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Agriculture Committee  
October 28, 2011

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[LR278]

The Committee on Agriculture met at 3:00 p.m. on Friday, October 28, 2011, in Room 1524 of the State Capitol, Lincoln, Nebraska, for the purpose of conducting a public hearing on LR278. Senators present: Tom Carlson, Chairperson; Norm Wallman, Vice Chairperson; Tyson Larson; Russ Karpisek; Dave Bloomfield; Lydia Brasch; Burke Harr; and Steve Lathrop. Senators absent: None. [LR278]

SENATOR CARLSON: Welcome, those of you that are here, to the October 28 Agriculture Committee interim hearing on its LR278 to examine the implications of the emerging livestock disease traceability framework governing movements of animals in interstate commerce described in the Animal Disease Traceability Comprehensive Report. And I am Tom Carlson, state senator from District 38. Way over here to my left is Barb DeRiese, the committee clerk, and Rick Leonard--I'll turn it over to him in a couple of minutes--our research analyst for the Ag Committee, to introduce the hearing. To my right over here, Senator Bloomfield from Hoskins and Senator Brasch next to him from Bancroft. To my left, Senator Karpisek from Wilber and to his left, Senator Larson from O'Neill. So, I think that Senator Wallman will be here and Senator Harr will be here as we move along. So with that, Rick go ahead and open the session for us. [LR278]

RICK LEONARD: (Exhibits 1 and 2) Thank you, Mr. Chairman. My name is Rick Leonard, research analyst for the committee, L-e-o-n-a-r-d. Interim Study LR278 arises from an initiative at the federal level to introduce comprehensive livestock disease traceability system for the U.S. for livestock moving in interstate commerce. Earlier this year, the USDA and Animal Plant Health Inspection Service described a framework for such system in a series of documents, the Animal Disease Traceability Comprehensive Report and Implementation Plan. Those were published in January and they announced at that time their intention to publish a proposed rule to accomplish the ends in April. The Federal Register publication of that proposed rule finally occurred on August 11, where we're currently at the federal level in the comment period that was originally set

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to expire November 9 and it's now been extended past the beginning of the year. That proposed rule would amend 9 CFR Parts 71, 77, 78, and 90 to establish minimum national official identification and documentation requirements for livestock moving in interstate commerce. The proposed traceability requirements would have two main elements. First, with certain exceptions, the rule would generally provide that animals moved across state lines must be officially identified. Second, animals moved interstate are to be accompanied by an interstate certificate of veterinary inspection, or ICVI. It's usually referred to as a health certificate. Briefing materials that were mailed to you last week provide more detail regarding proposed rule, and I've provided an additional quick reference item for your reference today at your seat. Many of the elements of the proposed rule are already implemented by state animal health authorities. While these responsibilities would be maintained in the proposed rule, the way they're administered may change. Of particular importance will be the...are performance standards for states for the creation and retention, retrieval and transmittal of information when animals are moved in interstate commerce and in event of a disease instance. The primary purpose of LR278 is to examine the capabilities of the department and livestock industry to carry out responsibilities contemplated by the rule and potential costs and, if necessary, any necessary revisions of authorities that might be required as these were described in the Regulatory Impact Analysis that accompany the proposed rule. I've included in the briefing materials that were provided to you last week and in the items today a response from Director Ibach to service the inquiries Senator Carlson sent earlier this summer asking for a response on and comment on some of those things. Mr. Ibach is with us again today and will follow me as soon as I'm done. I'd like to ask, Senator, entered into the record two comments--letters we received. Those were also in your briefing materials: one submitted by Steve Stanec of the Nebraska Branding Committee and Roy Barta on behalf of the Nebraska Livestock Markets Association. And we did receive one other comment, I believe it's already been distributed to you, from the Nebraska Cattlemen. And...but I'll, if I could, I'll enter these...ask the clerk to assign an exhibit number to these at this time. [LR278]

