at him. You know more about the Curtis deal than I do. You talk to Mr. Hughes after this session today. Thank you for your testimony. Any other proponents? Is this the last proponent? Okay, two more. [LB593]

CLINT HOHNDORF : Senator Carlson, members of the Ag Committee, my name is Clint Hohndorf, C-l-i-n-t H-o-h-n-d-o-r-f. I come to you in support of this bill, LB593. A point I would like to make is, I would leave it up to the expertise of the members of this body whether this bill can indeed slow down corporate farming. I'm not here to debate it with any of you. I'm sure you know much more about that than I do. But if indeed this bill can slow down the big farming interests that are coming in, I support it fully. And I'm probably in a unique situation. I'm a lifetime farmer. I have no heirs, but I'm willing to put my money where my mouth is. If there's a young farmer that wants to buy my land, I'd gladly sell it to him, but I'm not going to do it if my community and my representatives on the state level are not willing to stand by this conviction, so that's all I got to say. [LB593]

SENATOR CARLSON: Okay. Thank you for your testimony. Any questions? Thank you. [LB593]

JOHN K. HANSEN: Mr. Chairman, members of the committee, for the record, my name is John K. Hansen, J-o-h-n, Hansen, H-a-n-s-e-n. I'm the president of Nebraska Farmers Union and appear before you today as our president and lobbyist. I have been working on this issue since 1970. I, along with Chuck Hassebrook and Norma Hall, are three of the original drafters of I-300. Let us not forget that the people of the state of Nebraska came to this Legislature from 1968 to 1982 in overwhelming support of a

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restriction on nonfamily farm corporations to level the playing field to deal with the rape of the Sandhills, all of the concentration in agricultural issues, all of those things. The Legislature refused to listen. The citizens gathered the signatures. Our organization gathered 57,000 signatures, put the issue on the ballot. It was before the voters. It was one of the most contentious public debates and campaigns in American...certainly Nebraska history. It was noteworthy in the history of a lot of the folks of the decade as well as the century, and people made a clear judgment. At the end of the day, 56 percent of the voters in the state of Nebraska said, we want this in our Nebraska Constitution because we don't want to put it in statute, because we fear the Legislature will just backslide again, and listen to special interests, and then undo it all. And so when we had...we finally ended up putting it in the Constitution because we had failed to go through the legislative process. And so, as a result of that, we are here today as a result of a legal decision that was made, not on the merits, not on the letter of the law, not on the enforcement in the law, but the ballot description itself. So if you want to know what the lawsuit revolved around, and on the basis of the summary judgment, it was the errant and less than accurate ballot language of I-300 in 1982 by Allen Beermann which our organization and those of us who drafted it, disputed at the time. Mr. Beermann told us that we could sue him, so we could tie up our money and our resources going to court instead of fighting the campaign. We were outspent, over 12 to 1, and we still prevail, but we knew at the time that the ballot description was inaccurate because it put Nebraska particular language in the ballot description where there was none in the law, was none. And so how do you then comply with the court decision based on not the language that served our state since 1982, but the errant ballot description? And so this effort with LB593 represents an awful lot of work on the part of a lot of legal folks and other folks trying to find both a very clear legal path forward to carry out the intent. It incorporates a lot of the flexibility relative to all the testimony and the traditional complaints that have been heard relative to I-300. And the packet of information I gave you is instructive. And it speaks also to the elephant in the room that was discussed earlier. This is a letter that our national shop just put together with our help to the Chicago Futures Trading Commission relative to manipulation in the futures market by, we are sure, one of the largest meat and one of the largest hog producers, and one of the largest hog processors in the country. We ought to at least find out what the facts of the matter are. CFTC, at a minimum, ought to do its job, and here is the latest concentration numbers. We look at the beefpacking; we look at porkpacking. We look, the largest, by far, the largest meatpacker is Smithfield. Tyson is second, Swift, Cargill. And so this kind of style of food production, the value of this livestock is not the value going in the front door of their packing plants like everybody else that's an independent producer. It's the value of that product going out the back door. And so that is, in itself, an unfair competition. And so what this effort does, among other things, is to try to level the playing field so we have a more competitive system, so that we can actually get a market that actually functions, works, looks like a market ought to work. And so if you look at the data in here, what you find in this concentration, and this is the latest numbers that are available, we have a system of shared monopolies. We do not

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have a competitive market (inaudible) had, and the bill that would be proposed is one way for those...(Recorder Malfunction--Some Testimony Lost)...is now in an unfair competition with these vertically integrated units that are less efficient but have more market power. That's what this is about. So what does USDA do? Here is the GAO report. I draw your attention to the summary in the front of that. The skinny on that is they found that the Packers and Stockyards Division of USDA was not doing their antitrust responsibilities as they should; two, they were covering it up as...on purpose; and three, they were penalizing the employees who would not participate in the coverup or the failure to do their job in the first place. That's our agency, hard at work, not dealing with corporate concentration and antitrust. The next report is simply a study of the value of ag commodities these days and "Agri-Pulse" is the latest data, so what's going on out on the farm, we're seeing commodity prices going down. Unfortunately, this forces sellers. And when we see sellers then, of course, we also have buyers and that gets to the issue that's before us today. The next is a CFTC piece about commodity futures trading commission data. And the last is really the best and simple way. We have here in Nebraska tried to do certain things in a particular way. Has it worked? And well, we are ranked, as a result of the corporate farming restrictions that we've had, we have been ranked number one in red meat production in 2007, number one in commercial cattle slaughter. You go down the list, we're the top red meat producing and processing state in the country and we are more efficient, more environmentally responsible, more economically beneficial than those highly concentrated, vertically integrated states of Kansas or Texas. And so, yes, the same things that happen around the country happen here, but it has happened less so by virtue of the fact that we had these corporate farming restrictions in place. We would ask the committee to honor the will of the people of the state of Nebraska, look at the best interests of the state of Nebraska, and find a way forward to support LB593. With that, I close. [LB593]

SENATOR CARLSON: Okay. Thank you, Mr. Hansen. Questions? Senator Wallman. [LB593]

SENATOR WALLMAN: Thank you, Chairman Carlson. Thank you, John. You always have information station. What do you think Smithfield's...what's their mission statement with their stockholders? [LB593]

JOHN K. HANSEN: I do not know. [LB593]

SENATOR WALLMAN: Okay. (Laugh) Thank you. [LB593]

SENATOR CARLSON: Senator Price. [LB593]

SENATOR PRICE: Mr. Carlson, thank you, Senator Carlson, Chairman. Mr. Hansen, I apologize. I was introducing another bill so I missed some. But throughout all, notwithstanding the testimony, I have some concern if we single out one industry where

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we say we're not going to have corporations involved. We've heard bills in other committees about small grocers and other thing...and then you have corporate...you have small businesses, so then Wal-Mart isn't in town. You know, we have a lot of animosity there that we've heard expressed. And so isn't this an inroad to saying we want to get rid of anybody (inaudible) corporation out of our state? [LB593]

JOHN K. HANSEN: I think the opposite is the case. The corporations, if you look at the law, are artificial entities created by the grace of the state and can and should be regulated in any manner consistent with the public interest. And we have seen the debacle that's gone on in Wall Street, that's already been mentioned, what happens when you don't have appropriate regulation and oversight. So in the case that we're talking about here with LB593, we are certainly not outlawing family farm corporations. We have expanded the traditional family farm corporation to include neighbors that are not related and that those kinds of financial entities have served our state extremely well. They're certainly as competitive and as efficient as any nonfamily farm corporation and they've provided greater social, economic, and environmental benefits than the nonfamily farm corporations. And that I think that as we look at how we develop food and fiber and production agriculture, it is different, fundamentally different as an industry than is the sale of widgets in any other commercial enterprise. And that I would say that the relationship between land and people is a sacred relationship that defines us as a people, as a culture, as a society. It reflects our values. It ties us to the good earth from which we come and to which we will all return. And so it is fundamentally different in that way. It is the basis on which our nation was founded. Certainly agriculture and family farmers fired the shot heard round the world, and that is as we have hosted delegations from other countries. Our traditional system of independent family farmer owner/operator agriculture has been the marvel and the envy of the rest of the world because of all of the societal benefits that it produces. And I think that those can be measured. Last year, we provided sociological studies. If you look at LB1174, that documented the social benefits as well as the economic benefits. And so when we look at structurally what's going on in family farm agriculture today, do we want to make it easier for Cargill and Smithfield and Tyson and those kinds of entities to come in and take over our traditional independent family farm system? And I look at the national level, it is a dismal failure of appropriate oversight and regulation. [LB593]

SENATOR PRICE: All right. Thank you. [LB593]

SENATOR CARLSON: Any other questions? Okay. Thank you for your testimony. [LB593]

JOHN K. HANSEN: Thank you, Mr. Chairman. [LB593]

SENATOR CARLSON: Any other proponents? Okay. We're ready for the opponents to LB593. And how many do we have testifying as opponents? Okay. [LB593]

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KORBY GILBERTSON: Good afternoon, Chairman Carlson, members of the committee. For the record, my name is Korby Gilbertson, spelled K-o-r-b-y G-i-l-b-e-r-t-s-o-n, appearing today as a registered lobbyist on behalf of the Nebraska Realtors Association. The realtors has opposed this legislation in the past and continues to do so because they feel that it is a restriction on the transfer of real property. And that is my testimony. I'd be happy to answer any questions. [LB593]

SENATOR CARLSON: Okay. Thank you. Any questions of Korby? Thank you. [LB593]

KORBY GILBERTSON: Thank you. [LB593]

WILLIAM BEVANS: Good afternoon, Mr. Chairman, members of the committee. My name is William Bevans, W-i-l-l-i-a-m B-e-v-a-n-s, and I'm here today representing the Nebraska Poultry Industries and the Nebraska Turkey Growers. The Nebraska Turkey Growers are independent family farmers who joined together some 70 years ago to form a turkey processing and marketing cooperative. That enterprise was successful in its mission of allowing the grower/owners access to a farm-to-fork production system for most of those 70 years. We were proud of our farms, our processing plant, and our Norbest brand and marketing system. However, we ran into a buzz saw the last couple of years that has literally cut us off at the knees. That buzz saw was not some horrible corporate entity imposing its greedy ways on defenseless turkey growers. Instead it was the policy of our government, which has diverted fully 25 percent of the corn crop in this country into a subsidized, market mandated, tariff protected ethanol industry. High feed prices have literally sucked the equity out of our operations. It has left us unable to finance the improvements we needed to make to our processing plant at Gibbon. It left us unable to convince our lenders that there was a reasonable likelihood that we would be profitable going forward and are unable to continue placing poults on our farms. As a result, the Nebraska Turkey Growers processing plant is now idle. Three hundred forty good people do not have jobs there today. The best kind of value-added program that could be designed for our state, and that is converting our abundant supplies of corn and soybeans into quality turkey products to be distributed to customers around the country, is now closed. It will not reopen without finding a new owner who can supply new capital and new financing, and that new owner or partner very likely would be a corporation. Fortunately for me, I have been able to sign on with a food processor in Iowa who has provided me with a very good contract for growing turkeys for them. It allows me to continue to operate my business, make my building and real estate loan payments to my bank, and continue to provide for my family. I am able to keep my farm, my way of life because I have been able to plug into a food production system which pays me for what I do and shoulders a very large part of the risk inherent in feeding livestock. This is the model that is working in agriculture today. It does not eliminate the family farmer. It pays him for producing quality products to the standards of the marketplace. There is nothing inherently ugly about corporations and agriculture. It is