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SENATOR CARLSON: Okay, thank you. Any questions of Mr. Leonard? Okay hearing none, thank you. And Senator Harr has joined us, Senator Wallman has joined us, and Senator Lathrop, so we welcome them to our hearing. Now I'm going to make a comment before I call on Director Ibach to provide some information on this. Partially, originally it would have been for the benefit of myself but also for some of the members of the committee. Animal ID can be a very difficult issue, it can be an emotional issue, and it's not necessarily a simple matter. So, Committee, as we listen to what's being testified today, just know that there are differences of opinion about animal ID. And so with that, Director Greg Ibach, I'll call on you, director of the Department of Ag, to introduce us and cover this traceability concept with us. [LR278]

GREG IBACH: Thank you, Senator Carlson and members of the Ag Committee. My name is Greg Ibach, G-r-e-g I-b-a-c-h and I believe you...and like Rick had referenced as well, Senator Carlson, we provided you with a fairly extensive document that answers some questions that had been posed to the department to have you prepared for this hearing. I think that rather than maybe go through that--you guys are capable of reading--I'll just hit some high points. I think what the document does is summarize the fact that we have been working on this issue for a number of years and we have been able to, as a part of this process, the department has been able to utilize some federal funding at different times throughout the process--fairly large amounts of money at the beginning stages and now those grants are much smaller, from like \$640,000, I believe, at the high, to somewhere around \$140,000 at the most recent grant. But we've used those monies to be able to work with our livestock industries, work with industry partners like the livestock auction markets to be able to provide some education and discussion on animal ID as it's evolved over the last few years to be able to purchase some equipment that would assist them in managing the system that was evolving: laptop computers, RFID tag readers, and in the next period we're going to supply them with some printers to be able to assist them in their reporting back to us as well as assist them in gathering the information. You know, there are, like Senator Carlson says, there's many different perspectives. In some ways, the USDA has been fairly

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prescriptive in what their expectation is, but yet they say that they're leaving states with some flexibility. But the flexibility that we have is rather limited based on the expectations that we have for performance and so as...and I think even, you know, livestock auction markets, if you look at Mr. Barta's comments, you know, they're realizing that there's a lot of information that is expected that they have to provide and are concerned about how they will do that at the speed of commerce. And so with that, I think along that same lines, we, you know, while we've worked with the industry, we've also worked within the department to try to get our capabilities in place to be able to handle the data scanned, the data have it in searchable format, be able to report it to USDA and the information into neighboring states. And so I think we're well-prepared from a department standpoint to be able to try to meet the expectations and the performance standards that USDA has put forward. I think Ross Baker is with me today as is Bobbie Kriz-Wickham, our...Ross is in charge of the kind of animal ID. He's a federal contract employee. We are able to have Ross on our staff because of our grant and so he is working with the industry on the animal ID issue. And then Bobbie is the assistant director of Ag. So with that, I would take any questions or open it up to the discussion that might be appropriate or go back and sit down. [LR278]

SENATOR CARLSON: Okay, thank you. Any questions for Director Ibach? Summarize a little bit...oh, Senator Larson, do you have a question? Summarize if you would, as you see it, what are the advantages of what is not finally determined but may become, in a sense, mandatory, what advantages are there to it? [LR278]

GREG IBACH: I think the last question or the last bullet for request maybe does the best job of kind of putting in perspective what the ability to trace cattle or cattle of concern or that carry a disease in a rapid manner, in an efficient manner, what benefits that has to not only Nebraska producers but to us as a state in, you know, trying to reduce the amount of testing or the ripple effect from a diseased animal that does exist in our state or comes to us from another state. And so I think that that is the outcome that is...USDA is looking for and that we as a state and, you know, me as a producer will

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benefit from if we can find an animal of concern rapidly and maybe trace it back to the herd of origin so that herd doesn't release more animals that may be infected into other herds and neighbors' herds or into other states, then I think that's the benefit that we have. I don't know if that really answered your question or not. [LR278]

SENATOR CARLSON: Well, it does, I believe, because the main concern has to be traceability of disease and effect on our safety of our food chain. As this becomes mandatory and as brands are iffy because as I understand it, moving cattle from Nebraska to another state...if the other state accepts brands, even under this program, that would be okay. But it may or may not be. What additional responsibilities does this put on livestock producers that they probably don't like? [LR278]

GREG IBACH: USDA has stated that brands can be used as...to move cattle between states if there is an agreement between the states to do that. Currently, that's not acceptable for us to have cattle come into Nebraska on only a brand as well as go...for us to be able to ship cattle to other states. They all are requiring some form of individual animal ID now. And so that is--well, with the exception of feeder cattle and the cattle destined for marketplace--but if we're bringing in and breeding animals, we're asking for some type of identification on those. And so in some ways, going back to a brand system might be rolling back--going to less than what we have now. But, you know, we've done...Ross did some polling of neighboring states over the last few weeks and it appears that most of our neighboring states that have responded are indicating that, you know, moving on brands alone will not be an acceptable for them. And so I guess at this point in time, I wouldn't expect us to have a lower standard than what our neighbors will accept. If they expect us to do one thing, we're going to expect their producers to be equivalent, probably. [LR278]

SENATOR CARLSON: So at the present time, our policy is we don't have an agreement with any state to accept brands. And therefore, our producers have identification. So this shouldn't be a great change for them. [LR278]

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GREG IBACH: Sometimes it's combinations of identification. It may not be official. U.S. Government ID, we may not have all the bangs tags listed, we may not have an 840 tag, we may have other forms of herd tags that we're accepting that may not necessarily be official ID and now USDA has defined what official ID...what constitutes official ID. [LR278]

SENATOR CARLSON: Okay. Senator Larson. [LR278]

SENATOR LARSON: Thank you, Director Ibach. How many...I know this summer, with the grazing problems down in Texas, a lot of cattle were coming up to Nebraska specifically around my area. How many cattle are here that have not--that were not checked. I mean, at the high point, how many cattle were coming into Nebraska...you said that the feeder cattle and those going to processing don't need to be checked, but obviously... [LR278]

GREG IBACH: This is another example of where, you know, this system, once it's in place, will provide us some more timely reporting. You know, by the time Texas and Oklahoma had gathered the health certificates from local veterinarians, had sent them to their state offices, their state offices were somewhat less than stellar in forwarding those to us, we had...you know, we were about two months into the shipment of cattle from those states before we were starting to get the official notification. And we knew from living in the area and being part of the industry that there were cattle coming up from Texas and Oklahoma, but we had no official notification. And so when we started getting the notification, it became obvious that those cattle were coming in weren't necessarily meeting the health certificate requirements that were in place already. And then we also became aware of some cattle that came in without health certificates and proper documentation. [LR278]

SENATOR LARSON: Any rough estimates on how many did come in without? [LR278]

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GREG IBACH: We still haven't gotten all the health certificates we need to get. We're anticipating and, you know, I'm... [LR278]

SENATOR LARSON: Rough. I'm not going to hold you to anything... [LR278]

GREG IBACH: Very rough. But I think it will be in excess of 30,000 head that we will have...that will have moved from Texas and Oklahoma into Nebraska and that may be... [LR278]

SENATOR LARSON: And that's... [LR278]

GREG IBACH: ...and that's breeding animals and I think that, you know, the feeder animals would be a much larger... [LR278]

SENATOR LARSON: Yeah, I mean...yeah. But, I mean, you said yourself that the feeder... [LR278]

GREG IBACH: Yeah. [LR278]

SENATOR LARSON: ...you don't do the feeder or the processing... [LR278]

GREG IBACH: Um-hum. [LR278]

SENATOR LARSON: So it's the breeding animals that we're focused on here. And so, moving towards...you're maybe suggesting moving towards easier traceability standards would... [LR278]

GREG IBACH: Because in the new standard it would say that within five days after issuing the health certificate, the local veterinarian would have to have forwarded it to

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their state veterinarian and within five days of the state veterinarian getting it, he would have needed to notify the state of destination that those cattle were there. So, you know, ideally, you know, in 10 business days you would...you'd know. [LR278]

SENATOR LARSON: Is that plausible to get everything done in that amount of time? [LR278]

GREG IBACH: No. Our hurdle in Nebraska would be working with the local veterinarians to make sure that they realize that expectation and I think that they would be capable of doing that. You know, they're...calving season might cause them a little bit of problem and a hardship, but...and we clear every Friday. Our...right now at the department, we're...we would make that clearance. [LR278]