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how we are dealing with the new world of risk that we find in our ag businesses today. The Nebraska Poultry Industries and the Nebraska Turkey Growers are opposed to this bill which would put needless and harmful restrictions on how people in agriculture choose to do business. We can feed our growing population of people now and into the future, but only if we avoid placing poor government policies in the way. Thank you. [LB593]

SENATOR CARLSON: Okay. Thank you for your testimony. Any questions of Mr. Bevans? Thank you. [LB593]

WILLIAM BEVANS: Thank you. [LB593]

HERBERT RHODES: Good afternoon, Senator Tom Carlson and members of the Agriculture Committee. My name is Herbert Rhodes, H-e-r-b-e-r-t R-h-o-d-e-s. I'm here representing the Nebraska Cattlemen. I am its chairman of marketing and commerce. I'm representing the association today providing testimony in opposition to LB593. This issue has been discussed at length within our association at our annual meeting in November of last year. There was considerable time spent debating this issue in council committee board and full membership forms. Our membership adopted policy that addresses this issue that I'd like to share with you this afternoon. Nebraska Cattlemen's fundamental goal includes protection and perpetuation of the free enterprise system of the Nebraska beef cattle industry. We feel the act of legislatively imposing limitations on an industry based upon another party's business structure will limit the ability to conduct business and impair commerce. Nebraska Cattlemen feel strongly that restrictions and limitations should not be placed on the ability of Nebraska cattle producers from marketing their services and property in such a way that it's financially beneficial to them. As a final piece of our policy, Nebraska Cattlemen urged the careful consideration and avoidance of any legislation that would effectually isolate Nebraska and thus hinder the ability of Nebraska cattle producers to compete with other states who do not have the same legislative limitations or restrictions. While Nebraska Cattlemen respectfully oppose the passage of LB593, we have and will continue to be very open to working with all entities, including the Nebraska Legislature, to advance fair legislation that will equitably represent all interested parties as to this issue. Thank you this afternoon for listening to my petition. [LB593]

SENATOR CARLSON: Thank you for your testimony. Any questions of Mr. Rhodes? I have a question. [LB593]

HERBERT RHODES: Yes, sir. [LB593]

SENATOR CARLSON: Can you kind of summarize membership...members of the Nebraska Cattlemen? Are they family ranchers? Are there corporate members? What's...do you have any idea on the breakdown? [LB593]

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HERBERT RHODES: I don't have the exact percentages, but I would say the overwhelming majority of the members of the Nebraska Cattlemen are family ranchers. [LB593]

SENATOR CARLSON: Okay. Thank you. Any other questions? Thank you for your testimony and I like your tie. [LB593]

HERBERT RHODES: Yeah. Thank you very much. (Laughter) [LB593]

JERRY STILMOCK: (Exhibit 6) Senators, good afternoon. My name is Jerry Stilmock, J-e-r-r-y, Stilmock, S-t-i-l-m-o-c-k. I appear before you this afternoon as a registered lobbyist for my client, the Nebraska Bankers Association, to testify in opposition to LB593. The NBA has had a longstanding position opposed to the imposition of restrictions on corporate farming activities either through our state's constitution or by statute. In striking down I-300 on constitutional grounds, the federal court in 2007 also suggested that the provisions of I-300 requiring day-to-day labor and management violated the ADA act. We do not believe that LB593 cures the constitutional infirmities of I-300 or that it complies with the requirements of the ADA. However, even if LB593 were not constitutionally suspect nor violative of the ADA act, it represents a return to the ill-conceived notion that Nebraska should prohibit limited liability entities from participating in agricultural activities in the state of Nebraska. In agriculture, producers should be provided with maximum flexibility in managing their farm operations. LB593, by contrast, hangs on to the worn-out school of thought that imposing restrictive measures on farm real estate ownership and farm operations will cure the ills of the agricultural sector. Instead of trying to shield our young and beginning farmers from competition, we believe we should be providing them with incentives and opportunities to succeed by joining forces with other entities to access capital that is so vitally important to the success of the next generation of farmers. Agriculture has evolved into an extremely capital intensive industry. Without question, we believe that is the fundamental economic fact that concerns the small family farm paradigm, rather than the threat of corporate farming. In fact, corporate investment in agriculture is actually an ally to the small farm because of the capital support provided through partnerships with small farms. We do not believe that I-300 stemmed the tide toward the continuing consolidation of farm and ranch operations. In fact, I-300 may well have enhanced the ability of capital rich farm families to grow by absorbing the smaller farm and livestock operations into their larger operations, virtually locking the small and beginning farmer out of the market to acquire farm real estate. As we discussed earlier and you heard testimony concerning the out-of-state corporate issue, corporate ownership issue, we believe LB593 would allow an out-of-state corporation to own Nebraska farmland without having a family member either reside upon the Nebraska farm or be engaged in the day-to-day labor and management on the Nebraska farm and clearly result in absentee ownership of farmland in Nebraska. It is my understanding that supporters of

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I-300 have previously cited the problems of absentee owners of land as well as increased tenant operation and rural depopulation in support of the constitutional amendment. Yet these are the very outcomes that will result if an out-of-state corporation is allowed to qualify as a family farm corporation by virtue of its ownership of, or labor and management activities on, out-of-state agricultural land as allowed under LB593. For the foregoing reasons, we respectfully request that LB593 be indefinitely postponed. Thank you. [LB593]

SENATOR CARLSON: Thank you for your testimony. Questions? Senator Wallman. [LB593]

SENATOR WALLMAN: Thank you, Chairman Carlson. Yeah, thank you for testifying here, Jerry. But how many of your rural banks borrow to a large corporation like Smithfield? Do you think very many? [LB593]

JERRY STILMOCK: I don't have that information, but I don't believe very many do. [LB593]

SENATOR WALLMAN: Yeah. Okay. Thanks. [LB593]

SENATOR CARLSON: Senator Council. [LB593]

SENATOR COUNCIL: Yes. Thank you, Mr. Stilmock. I'm very interested in your statement that LB593 would allow an out-of-state corporation to own Nebraska farmland without having a family member. What specific provision of the bill do you believe supports that statement? [LB593]

JERRY STILMOCK: The way it was written in relation to page 5, line 23 that begins at subsection 5, Senator. There was testimony, and I listened interestingly, from Mr. Hassebrook I believe that he acknowledged that that very well is the situation that would be presented in LB593, and that it was written in that way to overcome or attempt to overcome one of the court challenges, one of the court findings that it must allow an out-of-state producer to actually farm in the state while residing outside the state. So it's in that language of subsection 5, Senator, that I believe that, and others believe, that it's their attempt, the proponents' attempt, to try to go to the issue of what was decided by the court. [LB593]

SENATOR COUNCIL: And would it be true that it relates to a question that Chairman Carlson asked earlier about the fact that the conjunctive operate and day-to-day management, is that one of the issues in that language that... [LB593]

JERRY STILMOCK: No, because I think there was...the court picked up on just the word "a" and the word "the," and the way that LB593 and last year's bill were written

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was to try to address that issue so that it would not...the legislation would not focus on that it had to be a Nebraska farm so that it could be a farm outside the state of Nebraska, Senator. [LB593]

SENATOR COUNCIL: Okay. [LB593]

SENATOR CARLSON: Okay. Any other questions? I have one. On page 2, the last paragraph, you state that "in fact, I-300 may very well have enhanced the ability of capital rich families to grow by absorbing." Could you expand on that a little bit? [LB593]

JERRY STILMOCK: Well, just what I have gathered is as the number of producers in the era of the passage of I-300 that we have the history already have been written for us. And what I understand has happened during that era of I-300 is the number of producers have actually decreased, and the size of the farms have increased, the acreage of the farm. So if I-300 was geared to try to preserve or even enhance, I believe just the opposite has happened, Senator. [LB593]

SENATOR CARLSON: Okay. Thank you. Any other questions? Thank you for your testimony. [LB593]

JERRY STILMOCK: Thank you, Senators. [LB593]

MARK McHARGUE: Good afternoon, Senator Carlson, members of the Agriculture Committee. My name is Mark McHargue, M-a-r-k M-c-H-a-r-g-u-e. I'm a crop and livestock producer from Merrick County. I am a member of the Nebraska Farm Bureau Federation board of directors, and I am here today on behalf of Nebraska Farm Bureau to offer testimony in opposition to LB593. First of all, I want to state up front that Nebraska Farm Bureau strongly supports family owned and operated farms and ranches in Nebraska. Family owned farms and ranches are critical for the future of rural Nebraska. Clearly, the future of our farmers and ranchers depends on their ability to remain competitive and profitable. In order to do so, we believe producers must have the opportunity to utilize business organizations to attract capital to respond rapidly to the changing marketplace and to bring young farmers into the operation. Farm Bureau opposes LB593 for many reasons. We do so primarily because it restricts the means unrelated family farmers can use to join together to meet challenges of today's agriculture. Farmers and ranchers must be able to work together to develop new products, capture niche markets, and add value to their commodities, and not to have to overcome significant cost and hurdles to limit the exposure of their operations or farm assets. The ability to enter into limited liability organizational structures with neighbors and nonimmediate family would greatly improve producers' chance for success. A couple of weeks ago I went to a biodigester clinic in York, Nebraska. The room was filled, probably 100-and-some people talking about biodigesters on livestock operations and how we can produce biofuels out of that and produce maybe another business. I

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think that's a perfect example of some partners or entities that we might hook up with that we would have never thought of five years ago that we're going to possibly hook up together. And I think we could have some problems with this legislation. We encourage the committee to focus on policies that can encourage and help those of us in production agriculture succeed. Agriculture is Nebraska's number one business. It is critical for Nebraska to develop strategies that to help us remain viable, have access to capital, and explore potential markets. The Legislature can play a part in keeping us competitive in this rapidly changing global marketplace. For these reasons, Nebraska Farm Bureau Federation opposes LB593. I'd be happy to answer any questions.
[LB593]

SENATOR CARLSON: Okay. Thank you for your testimony. Any questions? Senator Dubas. [LB593]

SENATOR DUBAS: Thank you, Senator Carlson. Thank you, Mark. Thank you for being here today. How do you see this bill specifically impacting your particular operation?
[LB593]

MARK McHARGUE: I have a 20-year-old son that's currently in community college that's, you know, wanting to return to agriculture. Because of recent events, just like most farmers, our capital has been stretched, but he's a very good individual and he desperately wants to return to the farm. I can see him potentially hooking up with somebody that is not from the farm that maybe wants to invest in a farm in Nebraska and enter into a corporation with him. The other party may not have any desire to work the farm or manage the farm, but they see potential in my son as operating that farm and being ownership with that, with my son. So I think that's one element. I'm also in the hog business, and I think there's many situations there where we are partnering with people that we wouldn't necessarily looked at before, but because of the need for capital and to work together to maintain my operation and maybe my son coming back to the farm we might be looking at entities that are outside of agriculture currently.
[LB593]

SENATOR DUBAS: Thank you. A previous testifier talked about the elephant in the room. Is that something that maybe there's some common ground there that we all have a concern about those great big operations coming in and maybe operating and putting us at a disadvantage? Is that something? [LB593]