SENATOR LARSON: Is it reasonable they expect the locals or the producers to make that clearance? [LR278]

GREG IBACH: I think that those local veterinarians would be able to, you know, when they knew and understood the performance expectation, would be able to comply, yes. [LR278]

SENATOR LARSON: Thank you. [LR278]

SENATOR CARLSON: Okay, thank you. Any other questions? Seeing none. Okay. [LR278]

GREG IBACH: Okay. Thank you. [LR278]

SENATOR CARLSON: Thank you for your testimony. And as you come forward, those of you that want to testify, please have filled out a green sheet and hand it to Barb over here and take the chair. Senator Loudon, it's unusual to see you this way, so... [LR278]



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SENATOR LOUDEN: Well, yeah, you know it is. You've got to change lifestyles once in a while. Here we go again. Well, good afternoon, Chairman Carlson and members of the Agricultural Committee. I thought seeing as how I was doing nothing and sitting around thinking, why, maybe I'd just as well get in on some of this talking about animal traceability since I've been involved in this for way over 50 years. That's been a livestock issue among livestock producers for many years. I know at least 10 years that it's been really on the front burner, as I've subscribed to livestock journal magazines. And one time, why, we was supposed to get free Vise-Grips if we would put our premises on there and all that and I didn't get my free Vise-Grips. And then, when they got to making them in China, I really didn't care, so I haven't went down that road...route. And they finally scrapped the whole thing because some of those early ones, you know, it was a premises identification and that included poultry, swine, cattle, bovine, sheep, goats--they put everything probably into the same thing on that premises identification and it made it impossible to be of any value. And I read the Department of Agriculture Director Ibach's letter that at the present time we have veterinary inspection to transport cattle to other states. Now, personally, I think this works quite well because, well, here just a month or so ago we shipped a pod load of cattle to Iowa and we had to have a veterinarian health inspection and these were steers, so we know they weren't going there breeding, but anyway they wanted this health inspection. Now, when you have your veterinarian do this health inspection, there's a copy of that goes with the truck or with the cattle. Now if somebody doesn't keep track of that copy on the other end, I don't know whose fault it will be or where you could improve on that. No matter what you do for traceability, if you don't have the follow-through and the people take care of it, it isn't going to work, whether you have a new system or the one that's in place now. Years ago, if you wanted to ship cows to Missouri--and I haven't checked that for a long time--but they had to have a blood test. You had to draw blood on any breeding stock that went into Missouri. And I think Wisconsin and some of those dairy states are the same way. If you wanted to ship breeding stock to there, they had to have a blood sample taken and drawn. So I know that had to have been done within a short

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period of time because that blood wouldn't keep that long. So there has been ways over the years that you could actually trace cattle, if everybody had done the paperwork. And the same way with any new system you have: If somebody doesn't do the paperwork correctly, it isn't going to work. What is it they used to tell me when I was first learning about computers? That junk in is junk out. And so that's where I have some concerns about changing our system too far that what you have--the metal, attaching the metal tags to their ears--if you had to do that as you were loading cattle and shipping them out of state, gets to be quite time consuming. You can imagine when they run several thousand head through a sale barn and a lot of those cattle are going out of state, the amount of work and time it would take to put some type of a metal tag to identify that animal that where he'd come from. Part of it is that some of these feedlots, and I'm sure some of you have been around them, will start putting cattle in a pen and those cattle are commingled from 25 or 30 owners or more and maybe a half a dozen different sale barns, so they're not...the feedlot isn't that interested in identifying each individual animal. So I think...and when you run into a deal like you had with this heifer out of South Dakota that had tuberculosis why, yes, it makes it hard to trace back. It isn't impossible, but there's somebody in the loop someplace that didn't keep track of their paperwork. And so I think what we have now or the system in place where we have your veterinarian inspection and you have your hot-iron inspection that goes along with it if they're coming out of a brand area, that that should be able to trace a majority of your cattle back without causing a lot of problems with increase in labor. And I think as I've read some of the reports they have, when you start generating this paperwork, then you're going to have to have people to take care of this paperwork. Otherwise, that thing will get swamped with paperwork and they'll still be behind, so I think we have to be very slow that when we go to changing the system that we have in place now. It could probably be tweaked a little bit, but I would hesitate to make a big consideration of it on what's being done. A lot of those cattle that come up from Texas, were they blood tested when they come up from Texas for breeding stock? I haven't heard anybody say. If they were blood tested, then where is that blood and how quick was it checked out to see what was...what the system was? There should be a difference between breeding

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stock, also some of your feeder cattle, which there has been over the years. But then again, when you get into tuberculosis testing, if there's a concern--and that's been part of it--there's tuberculosis areas in Texas that they're not allowed to bring cattle out of, so. And it's not saying somebody doesn't load up a trailer load and sneak them out. So we have all kinds of problems and I don't know if you can really solve it by any one particular system that would be improved a great deal on what we have now. With that, I thank you for your attention. If you have any questions I'll try to answer them. [LR278]

SENATOR CARLSON: Okay. Thank you, Senator Louden. Any questions of the committee? So, you don't really like what you see coming down? [LR278]

SENATOR LOUDEN: I...no, I haven't, because I think we get into it and I think it's going to be kind of...first of all, if it isn't fairly easy to implement and do, you're not going to get the people to cooperate. And that's what happened on the first time with their traceability and their premises identification--wasn't going to work, it was too hard to do, and nobody would agree to it. And I think you can read in some of the forms that some of the states got so much feedback on it that they gave it up. So that's the reason we're here today and not doing the thing that they started. This is over 10 years ago, I think, when they started in on that premise identification. [LR278]

SENATOR CARLSON: So you think that that could repeat itself, maybe, with this. [LR278]

SENATOR LOUDEN: If we go into some kind of a system that is hard to do and hard to implement, it isn't going to work. [LR278]

SENATOR CARLSON: Okay. All right. Any other questions? Well, thank you for your testimony. Are you going to get well? [LR278]

SENATOR LOUDEN: Well, I would hope so. I don't want to do this all my life. [LR278]

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SENATOR CARLSON: Okay, that's good. [LR278]

SENATOR LOUDEN: Okay. Thank you, folks. [LR278]

SENATOR CARLSON: Next testifier. [LR278]

DEL FICKE: Hello, Senator Carlson, and members of the Agriculture Committee. Good afternoon, my name is Del Ficke, D-e-l F-i-c-k-e. I'm a cattle producer from Pleasant Dale, Nebraska, and I currently serve on the Nebraska Department of Agriculture's Animal Disease Traceability Advisory Committee and I'm also a member of the Nebraska Farm Bureau Federation's Board of Directors and I'm here today providing testimony on behalf of Nebraska Farm Bureau on LR278. For purposes of today's hearing, I'd like to simply share with the committee the key points from Nebraska Farm Bureau's policy on animal traceability and animal identification and discuss briefly how that policy meshes with what USDA is currently proposing for an animal traceability program. Fundamentally, we would favor a voluntary-based identification system designed to help manage livestock disease control and improve safety. When it comes to animal identification, there are many issues for consideration from a producer's perspective. Concerns about cost, liability, public access to private information about farms and ranches are all questions that are often raised by our members. Despite our desire for a voluntary system, we acknowledge the USDA is likely to move forward with a program that requires mandatory identification of animals crossing state lines. Given this reality, we do have preferences for how such a program, if mandated, should be implemented and operated. For starters, we believe the state should be the entity responsible for running such a program. It appears USDA's current proposal would retain the state as the key entity for managing such a program, with some flexibility given to the state in administration. We believe this is an important consideration, recognized by USDA. We believe an animal ID program should be limited only to breeding stock and our policy strictly opposes traceability requirements being placed on