MARK McHARGUE: You know, I don't think so. If you look at Iowa, there's lots of people, young people, that have returned to the farm because they're feeding for a Smithfield or Tyson. They would not be back on the farm had they not allowed them the opportunity. They're still investing in their community because they're, most of the time, are owning the barns. They're paying for the barns. The barns are leased through a local bank. They're providing the labor, but they are still actively involved in the

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operation and are at the farm. One of the issues in the pork industry we're very concerned about with pork being...has lost a tremendous amount of capital. We're fearful that we will lose a Smithfield then what that will do to our economy in Nebraska if we lose a packer. That's a big issue that we're concerned about. [LB593]

SENATOR DUBAS: You stated I think in your opening that you and Farm Bureau in particular are always looking for ways to support family farm agriculture, and I think we're all on the same page with that one. So are there any components in this bill that have any merit at all? [LB593]

MARK McHARGUE: You know, I think one of our big issues is the day-to-day labor and management. I mean, I think that's a component that's a real stickling point that we think is going to potentially cause problems of making some of these things go forward. We just don't think it's probably likely that to get five people together for them to all be involved in a day-to-day management of some sort on the farm/provide management. I guess that's probably one of our larger issues probably with this legislation. [LB593]

SENATOR DUBAS: Well, thank you. I appreciate you coming today. [LB593]

SENATOR CARLSON: Senator Wallman. [LB593]

SENATOR WALLMAN: Thank you, Chairman Carlson. Yeah, thanks for coming. I'm a lifetime Farm Bureau member. I don't always agree with them, but they don't always agree with me. [LB593]

MARK McHARGUE: That's okay. [LB593]

SENATOR WALLMAN: But you know what concerns me, you mentioned Smithfield and some of these. You know, Farmland Foods went down. So my equity in Farmland went to zero, so did my family, my neighbors. And if Smithfield does that, you know, are we going to go backwards and start small...if a good friend of mine in Iowa, he did start a small feeding operation, finish, sell it, everything because the packing plant went broke. So are we going to go backwards again? I think maybe we have to look at this, you know. Corporate agriculture may be selling us down the river, and that worries me too. [LB593]

SENATOR CARLSON: Any other...Senator Schilz. [LB593]

SENATOR SCHILZ: Senator Carlson, thank you. Mark, thanks for coming in. Just...and I think back to my own experiences with my family farm and feedyard back in Keith County and, you know, as we looked out there, we've attempted to do some of those things that you talked about. Whereas, you know, as a feeder you might join up with someone who owns a packing facility and form a corporation. Is that a farmer? Is that a

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packer? Is that...and then let's say we team up with three or four grocery stores owned by individuals and stuff and we form a corporation to do that, are we now still farmers or are we packers or are we grocers? I think we get caught up a lot in what these definitions are, when is as we move forward, we need to take a look at this in a completely different manner than we have before. If we're going to be successful, we're going to have to incorporate all of those. Wherein at the same time if you think about the extra risk and the extra burdens that places upon you...I mean we've thought about it and we've looked at doing it, but we need people out there that are willing to take on these risks and move our products forward. Is that not true as well? [LB593]

MARK McHARGUE: Well, and I think they bring an element of...you know, they may know that other part of the business, for instance the biogas business, we may need to bring somebody that has expertise in that. We're providing a raw product, but we need to partner up with somebody that has expertise on the other side. And we would have never envisioned that, but in the place that we find ourselves in I think those are going to be necessary partnerships. [LB593]

SENATOR SCHILZ: Right. Now, my next question is and whether or not this law pertains to those kind of folks. If this law is in place and it's enacted, will that scare some of those folks away that might have thought about doing something with you as a farmer before just because of the problems with, hey, it's a law that I might be in compliance with and we don't even want to worry about it? I've heard those things with I-300. [LB593]

MARK McHARGUE: Yeah. We as Nebraska Farm Bureau just don't want to limit those potentials. [LB593]

SENATOR SCHILZ: I understand. Thank you very much. [LB593]

SENATOR CARLSON: Okay. Any other questions? Thank you for your testimony. [LB593]

BRANDON HUNNICUTT: (Exhibit 7) Good afternoon. My name is Brandon Hunnicutt, B-r-a-n-d-o-n H-u-n-n-i-c-u-t-t. I serve as the president of the Nebraska Corn Growers Association. Our organization has submitted written testimony on LB593 to this committee. Today I want to discuss with you the negative impact that this legislation would have, not only me personally, but those within the community. I farm in Hamilton County near Giltner. I farm with my dad, brother, and another gentleman. I happen to live on the farmstead that's been in the family for 100 years, live in a house 50 foot from the house that my grandpa grew up in that I lived in for six years. And when we ripped the old garage down a number of years ago, it still had in there the old drawings that my great-grandpa used to teach 4-H. So we have a long-established relationship within the community and we farmed for many, many years there. I've been farming myself for

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about ten years, and my own entry into farming is rather unique. I'd come back to work as a consultant. An opportunity came to farm some ground. The gentleman was getting out of farming and he put the ground up for bid to rent it, but he held out the stipulation that he would not necessarily rent to the highest bidder. And it just so happened that we were good friends with him and he knew I wanted to come back to farming, and lo and behold we ended up renting the ground. I do know we were not the highest bidder, we were not the lowest bidder. So my own entry was rather unique. Since that time we have had opportunity to rent more ground from relatives and from others who have gotten out of the farming business due to either illness, retirement, or other situations. One thing is, not all young people have been as fortunate as I have. We know that farming is a very capital intensive business. Whether or not you have the access to capital, it's still capital intensive. And because of this it is getting more and more difficult for the young people, whether myself who would still fit in that definition as ten years or younger...newer in farming or my brother, it's getting tougher to get involved and get started in it. And individually there needs to be from a situation where there's plenty of ground to get started either to rent or buy or to find those who are quitting the farming operation and are willing to rent and/or sell the ground to that individual. In today's climates of high rents, high land prices, and high inputs, a farmer doesn't necessarily have the same opportunity as a more established individual. This is not unfair, it's just the way business is. It does, however, begin to prevent potential new younger farmers from having the opportunity to farm. These are individuals who love the farm, who have a great desire to be involved in farming, and who have something to offer the farming and small town community that is both beneficial and needed. These are the ones who want to live in our small communities and support the small schools. However, we are losing them because of their inability to get into farming. In my area there's about three or four different situations that are developing. One, I have a good friend who wants to get into farming, but he cannot because he cannot...he doesn't have the resources available to take over his father's operation. Another individual had to sell out because of certain economic situations he found himself in. And a third individual recently rented his dad's ground, but because of the equipment situation he finds himself in, he probably will not be able to expand. There's also other situations that are potentially developing around us with land sales, which it's not going to be sold out to the large corporate farmer in the area. There will probably be...they will be local farmers in our community who farm that ground right next to it. All of these situations have people who have the desire to farm and want the farm, but may not be able to because of the situation they find themselves in. All of these individuals have benefit from being able to enter into an LLC, either together or by combining with a farming operation, like my own, or with someone else. This would allow them to be involved in the day-to-day operations if they wanted to or they could stay with their current outside employment and not have the day-to-day activity of a full-time farmer. One of those individuals is such. He runs a research farm for the Aurora Co-op, and it's something he dearly loves to do and I think he would enjoy staying with that. It gives them the freedom and latitude to do what they want with their own operation and situation. It allows them to team up

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with those in the community. It would allow for better environmental, financial, and input decisions. However, under LB593 we'd be restricted from banding together in the most profitable, sustainable, and economically viable way for our own operations. We'd be restricted in our ability to build our own operations and work for common goals. If this legislation advances, I foresee more and more young people not being able to come back to the farm. We also know that as time passes, legislation such as this will become more restrictive and more intrusive. If we are given the ability to combine forces in the best way possible for our own situations, I believe farms can become more profitable and more environmentally friendly which will keep our rural communities alive, growing, and vibrant. Thank you very much. [LB593]

SENATOR CARLSON: Okay. Thank you for your testimony. Questions? Thank you. [LB593]

BRANDON HUNNICUTT: Thank you. [LB593]

RON SEDLACEK: (Exhibit 8) Good afternoon, Chairman Carlson and members of the Agriculture Committee. For the record, my name is Ron Sedlacek, that's spelled R-o-n S-e-d-l-a-c-e-k. I'm here today on behalf of the Nebraska Chamber of Commerce. And my testimony will be relatively brief. It should come as no surprise to those who have been involved in Initiative 300 issues that the Nebraska Chamber of Commerce has consistently been opposed, even when Initiative 300 was a petition at that time, to placing restrictions regarding farm and ranch ownership in Nebraska. In 1983, the Nebraska Chamber of Commerce Board of Directors adopted a policy position in that regard, and every year ever since their agri-business council has continuously and consistently reaffirmed that policy. That's the position of our organization and consistent with those positions, we'd just like to be on record once again in opposition to LB593. And I'd be happy to entertain any questions. I also have a letter from Barry Kennedy, president of the Chamber. [LB593]

SENATOR CARLSON: Okay. Thank you. Any questions of...Senator Wallman. [LB593]

RON SEDLACEK: Thank you, Senator. [LB593]

SENATOR WALLMAN: Thank you, Chairman Carlson. Hi, Ron. [LB593]

RON SEDLACEK: Hello, Senator. [LB593]

SENATOR WALLMAN: How are you? How many farmers are in the Chamber, do you think? [LB593]

RON SEDLACEK: Percentagewise there are farm and ranch operators and others in agribusiness who are members of the State Chamber. Percentagewise I would hazard a

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guess, but I would say less than 10 percent. [LB593]

SENATOR WALLMAN: Thank you. [LB593]

RON SEDLACEK: Um-hum. [LB593]

SENATOR CARLSON: Any other questions? Okay. Thank you for your testimony. [LB593]

RUSSELL VERING: Good afternoon, Senator Carlson and the committee. Thanks for hearing my testimony on LB593. My name is Russell Vering, R-u-s-s-e-l-l V-e-r-i-n-g. I do business in Howells, Nebraska, and I'll be speaking to you today as a Nebraska pork producer. It is not my intention to talk to you today about agriculture. My visit with you is about business and the tools required to be competitive in the ever-changing business market. Currently, you have heard that corporations have stifled agribusiness growth in Nebraska. I'm here to testify that as a businessman in Nebraska, efficiency is key to the success of any business. You may hear today that large corporations hurt business in Nebraska. I'm sure that ConAgra in Omaha would argue the point. I'm sure that B&D in Columbus would argue the point. I'm sure that Behlen Manufacturing would also argue the point. They are all ag-based businesses. Or how about Tyson and every sale barn and stockyard from here to Ogallala? Today farms are anything but small. Economies of scale have changed and the way they do business in this great state. From global positioning to technical marketing, these farms have adapted to a data and knowledge-based world. Markets in South America and Canada, China and Japan effect the decisions they make every day while they navigate their cropland or feed their cattle. I am proud of the job they do, and they do it to feed the world. Yes, it is still a way of life to most of them, but the way of life has changed and they have adapted. Can I ask a question? How many of you use E-mail or faxes? [LB593]

SENATOR CARLSON: That's kind of beyond the rules unfortunately. [LB593]

RUSSELL VERING: Oh, we can't do that? (Laughter) [LB593]

SENATOR CARLSON: You can't do that. [LB593]

RUSSELL VERING: Okay. [LB593]

SENATOR CARLSON: We ask the questions. [LB593]