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slaughter or feeder animals crossing state borders. Younger animals destined for slaughter pose significantly less risk of contracting or spreading disease than older breeding animals and therefore reduce the need for a traceability requirement. When considering the significant burden of a slaughter animal requirement would place on producers, markets, and other entities, such benefits would outweigh the cost. USDA's current proposal does, however, call for an inclusion of slaughter animals in the traceability program at a future date. Our policy would oppose such requirement. In terms of the preferred method of animal identification in a traceability program, Farm Bureau policy supports aligning both traditional and new methods of ID. USDA's proposal does allow for new and traditional methods to be used, including branding. Farm Bureau would be supportive of the Nebraska Department of Agriculture pursuing opportunities to incorporate branding into this system when possible. And finally, our policy does indicate support for the federal government providing the resources to the states for a traceability program if one is mandated. USDA's proposal calls on the state to provide 20 percent of the matching resources to implement this program. It is our understanding that such a requirement is not new and the Department of Ag has been able to meet this threshold in cooperating in these types of activities in the past without substantial additional funding. One of Farm Bureau's main policy positions is that any traceability program should be done in a way that minimizes cost to farmers and ranchers. We would have major concerns if the cost of such a program were allocated directly onto the back of the producers. In closing, we greatly appreciate the opportunity to testify before the committee to share our perspectives on livestock traceability in USDA's proposed program. I'd be glad to try to answer any questions you might have. [LR278]

SENATOR CARLSON: Okay. Thank you, Del. Any questions of the committee? You...so you're speaking for Farm Bureau, but it sounds to me like the concerns are much the same as what Senator Loudon registered. [LR278]

DEL FICKE: Um-hum. [LR278]

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SENATOR CARLSON: Would you agree? [LR278]

DEL FICKE: Yes, somewhat. [LR278]

SENATOR CARLSON: What's the drawback of a voluntary program? [LR278]

DEL FICKE: You know, the participation. I think Senator Louden hit the nail on the head with the...talking about the Locate in 48 or the traceability deal. It's just, you know,,in my program at home, we've been doing the ID...we send cattle to 30 or 40 states in a year and we've been doing the EID tags and we've been doing every form of ID that we can because I want to know if something goes wrong, I want to trace back so I can change the problem...or the problem in my program. You know, there's a lot of operations out there that probably aren't going to be compliant and don't want to be. I didn't really answer your question, but in my program at home, you know, we're 100 percent for it. [LR278]

SENATOR CARLSON: Okay, well, you answered in...you chose to be compliant, I guess you'd say. [LR278]

DEL FICKE: Absolutely. [LR278]

SENATOR CARLSON: Because you have a reason for that. [LR278]

DEL FICKE: Yes. We sell purebred seedstock and we want to see where, you know, want to be able to trace it. [LR278]

SENATOR CARLSON: Okay, so then personally, you're not opposed to a mandatory ID program? [LR278]

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DEL FICKE: I would rather have it not a mandatory ID program. I think if you're going to be in this business you have to be somewhat a forward thinker and if, you know, maybe what works for me doesn't necessarily work for everyone else. [LR278]

SENATOR CARLSON: Okay. Any other questions? Hearing none, thank you for your testimony. [LR278]

DEL FICKE: Thank you. [LR278]

SENATOR CARLSON: Next testifier. Welcome. [LR278]

DAVID WRIGHT: (Exhibit 3) Thank you for the opportunity, Senator, to address this committee. My name is David Wright, W-r-i-g-h-t. I am the current president of Independent Cattlemen of Nebraska and I am also a fourth-generation rancher up in the Sand Hills in Holt County. What I passed out...it was an article that was written by Lee Pitts which I think is quite interesting. I hope when you have time you get a chance to read that, and some information on the back about states that do brand and use that as a form of ID. I guess I'd like to start...what I'd like to start is by asking just a few questions, as in statements. Did you know that before BSE was found in Canada and down here in the United States in 2002, did you know that the United States had a zero tolerance for disease coming into this country? Was zero tolerance. During that particular administration, they adopted a minimum tolerance so that they could open the Canadian border back up to allow those cattle and that meat to come into the United States. But prior to that, it was zero tolerance. Have you heard of regionalization? The USDA has regionalized...has okayed for the regionalization for Brazil. And what that does is they that if there's a providence or a state within the country that has hoof and mouth disease or foot and mouth disease, they can regionalize that area and let the rest of the country ship their cattle or meat into the United States--into commerce, into trade with us. That's what regionalization is. One of our concerns with that becomes who's watching that line between those that are in that line and those that are on the other