RUSSELL VERING: Okay. Sorry. Well, most people use those techniques to be more efficient, to do a better job, to compete. And so we have to open our minds and do the things that we need to do to compete on a global market. Capitalism has changed their landscape without yielding to what individual state legislation says about how they

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compete. For too many years, Nebraska has set our farmers at a disadvantage by its corporate laws. Therefore, I'm here as a voice for them. Legislation of this format will disable our farms' competitive techniques. This is not about corporations, this is about enabling government control. Government needs to facilitate success for our business, not limit it. Just as I've said, times have changed. Enabling this control would not bring small farms back or create small hog farms or small cow/calf operations. It will only stifle growth of the industry which has supported the majority of the state's gross revenue. The true intentions of this bill are not protection of the industry. The objective of this bill is to regulate farm size and eliminate livestock feeding in this state. Other neighboring states have given the control to the people and have let them decide the type of corporation they wish to form or construct. I feel it is unconstitutional for un-ag-related businesses to form corporations while ag businesses are denied the same liberties. It seems that the same bill was introduced with a few small changes that could help a few but limit the majority. Our country was based on fairness and equal opportunity. The business that I own and manage would be directly affected by limiting my ability to deal with prospective customers who have utilized a corporate structure for protection. I am bothered by the fact that this bill is being considered and has been introduced. I have confidence in the elected officials that represent Nebraska and believe that their decisions will be best for our industry, and this bill would not advance. In conclusion, I thank you for your service to our Unicameral and your loyalty to our great state. [LB593]

SENATOR CARLSON: Okay. Thank you for your testimony. Any questions? Senator Wallman. [LB593]

SENATOR WALLMAN: Thank you, Chairman Carlson. Yeah, thanks for testifying. [LB593]

RUSSELL VERING: Sure. [LB593]

SENATOR WALLMAN: I wish you hadn't brought up ConAgra. They came here for incentives. So that's what big corporations can do. Do you, as an ag producer, get incentives? Sure, we get LDPs and things like that. We get incentives also. But the major corporations have much more leverage than we do as ag producers. I'm a farmer. [LB593]

RUSSELL VERING: Sure. But it doesn't change the way that we compete. The state itself made a decision to give that incentive to bring that business here to create jobs. It didn't...they did not change the way we do business as farmers. They do not affect us on a corporate level. In fact, they probably offered opportunity for us here in this state. So I don't see the correlation there between ConAgra and whether or not we should limit our ag businesses or farms on whether or not they can form a corporation or not. [LB593]

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SENATOR CARLSON: Okay. Thank you. Any other questions? Thank you for your testimony. [LB593]

RUSSELL VERING: Thank you. [LB593]

SENATOR CARLSON: How many more testifiers in opposition do we have? Okay. Last one. [LB593]

GEOFF RUTH: (Exhibit 9) Good afternoon, Senator Carlson and the Ag Committee. I'm Geoff Ruth. I'm a seventh generation corn and soybean farmer from Rising City. I also serve as a director on the Nebraska Soybean Association, and I'm here today to speak on behalf of our organization in opposition of LB593, a bill to restrict entity ownership of agricultural land and farm operations. A resolution adopted by the voting delegates of the Nebraska Soybean Association states that, "It is our belief that Nebraska farmers should have the ability to utilize all available, legal business structures." The language in LB593 appears to limit the certain business structures. Today in agriculture, farmers face a big challenge in everything we do. One of the greatest challenges is creating opportunities, especially for young and beginning farmers such as myself. I began farming full time in 2006 upon graduating from UNL with a degree in agricultural business. My hope is to be able to pass on our family farm to the next generation by utilizing all available business structures. For a beginning farmer such as myself, acquiring a land base, both large enough to support an operation, is becoming increasingly difficult. While I do farm with my father at this time, I may need to look outside my immediate family structure at some point in the future. To restrict the opportunity to partner with a nonfamily member in forming a partnership or limited liability corporation creates further impediments for young people wanting to return to the farm. It is clear that high commodity prices this past year brought many nonfarm investors to agriculture, and forming a business relationship with nonfamily investors is preferable to simply getting caught up in an escalating cash rent battle with established neighbors, a battle that beginning farmers simply cannot enter. Let's give young farmers the opportunity to create business partnerships that allow them be competitive. Many small- to medium-sized farmers across the Corn Belt are finding it advantageous to form business partnerships with nonfamily members, allowing them to remain in the occupation that they love. We don't limit who a businessman in our rural communities can partner with to open a hardware store, a coffee shop, or a small manufacturing plant. Why should agriculture be uniquely penalized and placed at a competitive disadvantage? Under LB593, you restrict activities that help agriculture grow in our rural communities. Economic growth, be it large or small, agricultural or business, mean a great deal to our farming communities and the state of Nebraska. The uncertain costs and profits of farming today greatly increase the financial risk that one may take and allow producers to create business structures to manage that risk that will enhance the competitiveness of Nebraska farmers in an increasingly global market. In closing, the Nebraska Soybean Association continues to embrace family farming and ranching.

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They are the backbone of our state and for the future. Let's not restrict what they can do to grow a successful business. Let's, instead, look to opportunities that help all farmers like myself to continue to be full-time farmers. Thank you. I would add on the end of this, you know, we've heard a lot today about leveling the playing field for small farmers, but personally I believe the playing field is already level in the fact that we, as individuals, have the opportunity to form corporations or limited liability corporations with other people and thus leveling the playing field for us as well. So I'd take any questions, I guess. [LB593]

SENATOR CARLSON: Okay. Thank you for your testimony. Any questions? All right. Thank you. [LB593]

GEOFF RUTH: Thank you. [LB593]

SENATOR CARLSON: (Exhibit 10, 11) And for the record, we have a letter from Bob Campbell, senior vice president of Farm Credit Services of America, in opposition to LB593. Do we have any testifying in a neutral position? All right. Thank you for coming and being a part of that. And with that, we close the hearing on LB593. (See also Exhibit 12) And we'll just give a minute to those of you that want to clear out and then we'll start testimony on... [LB593]

SENATOR DUBAS: Our next bill is LB224. Senator Carlson, whenever you're ready. []

SENATOR CARLSON: Thank you, Senator Dubas and members of the Agriculture Committee. I am Tom Carlson, T-o-m C-a-r-l-s-o-n, senator District 38, here to introduce LB224. As the committee is aware, the Legislature last session reached a decision with the enactment of LB1116 that states legislative intent that the State Fair be located in Fonner Park in Grand Island by the 2010 State Fair. This bill would make a series of statutory revisions to address matters relating to this decision that were not resolved by the enactment of LB1116. The primary purpose of the bill is to provide statutory clarification regarding when Grand Island would be expected to assume State Fair host city responsibilities under Article III, Section 24 of the State Constitution. The constitutional provision that allows for the State Fair to receive 10 percent of net lottery proceeds was placed into the Constitution with the requirement that the most populous city of the county in which the State Fair is located provide a local match of lottery funds available to the State Fair Board. The Constitution, however, is silent on the question of the point in time when this responsibility transitions to a new host community. LB224 answers this question by essentially providing for the transition to occur on a calendar year basis, and as a practical matter, the bill specifically directs the Department of Revenue to certify fourth quarter of 2009 lottery collections to the community of Lincoln and to certify to Grand Island, beginning with the certification of the first quarter of 2010 lottery collections on April 1, 2010. There are a number of reasons why this demarcation is proposed. First, the January 1, 2010, coincides with the anticipated hand-over of the

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State Fairgrounds to the university on that date. This was identified by an AG opinion as the key indicator that the State Fair is no longer located in Lincoln. Additionally, the Fair Board currently intends to remain as an employer in Lincoln through the end of 2009, and has made commitments to its staff including the payment of retention bonuses to encourage employees to stay with the Fair until that time. The Fair will continue to occupy and manage the property including hosting events and providing security, snow removal, maintenance, and simulcast operations through the end of the year. Altogether, the Fair Board will make over \$600,000 of additional expenditures this year within the year, and benefit to Lincoln more than justify its continued lottery match contribution through the remainder of the year. Essentially, the issue is boiled down to who will match the January 1, 2010, certification of lottery revenues collected in the last quarter of 2009. The Constitution only provides that the Fair Board is eligible for the distribution if a local match is made. LB224, therefore, merely directs the Department of Revenue where to send the certifications. LB224 makes a similar clarification of when the business community of the host city also assumes representation on the State Fair Board. LB1116 did not specify the specific point in time that the representative and new host city is to replace the representative of the previous city. But LB224 directs that the appointment occurs on January 1, 2010, to correspond with the transition of host city status. And finally, LB224 addresses provisions in imposing the pari-mutuel tax that becomes obsolete upon the Fair Board vacating the State Fairgrounds. LB224 would remove the outright exemption of pari-mutuel wagering for racing operations at State Fair Park, and instead, apply only the pari-mutuel tax and credits that apply to other racing facilities. The bill also attempts to replicate the benefits to the State Fair of the full 2.5 percent exemption for the facility hosting the Fair by placing \$30,000 of pari-mutuel collections in a State Aid Cash Fund expended by the Department of Economic Development as grant and aids to the host facility. And that's roughly the amount...the additional amount that Fonner Park would retain if it enjoyed the same benefit that the State Fair currently is able to take advantage of under current law. LB224 will try and tie these things...attempt to tie these things together so we have a smooth transition from Lincoln to Grand Island, and I will attempt to answer questions. I'd prefer that we listen to testimony and then we can pick it up from there, but are there any questions?
[LB224]

SENATOR DUBAS: Thank you, Senator Carlson. Questions. Seeing none, thank you. We have our first proponent. [LB224]

TAM ALLAN: Mr. Chairman, members of the committee, my name is Tam Allan. I'm from Lincoln. I'm the vice chairman of the Nebraska State Fair Board. I am here to represent the State Fair Board in favor of this legislation. I think Senator Carlson described very well the aspects that are concerned under this bill. One of the concerns that has been ongoing is we appreciate the resolution of the item one way or the other as far as the actual transition date and who would be responsible at what time for the matching payments, because not only it's the amount of money that's in the matching

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payment from the city, it also triggers the other lottery funds due to us under that. And I'm pleased to report is that in continuing to visit with the city of Lincoln, there was some question as when that date would be, and we have visited...I think that we have come up with a resolution on that, and I'm confident that we'll be able to move forward on that. If we weren't, the only thing that I would say is, whatever city is responsible for that period of time as it is determined, it is my impression that it will be the city of Lincoln for that period of time. If that time were to be changed, is that the possession date or eviction date, if you will, for the State Fair would be modified if that were to be changed. So, therefore, if Grand Island...it was the wisdom of the Legislature, this committee, is that Grand Island were to need to take over the responsibility earlier on is that we would leave the grounds...our management of the grounds for the state of Nebraska a quarter earlier also. But like I said, I think it's good news. I think we're able to move forward on that. A couple of other items that I want to make this committee aware of that are not in this bill, and they are items that go in the good column is that we're not prepared at this time to possibly offer amendment on that, but that I'm sure you've read in the newspaper articles is that we were quite pleased with the results of our bids for the moving of the Fair. A couple of items in the original legislation that's not treated under here is there's a triggering effect in the legislation that deals more with the university that I believe that there is a December 1 date for a master plan that is due for Innovation Park. I think we're tied into that, and I don't have quite that section on that. And we obviously have no trouble with that except it does look like we might have an opportunity to begin construction work earlier on, matter of fact, in order to prepare the Fair for the Grand Island dates in 2010. We will have to go at an earlier date, and so if it is, indeed, tied to that, we might want to change that date. There is another date...very, very important date in there. There's another certification date of funds from both the University of Nebraska and Grand Island as of July 1. We do want to examine that and see if there's any possibility. And I don't even know if we would need to change the law, if the DAS and the State Fair and the parties involved perhaps could certify earlier, because we're getting ready to go. I think we have a tremendous opportunity. We're leaving a great community, but we're working with another great community, and we're excited about the possibilities. I'd be happy to answer any questions on any of these issues about my testimony. [LB224]

SENATOR CARLSON: Okay. Thank you for your testimony. Any questions of Mr. Allan? Okay, thank you. [LB224]

TAM ALLAN: Thank you. [LB224]

SENATOR CARLSON: Next proponent. [LB224]

JAY VAVRICEK: Okay, must be me. Well, good afternoon, and my name is Jay Vavricek. It's spelled J-a-y V-a-v-r-i-c-e-k, a Nebraska radio broadcaster; I live in Grand Island. We also have stations in central and western Nebraska, and it's a pleasure to

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see all of you here again and Senator Carlson and all the members of the committee. I was also here a number of times as some of you will remember in December and February as I was also a part of the delegation from Grand Island that was also communicated a desire to go ahead and assist the state of Nebraska in the event a decision was made to relocate the State Fair. And, of course, there has been a ton of activity this past year relative to the support, knowing that many, many decisions are being made by policymakers, between the State Fair Board, Fonner Park, city of Grand Island, major stakeholders in our community to host the State Fair in 2010. So on behalf of that legislative effort, we support this bill as it does go ahead and clean up and itemize a number of different things that were left to go ahead and be detailed today, so we support the passage of LB224. Let me also just give you some background, because, indeed, our community and I say our--Grand Island in central Nebraska is very, very excited to be the host city, and to go ahead and accomplish this takes a great deal of cooperation, but it will be a new fair. And I also just point out that I am confident it will be a very, very successful fair in a number of different ways, but the new facilities, you really need to see what the projected improvements, because it will be the finest State Fair facilities in all of the United States. And because of that, it's going to provide a lot of economic opportunities but new ways that this committee can take pride in supporting family farms, agriculture, but also support the family values and 4-H values as well. So let me just say, thank you very much for that recommendation and for your votes a year ago to move forward. Secondly, let me just highlight a couple recent activities because, indeed, when I talked about the leadership within Grand Island, there was recently formed a coalition, a leadership coalition, that includes not only representation from Joseph McDermott, the new executive director from the State Fair along with Tam Allan, on behalf of the State Fair Board, but the city of Grand Island, the Grand Island Area Economic Development Corporation, Hall County as well, Fonner Park, and the Convention and Visitors Bureau to go ahead and prepare the groundwork, and also have the opportunity to discuss challenges and ways to reach solutions, so we're proud of that. Secondly, the 1868 Foundation is the foundational arm that provides a complementary financial support to activities of the Nebraska State Fair, and there's going to be an opportunity for new representation from central Nebraska on that board, and we're looking forward to that participation. In terms of fund-raising, we've accomplished two major objectives. As you know, it calls for the host city to go ahead and be financially supportive in a number of different ways, not the least of which is culminating \$8.5 million in a time line between now and July 1. The first objective of \$3 million was attained October 1. The second hurdle was attained as of February 1 of \$3 million. And ongoing efforts, as we speak, are underway to go ahead and culminate that time line of the remaining \$2.5 million that the host city and Grand Island would be asked to meet to have this new opportunity. So we're confident of those efforts, and they're being made on a number of different fronts, not the least of which is a private fund-raising foundation, potentially naming rights as well as even potential legislative considerations that would be considered yet this session. So we're putting all those different pieces together, and I think when we all started over a year ago, we knew

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some of the challenges; we knew how the picture; we knew the vision of the State Fair, and how it would go ahead and unfold, but we didn't exactly know if all the different pieces would come together. And those pieces are moving together in such a way that we can take pride on the effort and for your recommendation. So with that, I once again would urge the passage of consideration of this LB224. Be happy to address any questions, because this...the new opportunities are going to be tremendous. This will definitely be a new way to showcase agriculture, provide entertainment in concert with the Heartland Event Center, probably the finest arena in much of Nebraska, a 6,000-seat indoor, climate-controlled facility. But when you look at the livestock arena, the swine capabilities, the ability to showcase, children's play area, also a new city-owned facility in concert is going to provide opportunities that I think will be beneficial for the region as well. With that, I'd be happy to address any questions, and great to see all of you today. [LB224]

SENATOR CARLSON: Okay. Thank you for your testimony. Any questions? Senator Dierks. [LB224]

SENATOR DIERKS: Thank you, Senator Carlson. Jay, if I may,... [LB224]

JAY VAVRICEK: Absolutely. Thank you. [LB224]

SENATOR DIERKS: You bet. I just wanted you to comment a little bit on the funding again. I know that you have a goal to reach. Was consideration taken about the possibility of inflation bringing more cost to the project, or are we in such an economic slump that it's going to be less? I mean, can you talk about that a little bit? [LB224]

JAY VAVRICEK: Well, the legislative conditions are in the bill, and the last threshold is \$2.5 million, so I'm not sure I understand the question. But we're moving forward to come up with that balance so that that will occur. [LB224]

SENATOR DIERKS: Okay, but the cost is fixed. [LB224]

JAY VAVRICEK: Yes. [LB224]

SENATOR DIERKS: Okay. [LB224]

JAY VAVRICEK: Yeah. The...under LB...Tam can tell you, LB641, I believe, it called for \$8.5 from the host city, \$21.5 from University of Nebraska-Lincoln; \$5 million from the State Reserve Fund, and the last dollars into the relocation and cash fund, I believe, is \$7 million from the Nebraska State Fair Board. So those are, yes, indeed, legislated amounts. And once again, the main decisions that the State Fair Board have been making, obviously, are balanced with a lot of stakeholders, and I would just commend the different efforts in leadership to go ahead and move this forward in a positive way.

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[LB224]

SENATOR DIERKS: Thank you. [LB224]

SENATOR CARLSON: Okay. Any other questions? Jay, we're grateful for what Lincoln has provided over the years, and we wish Grand Island the best, and we appreciate your enthusiasm. Thank you for testifying. [LB224]

JAY VAVRICEK: Oh, thank you. It's an honor and thank you for the opportunity to address you. [LB224]

SENATOR CARLSON: Okay. Any other proponents? Any opponents? Anyone in neutral capacity? [LB224]

CHRISTINE JACKSON: Good afternoon. I'm Christine Jackson, C-h-r-i-s-t-i-n-e, Jackson, J-a-c-k-s-o-n. I'm the vice chancellor for business and finance at the University of Nebraska-Lincoln, and I'm here to testify in a neutral capacity. Currently, UNL is making plans to oversee the State Fair property as of January 1, the day the deed officially transfers. Our primary emphasis over the last several months and the months facing us is pertaining to the development of the State Fair Park into Innovation Campus. I currently have two RFPs that have been issued; one for a campus master plan, and one for an accompanying business strategy plan for Innovation Campus. We expect to select consultants to assist us at our April 24 board meeting in order for us to be in compliance with delivery of those two reports to the Legislature per LB1116. These plans, obviously, will focus on the long-term redevelopment of State Fair Park. Parallel to this, we are also preparing for the transfer of the property on January 1. We're starting to look a little bit at security, some parking, some coordination with obligations we have for parking for UNL athletics. We are speaking with the Horsemen's Association as they will continue to occupy the property through a portion of 2012 as well as a long-term lease that is currently in place with the Icebox. Our plans are coming together with both the long-term portion and a short-term temporary piece. We should note that over the last several months as our planning has continued, that we have been asked on several occasions for various groups to utilize State Fair Park after the university takes ownership on January 1, 2010. Given the fact that we want to move proactively towards the development of Innovation Campus, we have deferred those requests in many times to the Lancaster Event Center or to other venues here in the cities, and mostly in order for us to make sure that we have no outstanding obligations once we are ready to move forward with the development of Innovation Campus as of January 1. If you have any questions, I'd be happy to answer them. [LB224]

SENATOR CARLSON: Okay. Thank you for your testimony. Any questions? Senator Wallman. [LB224]

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SENATOR WALLMAN: Thank you, Senator Carlson. In regards to the racetrack, is that going to be a long-term contract or? [LB224]

CHRISTINE JACKSON: That will be a short-term lease. We were talking to the Horsemen's Association; they have asked to occupy the facility or parts of the facility through July 31, 2010. And we know they'll need some time after the last race date, and also to pack up and move as well. [LB224]

SENATOR WALLMAN: Is there some university land available to move it somewhere else? [LB224]

CHRISTINE JACKSON: Not that I'm aware of, sir. [LB224]

SENATOR WALLMAN: Please make it happen. Thank you. (Laugh) [LB224]

CHRISTINE JACKSON: Okay (laugh). Oh, to move them, no, okay. [LB224]

SENATOR CARLSON: Any other questions? Okay, thank you for your testimony. [LB224]

CHRISTINE JACKSON: Thank you. [LB224]

SENATOR CARLSON: (Exhibit 1) Anyone else in a neutral capacity? We do have a letter from Mayor Beutler with some technical questions concerning this move, and the committee will address those concerns. That will close our hearing on LB224. And do I see Senator Hansen? We'll wait a few minutes for Senator Hansen to open on LB516. [LB224]

SENATOR DIERKS: You don't want me to close on the last bill, do you? (Laughter) []

SENATOR CARLSON: I waived. []

SENATOR DIERKS: Okay (laughter). []

SENATOR CARLSON: Thanks for reminding me. []

SENATOR DUBAS: Welcome, Senator Hansen. []

SENATOR HANSEN: Thank you, Senator Dubas and other members of the Agriculture Committee. My name is Tom Hansen. That's T-o-m H-a-n-s-e-n, and I represent Legislative District 42. Last year when LB1116 was passed, that land known as the Nebraska State Fairgrounds will be transferred to the Board of Regents at the University of Nebraska on December 31, 2009. On that land, there are buildings owned by

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nonpublic entities. These entities do not own the land that the buildings are on. It's only reasonable and fair that the entities be compensated for their structures that they've owned and maintained for many years on the fairgrounds. And I'm sure neither group ever imagined that the State Fair would move from its present location. LB516 would allow those nonpublic entities who own buildings on the State Fairgrounds to receive compensation for their building which I believe is due to them. Compensation will be paid for by the interest accrued in the Nebraska State Fair Relocation Cash Fund. Before compensation is paid out, each entity shall obtain the building's market value from a credentialed Nebraska appraiser. The compensation shall be equal to the market value or if the building has been sold, the market value less the proceeds from the sale. There's representatives from the Nebraska Cattlemen and the Nebraska Sheriffs' Association that will follow and can provide the additional details about the history of their buildings. I would appreciate the committee's advancing LB516 to General File. Thank you. [LB516]

SENATOR DUBAS: Thank you, Senator Hansen. Questions? Senator Wallman. [LB516]

SENATOR WALLMAN: Thank you, Vice Chairman Dubas. Welcome, Tom. [LB516]

SENATOR HANSEN: Thank you. It's good to be here. [LB516]

SENATOR WALLMAN: Are we walking a dangerous territory here if it costs more to take the building down than what it's worth? [LB516]

SENATOR HANSEN: Could be, could be. I don't think so. You know, someone who wants that scrap, either the lumber or metal, either one, you know, can take them down probably less than the building is worth. [LB516]

SENATOR WALLMAN: Okay (laugh). Thank you. [LB516]

SENATOR HANSEN: But those appraisals have to be done, so. [LB516]

SENATOR DUBAS: Senator Dierks. [LB516]

SENATOR DIERKS: Thank you, Annette (laugh). Tom, do you have some idea about the number and the appraised value and that sort of stuff? Has that been pretty well formulated yet? [LB516]

SENATOR HANSEN: Those who follow can give you better numbers than I can, Senator Dierks. And I think they will. [LB516]

SENATOR DIERKS: Okay. [LB516]

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SENATOR DUBAS: Other questions? Seeing none, thank you. [LB516]

SENATOR HANSEN: Thank you. [LB516]

SENATOR DUBAS: Have our first proponent? [LB516]

MICHAEL KELSEY: (Exhibits 1, 2) Good afternoon, Senator Dubas and members of the Agriculture Committee. My name is Michael Kelsey, M-i-c-h-a-e-l K-e-l-s-e-y. I'm the executive vice president of the Nebraska Cattlemen and here today representing the association in support of LB516. First of all, let me begin by thanking Senator Hansen for introducing the bill and to the Nebraska Sheriffs' Association for cooperating with us on this project. I should also extend an appreciation to the State Fair Board, and you'll understand why as we go through the testimony here, a long working relationship that we've had and look forward to. The Nebraska Cattlemen Beef Pit promising a great beef meal at an affordable price...that's our logo, if you will, has been a foundation food vendor of the Nebraska State Fair for approximately 25 years. The Beef Pit's beginnings date back to 1983 when the late Donovan Yoachim approached members of the Nebraska Livestock Feeders, a predecessor organization of Nebraska Cattlemen, with his idea for a beef pit at the Nebraska State Fair; 1984 the Beef Pit served its first barbecue style sandwich. Since that first sandwich, numerous volunteers from local cattlemen's organizations' industry partners such as the Nebraska Ethanol Board, the Corn Board, Nebraska Farm Bureau, the Nebraska Soybean Board, and others have helped serve over a quarter million Beef Pit meals and provide promotion of our industry to our urban neighbors. In April, 1990, the Nebraska Beef Industry Foundation purchased from the Nebraska Pork Producers a building located at the current Beef Pit for \$20,000. The building was removed and replaced with the current structure that's there. Meeting minutes from the NBIF from a July, 1993, meeting indicate this purchase as well as the facility construction costs to a total of \$102,451.23. These actions were done with full faith that the State Fair would always be located at the State Fair Park in Lincoln. There was no reason to think otherwise. I should pause briefly to explain who NBIF is. NBIF is an organization that has a long history of a cooperative working relationship between three organizations--the Nebraska Cattlemen, the Nebraska Sandhills Cattle Association, and the Nebraska Cattlemen. The organization maintains the insurance on the Beef Pit building while the Nebraska Cattlemen operate and manage the building for the purposes of the Beef Pit and any other activities which have been limited to a few committee meetings, a tailgate, and a reception, those types of things. While NBIF maintains the insurance on the building, Nebraska Cattlemen has been responsible for maintenance and repairs. As an example, this past winter, we had a pipe freeze, it burst, and, obviously, damage to the wall. We're in the process of going through an insurance claim and replacing the damage, the plumbing and the sheetrock. Since the construction of the current building, Nebraska Cattlemen has been the sole operator of the building with the primary use being that of the Beef Pit during the State

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Fair. Nebraska Cattlemen is a vendor...the Beef Pit is a vendor, albeit, we believe, the best vendor at the State Fair as judged by participants and fair-goers, and, thus, we pay commission on gross sales. This is the relationship that we've had with the State Fair. As opposed to a rent or a lease, the Cattlemen pay the State Fair 15 percent of gross sales. I've provided a handout that indicates how much we've paid over the years that we have dated back to, I believe, 1992. In addition, we also pay the State Fair an annual \$500 electrical fee and purchase over \$1,500 in State Fair passes annually for the more than 250 volunteers that help us with the State Fair in providing the meals. Net proceeds from the Beef Pit which have averaged about \$8,000 to \$10,000 per year have been utilized in several different ways. Primarily, they've been used for general maintenance and improvements of the building. Also, we have established through our own foundation an endowed scholarship fund in the honor of Donovan Yoachim who, you remember, started the Beef Pit or the idea to start it. Portions of the Beef Pit income raised over the past several years have helped endow this scholarship in 2001. We've also recently established another scholarship for students studying meat or food science at the University of Nebraska, and we've also donated funds to the 1888 State Fair Foundation in the past. Now, a very reasonable question is, what are the plans for the Nebraska Cattlemen regarding moving the Beef Pit to the new State Fair facility? Our board has met quite often on this subject. Currently, we have a small subcommittee working with the State Fair Board to iron out the details of moving the Beef Pit to Grand Island. Let me be very clear, though. We believe this move will not include the building, only the strategy of promoting beef to fair-goers, the Beef Pit strategy. The building itself is on a concrete slab foundation, and thus, not easily moved. We are in the infant stages of working with the State Fair Board to locate a facility at the new fairgrounds. We've engaged a licensed appraiser to provide an appraised value of the building. I've given that to you, the front cover or the official copy of the original. According to the appraisal, the building's fair market value is \$146,000--let me again remind you, that's minus the land. That does not include the value of the land. It should be noted that this...excuse me, only recognizes the building. We are also in the process of placing the building on the market. While it's difficult to guess what the salvage value will be, as a previous question, there certainly is some salvage value in some of the materials, and we hope to garner that as we move through the process. To conclude, the Nebraska beef industry provided a significant investment to the State Fair Park 18 years ago with the goal of promoting Nebraska's largest industry, beef. Nebraska Cattlemen wants to continue this tradition, and it will be most difficult, if not impossible, to do so if the industry loses all of our investment in that property. LB516 simply requests the fair market value minus any salvage value be provided to nonpublic entities affected by the move of the State Fair from Lincoln to Grand Island. The source of these funds will be the interest generated on the funds held in the State Fair Relocation Cash Fund which was an idea that was brought to us by a member of the State Fair Board. By using interest monies generated from the existing State Fair Relocation Cash Fund, we do not perceive any new fund request on any of the parties involved. This seems like a reasonable win-win for all entities. I appreciate the opportunity to provide testimony and

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would be happy to answer any questions. [LB516]

SENATOR CARLSON: Okay. Thank you, Mr. Kelsey, for your testimony. Any questions? Senator Council. [LB516]

SENATOR COUNCIL: Yes. Thank you, Mr. Kelsey. In the appraisal, it refers to the market value of the leasehold, and you've given a very detailed explanation of the relationship, but was there ever a lease agreement between the State Fair and the Cattlemen? [LB516]

MICHAEL KELSEY: A very good question, and if you look over the whole history of the Beef Pit, there were different agreements, if you will. There was never a lease agreement in the sense of what...I think you'll see with the Sheriffs' Association and similar. Our agreement with the State Fair is simply based on commission...gross sales--15 percent of gross sales. [LB516]

SENATOR COUNCIL: So there was never actually...to your knowledge, no lease agreement with regard to... [LB516]

MICHAEL KELSEY: No, ma'am. [LB516]

SENATOR COUNCIL: ...in the standard sense of the term, when you have a leasehold, there are certain terms and conditions regarding fixtures and permanent placement on the leasehold property. I was just curious as to that. And the cost of the building...am I correct? My notes say \$102,000? [LB516]

MICHAEL KELSEY: Yes, ma'am. That was the original...it included the cost of the building that we purchased from the pork producers, and I understand that's a very ironic concept to think about but (laughter)...but then when we replaced the building...that building with a new building, our total costs at that time...that was in 1993, so yes, ma'am. [LB516]

SENATOR COUNCIL: And with regard to the fund, at least the fiscal note, and I don't know if that's correct or not. The fiscal note says that as of January 1...January 30...that can't be right. As of January 31, 2009, okay, as of January 31, there's \$106,000 that's accumulated. So is it your expectation that the salvage value of the building will markedly reduce the fair market value of that? Because I'm...I mean, let's say, for example, if the salvage value is only \$10,000 and the way the bill is written, there would be an obligation to pay \$136,000 which is \$30,000 more than is in the fund. And my question is, is where would that money come from? [LB516]

MICHAEL KELSEY: That's a very good question, Senator, and two things. Number one, we would hope that the building would sell as high as possible, and if someone would

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want to come in...I'm not an engineer to know how you can move the building, to be honest with you. I don't know that that could be done. Maybe it could be. If it could, obviously, the value would be higher than a salvage value. But we anticipate a very aggressive effort to get as much value of the building as we can. The other side and number two is, is we anticipate, and we understand that the interest monies albeit we're in terrible shape in terms of the economy, it is still growing on a monthly basis. And it's my understanding in visiting with Senator Hansen's office, that that is growing by about \$20,000 per month. So the more money, obviously, that's put into that cash relocation fund, the more money it will have an opportunity to generate in terms of interest. [LB516]

SENATOR COUNCIL: I need to ask Senator Hansen where he's investing that he's getting a 20 percent return, because that's not happening to anybody else (laughter). Thank you. No more questions (laugh). [LB516]

SENATOR CARLSON: Okay. Thank you. Any more questions? Yes, Senator Price. [LB516]

SENATOR PRICE: Senator Carlson, thank you. Sir, just out of curiosity, how much is still owed on that building? [LB516]

MICHAEL KELSEY: Nothing, nothing, sir. [LB516]

SENATOR PRICE: Thank you. [LB516]

MICHAEL KELSEY: Um-hum. [LB516]

SENATOR CARLSON: Any other questions? I have one off of this. Did you raise the price of your sandwiches in 1997? You weren't here. [LB516]

MICHAEL KELSEY: (Laugh) I wasn't here, that predates me, Senator (laugh). The... [LB516]

SENATOR CARLSON: Okay. Well, the revenue went up quite a bit from '96 to '97, and then it's...other than about one year, it stayed up there, and so... [LB516]

MICHAEL KELSEY: There may be a couple of things there, not having the history right in front of me, but just so you know a couple of the changes. First of all, we added a few beef menu items, and so we broadened our menu which you would think would hopefully draw in some more folks. We also narrowed our menu items over the time, and so that has had some significant assistance as well. I'm not sure if either of two of those would hit there. It's interesting to note, though, that that revenue does follow somewhat the attendance of the State Fair... [LB516]

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SENATOR CARLSON: I'm sure it does. [LB516]

MICHAEL KELSEY: ...and so we...when attendance was good, we did better, obviously, so. [LB516]

SENATOR CARLSON: Okay. Senator Schilz. [LB516]

SENATOR SCHILZ: Thank you, Senator Carlson. Mr. Kelsey, you're supposed to say when they ask, why has that happened? You said, well, more people just got a taste of beef and they can't help themselves anymore so (laughter), just helping you a little there. [LB516]

MICHAEL KELSEY: (Laughter) Thank you, thank you, Senator. I appreciate that. [LB516]

SENATOR CARLSON: Okay. Thank you for your testimony. [LB516]

MICHAEL KELSEY: Thank you. [LB516]

SENATOR CARLSON: Next. [LB516]

CHRIS BECKER: Good afternoon, Senator Carlson and members of the board. I'll get my rear end into this seat. It's a pleasure to be here this afternoon in front of you and represent the Sheriffs' Association, here to talk about my building. [LB516]

SENATOR CARLSON: Your name and spell it, please. [LB516]

CHRIS BECKER: Oh, excuse me. This is Sheriff Chris Becker, C-h-r-i-s B-e-c-k-e-r. I'm the sheriff of Harlan County. This building, it's been here since about 1970. The sheriffs...we are a vendor, but we don't charge; we give out. And we give out us; we give out, you know, education material, fingerprints, you know, we give out ourselves, you know. We're all volunteers at this building for two weeks out of the year. And so there's no revenue that comes in back to us, you know, other...we spend a lot of money, back to the people. And we have lots of children, lots of young adults that come in and see us. You know, it's a real opportunity to meet law enforcement. In the past years, we've had the State Patrol with us. We've had Police Officers Association, state Corrections facility, you know, NEMA, State Attorney General's Office has been in there, giving out all kinds of information for education back to the public. You know, this building has still got a lot of use to it; it's not wore out. We spent about \$13,000 in the last two years rebuilding, put a new roof on it, keeping...(Recorder malfunction--some testimony lost)...and a couple of sheriffs to meet, you know, and we had a really good turnout. We had a great turnout from the city of Grand Island. Said hey, let's look at a

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building that has a collocation type setting so all law enforcement can be together. You know, and I'm talking fire, everybody. So that went over really well, I think. Obviously, you know, State Fire Marshal was looking for something full time. Game and Parks was looking for something full time out there. We're looking for a building that we can use for, again, education back to the public. You know, it's all volunteer and free back to the public again. It's just...you know, when the question was brought to the Fair Board and the people there at the city of Grand Island is, do you want us? And we were, you know, told yeah, we want you guys out here. We will put you a building out here. I don't know what's going to happen up-front with our office, whether we can afford to move to Grand Island yet. That's for the future, I guess, to look at, and see where we're at. Our building was appraised...we've got about \$120,000 in value in that. Mr. Boucher here with us today will discuss that with you some. I guess, if there's any questions from the members of the committee, I'd welcome. [LB516]

SENATOR CARLSON: Okay, Chris, thank you. Senator Council. [LB516]

SENATOR COUNCIL: Yes, thank you, Sheriff Becker. And I'm going to apologize in advance. I sent the chairman a note that says I have to leave shortly for a doctor's appointment. But I'm curious and maybe it's the next speaker, how did the Sheriffs' Association come to have this building? Is it a building that the Sheriffs' Association constructed? Was it a building that was there, that was provided to the Sheriffs' Association? [LB516]

CHRIS BECKER: This, again, was way before my time. But the way I understand, and I'm sure Mr. Boucher may have some more history on it, but the POA and the Police Officers' Association had this building, and the Sheriffs' Association purchased it back in 1970...well, I don't know exactly the date, 1970, but that's when the building was constructed. But we bought it several years back, and I don't know the purchase price. [LB516]

SENATOR COUNCIL: All right, that was my next question. I'll ask that, too, of whether there was ever a lease agreement and probably Mr. Boucher is in a better position to answer that. [LB516]

SENATOR CARLSON: Any other questions? Okay, thank you for your testimony. [LB516]

CHRIS BECKER: Thank you. Thank you, members. [LB516]

RICK BOUCHER: (Exhibit 4) Senator Carlson, members of the committee, my name is Rick Boucher, B-o-u-c-h-e-r. I'm legal counsel and the registered lobbyist for the Nebraska Sheriffs' Association. You have a packet of information that's coming around, and on page 53 would be the lease agreement, Senator Council. And my comments will

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be brief. The lease expired, I believe in 2001. It's kind of an odd sort of lease when you look at it, to the extent, I tell you this that it says, whereas the lessee wishes to establish a permanent office in their building located immediately outside of the 17th Street gate, directly across from the Devaney Center, so nothing was ever memorialized. I think it was one of those that it has just gone on since 1971 and, again, it's kind of one of those that we watched and certainly welcomed the...I go to the State Fair each year with my kids, and we have enjoyed it there, and kind of sat back and certainly did not try to throw up any obstacles to the movement of the Fair. The materials you'll see, though, is a quick update for you. It is some of the information, certainly the sheriffs' home page, which the important thing there is simply the most important resources, the youth of Nebraska. I think the Sheriffs' Association, the Office of Highway Safety, and all the other law enforcement agencies really look at it as an opportunity to meet children really for the first time in kind of an enjoyable sort of setting, and they've continued that whether with the Special Olympics or otherwise. You also see materials that were generated from Senator Erdman in the committee last year and through the years. You'll notice a couple of notices that simply to talk about more of the taking provisions under the Nebraska Constitution with just compensation. Senator Council, you're certainly right. Usually, it looks at a leasehold. The Nebraska Supreme Court, several years ago actually, as I was coming up the year before I was born, decided a case in which they said a leasehold, though ordinarily, the value in terms of a severing of a relationship here is not required, that there is value to something outside of the leasehold. Ours again, expired many years ago, and it was never done again. The Sheriffs' Association pays \$150 per month for rent. We hope that you will advance it. The actual appraisal fairly challenging from that standpoint. It includes photographs of the building. Again, it sits directly across from the Devaney Center. They have about 3,500 square feet. In visiting with Mr. Tam Allan with the State Fair Board, they indicated probably they could get by with 1,000 or 1,500 square feet for the office building. It is used for training. As you know, sheriffs as well as county attorneys and others have mandatory continuing education requirements as well, so that facility is used. In terms of our replacement costs, it looks as if the appraisal indicates \$252,000. I think the first page which begins, the appraisal looks as if it starts on page 7 and runs through 60, is that all things considered including the improvements of the roof and the insulation within the last few years, again, for a meeting space that the value would be \$120,000. I think you'd find that on page 8, and then it lists the alternatives and the process that they went through. The Sheriffs' Association does ask that you advance LB516. I think with regards to the interest, and I may be wrong...I think Mr. Allan is going to testify in just a little bit. Not all the funds that have been generated are earmarked or part for the relocation is located within the fund. I think it is available and may be demanded, but it's not part of the fund is the way I understand it. I'll defer to Tam, though, who has...Tam Allan, who has certainly a lot more information than I have. Historically, whether it's fingerprinting or IDs or all of those things, sheriffs look forward. They don't have a difficulty drawing volunteers into the fair really, because it's an opportunity to visit with kids in an enjoyable session and give away bikes and do all sorts of things. A lot of organizations,

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a lot of statewide companies, whether State Farm or otherwise, provide all sorts of giveaways for the sheriffs and law enforcement to make it an enjoyable experience for kids. With that, if you have any questions, I would be happy to try to answer any questions you might have. [LB516]

SENATOR CARLSON: Okay. Any questions of the committee? Seeing none, thank you. [LB516]

RICK BOUCHER: Thank you. [LB516]

LARRY DIX: Senator Carlson, members of the committee, for the record, my name is Larry Dix. I'm executive director of the Nebraska Association of County Officials, appearing today in support of LB516. I think you heard a number of times of the great things that our county sheriffs have done at the State Fair. It's sort of part of the heritage of the Fair when you come in those gates and you see that building, and you're met and you see the law enforcement and the things that they've done with the youth and with our kids, and the great things that we continue to see. And, you know, part of this, when I look at it and our association looks at it, this is sort of really something we hope can continue in Hall County. We certainly hope it can, and it would, in my mind, be a travesty that if we would go down this path and not have our law enforcement officials there because, over the years, that is part of the heritage of the State Fair. It really is embedded into it, so with that, I would ask you to look very favorable on this bill and advance this bill. Be happy to answer any questions that you may have. [LB516]

SENATOR CARLSON: Okay, Larry, thank you. Any questions? Thanks. Any other proponents? Any opponents? [LB516]

TAM ALLAN: Mr. Chairman, members of the committee, my name is Tam Allan, T-a-m A-I-I-a-n. I'm vice chairman of the Nebraska State Fair Board, and just in filling out my form there, it was with great reluctance that I had to check a mark that said opponent to anything that these good organizations are proposing, because we are big fans of these organizations. As the proponents had said about their individual organizations and the State Fair, a State Fair is made up of many different things, and certainly, these organizations are extremely important to us so, like I said, we're great fans of that. Heck, we're even a great...we're great fans of Senator Hansen so (laughter)...the only thing on this that I guess I'd want to clarify and make sure that everybody remembers on this is that we don't own anything out at State Fair Park. The place that we're going is that we don't own anything there. In earlier discussions, whether it was with my board or some of these groups, if they're saying, gosh, we want to own something. I had to make clear to my board is that our move to Grand Island, one of the things we're doing is we're going to have a landlord and it's Fonner Park, although we regard...I think they would say also is that we're partners on this. And so I talked about moving from this great city of Lincoln to another great city, the initiation of that move wasn't quite

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voluntary, but we embrace the opportunities that we have there. Those buildings out there, we don't want to tear them down. We wish, you know, things were different on that, but the realities are as they are, and we continue to look forward. And the most important thing is in visiting with...I know Rick Boucher and the sheriffs, we have planned, and also with the Beef Pit, is we have plans within the buildings that we're building, and, again, the news earlier this week of the way that our construction bids are coming in is having permanent places in our buildings for both...for office space for the Sheriffs' Association, certainly positioned space for the things that they do there. For the Beef Pit, we have talked about, in one of our large exhibition buildings to have a designated area for...that they could have and, you know, we think that we can equip it and duplicate in a great location out there, and so we are planning on expending funds to accommodate them at our new leased operations in the buildings that are being built out there. Another clarification is in...Senator Council had talked about this, and I was asking Senator Hansen during some of the others' testimony, is the amount in that account. The only money that's actually in that account right now is the \$5 million that the state had put in there previously. The DAS, Governor's Office, and the State Fair Board had certified the university's money. It is there available to be drawn down. It is not anyplace earning interest nor because of the financing situation with the building, the city of Grand Island has a financing arrangement for their building out there that is ready to be drawn upon, that is not sitting in a place earning interest nor is the county money, the million dollars that was just enacted, I believe after the first of the year. And so in the source of where they're saying there might be some funds for that, other than the \$5 million that the state has put in, there are no interest amounts on that. I'm not saying as once the funds are going to be put in there, there wouldn't be some amount accumulating before we quickly spent it for the improvements that we have out there. I guess I have no problem with the concept of people being compensated for something that they have there. I guess I just...the only thing that I have an opposition to is from the source, because as we're saying is, obviously, we're going to be ending up spending every bit of money out there. We are going to accommodate these groups in places that are equal to or, in my opinion, will be much better than even that we have out at the State Fair. And I guess I would hate to, in effect, basically pay twice for that to take the money, the compensation for the existing buildings, and then in addition to...we're going ahead regardless of trying to accommodate and paying for the places that these people would go to. So if there are any other further questions, I'd be happy to answer. [LB516]

SENATOR CARLSON: Okay, any questions? Yes, Senator Schilz. [LB516]

SENATOR SCHILZ: Senator Carlson, thank you. Mr. Allan, thanks for coming in today. I'm trying to get my mind around this. Obviously, you don't own any of the land there. And I understand that you don't want to pay twice for something that's... [LB516]

TAM ALLAN: We don't own the buildings. I mean, and the buildings will stay there as

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long as, I guess, the university allows them to stay there... [LB516]

SENATOR SCHILZ: Right. Sure, right. But I guess my next question is, who does own those two buildings that we're talking about? Is it the Cattlemen and the Sheriffs' Association or? [LB516]

TAM ALLAN: I believe so. [LB516]

SENATOR SCHILZ: Okay, so they do own real property there. [LB516]

TAM ALLAN: No. They own improvements. [LB516]

SENATOR SCHILZ: They own the improvements. [LB516]

TAM ALLAN: That's correct. [LB516]

SENATOR SCHILZ: Okay. Thank you. And so, you know, as you said, you don't want to pay double for that, but then again, as an asset that they own, should they just...I guess I'm trying to figure out, and... [LB516]

TAM ALLAN: And actually, Senator, I see your point. Excuse me for interrupting. [LB516]

SENATOR SCHILZ: Yeah. No, you're fine. I just wanted to make sure that I said because it's kind of hard to get this on a...on a... [LB516]

TAM ALLAN: Yeah, your point...your point is a good one, and I have absolutely no problem of them seeking compensation for buildings that they own or moving, and, obviously, we all know is tearing a building down, you know, and selling it...moving it. It's not going to be a big number that they can do that. I'm saying that maybe we're the wrong folks to be seeking the compensation for... [LB516]

SENATOR SCHILZ: I understand. [LB516]

TAM ALLAN: ...because we're going ahead on building other things for them. I mean, we're...we are basically replacing, in our view, those facilities at our cost. [LB516]

SENATOR SCHILZ: So would you give those to them? [LB516]

TAM ALLAN: I'm sorry? [LB516]

SENATOR SCHILZ: Would you sign title over to those once you build them? [LB516]

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TAM ALLAN: We won't have title. We're only having a lease...under the law, we only have a lease agreement with Fonner Park. [LB516]

SENATOR SCHILZ: I understand. Okay. [LB516]

TAM ALLAN: It's not ours to give. [LB516]

SENATOR SCHILZ: I understand very much. Thank you. [LB516]

SENATOR CARLSON: Okay. Any other questions? [LB516]

SENATOR PRICE: Yes. [LB516]

SENATOR CARLSON: Senator Price. [LB516]

SENATOR PRICE: Senator Carlson. Just out of curiosity, sir, do you see this being perhaps a stumbling block for what happens in Grand Island if we're haggling over structures here? We moved...in the previous bill, I saw where they're going to hold the State Fair in another county. Now, I mean, I don't know if the State Fair is going to move again, but would this be a stumbling block, do you see for the State Dair if they have to deal with these things as it gets moved around and people aren't going to step up to the plate and help out in these situations? I mean,... [LB516]

TAM ALLAN: We're moving forward with our activities. You know, we're full speed ahead, right or wrong or in between, trying to comply with the law. And like I said, we value these groups. This is part of the fabric of the State Fair, and that's why in our plans that we have places for them. It would be up to the wisdom of this committee and the Legislature is, you know, if there will be money taken away from us or money taken away from somebody else, that's going to prevent us from building things out in Grand Island. If that were to be the conclusion of this, we wouldn't have that ability to have that part of the Fair in our move out there. We're trying to use every dollar prudently. I've got a bad feeling we're going to use every dollar prudently plus maybe one or two over that. It always seems to be that that's the way it's going, but things are going pretty darned good, and like I said, I cannot say high enough is how important these people, and Senator Hansen are to us so. [LB516]

SENATOR CARLSON: Any other questions? When do you think the State Fair Board would start making draws on the Relocation Cash Fund? [LB516]

TAM ALLAN: Here's what we're doing, is that that money has been certified, and it's to the satisfaction of the DAS that that money is there. There's been legislation passed in Grand Island that we made privy to. We have letters of credit or whatever the financial devices. That money is there. We have...I spoke on the earlier bill, there are some other

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dates that are coming up with. We're almost in a quandary is that, you know, we're raring to go and do things. There's actually some technical things that, again, if I'm not mistaken, if the university, let's say, did not submit their master plan by December 1, theoretically, this could fall apart. If Grand Island did not fund their last part, or the university did not fund their part, it all goes away. And so what we have done as part of our contribution for it is all architectural, all civil engineers, all the attorney work, all the different things on that, we had told our partners in Grand Island is that the State Fair has been advancing those monies out of our own pocket. And what we're doing is holding those monies because we don't want to be in a situation if something were to fail, is that I don't want to be at this desk and trying to tell you how...figuring how we're going to pay that back if this isn't going to work out. So I would imagine that I would like to see how quickly that we could move forward and perhaps even move up the certification date, possibly make an amendment, if necessary, on the changing of the December 1, coupling the State Fair ability to leave that's in the...was contained in LB1116. So I guess the long answer to your question, sir, is as soon as possible. But I don't anticipate those funds will be drawn down probably the next couple of months. [LB516]

SENATOR CARLSON: Okay. Any other questions? Thank you for your testimony. [LB516]

TAM ALLAN: Thank you. [LB516]

SENATOR CARLSON: Okay, anybody else in opposition? Okay, seeing none, Senator Hansen, do you want to close? Oh, oh, excuse me, excuse me. Neutral testimony, sorry, okay. [LB516]

JAY VAVRICEK: Once again, my name is Jay Vavricek spelled J-a-y, last name V-a-v-r-i-c-e-k. I've listened to the testimony and reviewed the bill, and let me just make some comments. When I talk about the vision of the new fair, I think it's important that you understand that the fair in Grand Island, much of the revenues that it will have at its disposal between the lottery revenue and the city match as well as sponsorships and all those opportunities will be used in a different way for programming and entertainment in Grand Island unlike the responsibility and liability of so many different facilities it has here at State Fair Park. Secondly, I think it's safe to say that the 140-year tradition is very, very important to maintaining that, and so consequently, I'd just like to remark that while I'm not a policymaker today, these comments are strictly my own. While I'm also a former mayor a few years ago, I also may potentially wear that cap briefly too, because, as you know, I'm a radio broadcaster, and part of what I hear today is the fact that I think the hope and the vision of the State Fair is that the State Fair will be THE shining star, THE event that you don't want to miss, THE event that you don't want to miss marketing to much like Husker Harvest Day is for three days a year in Grand Island where there's over 100,000 people, largely agri-producers, but also young people that

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are there to celebrate agriculture. And my point is this: For example, if I at a radio station invest 30-some thousand dollars on a building site at Husker Harvest Days, I'm doing that knowing that I'm on leased ground. I don't own the ground at Husker Harvest Days. I'm making that investment so I can market, communicate, and, hopefully, one way or another, be more profitable. So I'm sympathetic to the Nebraska Cattlemen because, indeed, I would hope that they would have a tremendous presence in Grand Island and also the public safety role of the Sheriffs' Association is very, very important. And I think those partners would be more than welcome, I'm assuming, by the State Fair Board to cooperate in any number of ways. Once again, the facilities at Fonner Park, the State Fair Board does not own that ground. Fonner Park, the Hall County Livestock Improvement Association owns that ground, so largely, most of the projected improvements will be on leased grounds. So in deference to the comments made earlier, no one's envisioning today and moving the State Fair 107 years from here (laugh) to another location. But there probably needs to be some safeguards and covenants and understanding, and I'm confident that the Fonner Park Board of Directors in concert with the State Fair Board will be able to deal with that. But I see what you're dealing with here is basically consequences of legislation that was passed that many of us maybe a year ago didn't even consider. And with that in mind, I can appreciate being made whole from a private organization for appraised land or appraised buildings. But let me just also let you know this, with my former mayor hat on, the people of Grand Island knew the stakes. They knew the obligations of \$8.5 million. They knew the lottery match. They knew the many responsibilities, and those are being communicated to the people in such a way so that the community and region will attend the State Fair and support it. I'm sensitive to the fact of making private, nonpublic entities whole when, indeed, certain taxpayers in Grand Island are not being made whole on the relocation of recreational fields that are going to be, hopefully, worked out elsewhere in the community. And I just point that out because the State Fair Board is working to go ahead and provide a new site, which I believe that, once again, would hope the city council will support. The improvements on that ground remain to be unfunded and I am sensitive to the people of Grand Island in support, knowing that other entities are being compensated when, indeed, we could be talking...we, the community, could be talking a million dollars for improvements on new soccer fields and a softball field that...so you know is on the grounds of Fonner Park, on leased ground, but is potentially would be made way for new parking that would complement the State Fair. And I think everyone agrees the proximity of that site, I think the hope is to have a lot of convenience, have an amenable, have it climate-controlled, all those different things. And it makes sense that the highest and best use of that ground is most likely...and once again, I'm not a policymaker. That would be incumbent upon other electives to determine, but I would assume that it makes a lot of sense to have that nearby soccer field and softball field relocated. But just in the context of my neutral position, I just wanted to make sure you're aware of all the different dynamics because that's the type of thing that have been worked out and are under discussion this past year. But...and lastly, in terms of the beef and the sheriffs' association, and all the different associations, I believe

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that...well, they will find a welcoming community in Grand Island. And where there's a can-do spirit where you figure out a way to get things done, you can, indeed, move on positively. But I just bring that up for your further information. [LB516]

SENATOR CARLSON: Okay. Thank you. [LB516]

JAY VAVRICEK: Thank you. [LB516]

SENATOR CARLSON: Any questions? Thank you for your testimony. [LB516]

JAY VAVRICEK: Thank you. Thank you, Senator. [LB516]

SENATOR CARLSON: Any more in a neutral position? (Laugh) Okay, Senator Hansen. [LB516]

SENATOR HANSEN: Thank you, Senator Carlson. I'll be very brief, and I know it's getting late for everybody. I can almost imagine at these meetings that are held around the state, and first of all, I want to start out with Grand Island. I'm sure, you know, they've got a lot on their plate, and they're moving soccer fields that I've been to, and it's a great field. They've got a lot of things. When they come up, though, you know, new business, old business, they have no stake in this in the relocation of two nonpublic entities. I hold them completely harmless. Then we have the University of Nebraska, and I'm sure the Regents meet and video any new business, any old business. What about those two buildings out there on the fairgrounds? No, that's not our responsibility. Yes, somewhere along the way, they go to a meeting. Any new business? Any old business? And what about those two buildings out there on the State Fairgrounds? Who's going to pay for those? Not us, it's not our responsibility (laugh), and then the State Fair Board has the same type of meetings, you know. Is there any new business? Is there any old business? What about those two buildings out there on the State Fairgrounds? Nope, not ours. Somebody needs to step up and take responsibility for these two nonpublic entities that have owned buildings out there. They can't come up with leases. Even if the Husker Harvest Days lasts a hundred years, it won't last as long as the State Fair did. After a hundred years, you would think that probably, you know, the State Fair would probably be there forever. But it wasn't, and it isn't, and we've been through that argument already, but someone needs to step up and take responsibility for this, Senator Carlson. I don't know who it's going to be. We thought we had an idea to do that with interest funds and interest, you know, is not very good. We need to come up with some money for that somehow. That's all I have. Thank you. [LB516]

SENATOR CARLSON: Okay. Thank you. Any questions of Senator Hansen? [LB516]

SENATOR HANSEN: I don't work after five, so (laughter). [LB516]

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SENATOR CARLSON: You just did, but thank you for your closing. Thank you for those of you that came to the hearing, and with that, we close the hearing on LB516. I want executive session for about three minutes. [LB516]

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Disposition of Bills:

LB224 - Placed on General File with amendments.

LB516 - Held in committee.

LB593 - Held in committee.

Chairperson

Committee Clerk