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side? Because there's no one from the United States watching that line; it's someone within that country. And there becomes a huge difference in the prices of those cattle or that livestock that are in a regionalized area and those that are out. So it becomes a larger...a huge incentive to try and move livestock on the other side in the name of profit. Did you also know that we are importing meat from Mexico and it's tainted with a steroid called...c-l-e-n-b-u-t-e-r-o-l--my pronunciation's pretty bad. [LR278]

SENATOR CARLSON: Bad stuff. [LR278]

DAVID WRIGHT: That stuff, is that what you said? And anyway, it's a steroid that's been banned in the United States, but that is coming into this country in meat from Mexico. Do you also know that 70 percent of the cattle tested with tuberculosis originate from Mexico...that test for tuberculosis in this state, in this country come from Mexico? So, everything that I'm driving at here has got to do with lowering the standard so that it's no longer a zero risk, but a minimum risk. So meaning we're going to allow these animals and this...these products to come into the country and accept a risk. Once we've done that, the country or USDA had to set up some form of identification system so that they can follow that, so that they can trace that down. And it becomes a burden to the producers. We've just passed a trade agreement with Columbia. Columbia has got the 10th largest calf crop in the world. They're also a hoof...they also have hoof and mouth disease. Now, it's only going to be a matter of time before the United States says, well, let's regionalize Columbia and allow those products to come in here. The same with South Korea. South Korea has trade agreements with China right now. Once we pass that agreement with South Korea, those--and China has hoof and mouth disease--those animals can come from China to South Korea and that meat can come to the United States. So do you see the reason this has been pushed upon us is because we no longer accept a zero tolerance for disease coming into this country. So, with that said, I find it interesting that USDA has said that they won't accept the brand anymore as a form of identification. But did you know that all the animals that come in from Canada have a brand on them: CAN? And all the animals that come in from



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Mexico have a brand on them, too: an M. That's USDA's rule for the rest of the world, but they won't allow the producers in the United States to continue to use the brand which we've been using forever. So, on the back of that handout, on one page close to the back was a list of 14 states that have brand inspection. And those 14 states control 35 percent of the cattle in this country. And on the back page is my brand with the state of Nebraska. And you'll notice that that brand has a number with it that identifies that W with a hanging arrow as David Wright's brand and that's his address--that's where he lives. And this is how we have identified cattle for many, many, many years. When we go down this road of putting these white tags in these cows and these calves to identify them for interstate commerce, my fear and ICON's--Independent Cattlemen's--fear is, is it's going to eliminate our age and source verification benefits that we get right now. Right now we get a premium from between \$25 to \$50 a head because we age and source verify our cattle. Once you put that bright tag in those calves' ears, the packer doesn't need your IMI global tags or your...whatever age and source tags. He doesn't need them anymore. Now he's got that bright tag that USDA says that animal was born in the United States and it's within this age range. That is a concern, that's a loss to the producers that we're going to experience. It will no longer be a premium. So in closing, we've used a brand and a health paper for years to identify cattle. And when USDA--if you go back to 2001 we went to zero tolerance--they started giving out cooperative agreements and grants for the states to jump on-board and come down this line and that--in me, and in our organization--has been a large problem, because the law does state that the state of Nebraska can enter into an agreement with South Dakota or any other state on how they would like to handle, say, brands and health papers. But there's no incentive for these states to do that if USDA's holding this check out here saying, hey, we've got a cooperative agreement for you, but we want you to do these tags and we want you to follow this protocol and this is the direction we want you to go. So, we've asked the question several times why the state vet and the state Department of Agriculture for Nebraska, South Dakota, Kansas, Colorado, Iowa, why these people don't sit down in a room together and come up with a workable solution for their producers and not worry about what USDA is wanting them to do. So, that's my

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testimony and I'll entertain questions. [LR278]

SENATOR CARLSON: Okay. Thank you for your testimony. Senator Wallman. [LR278]

SENATOR WALLMAN: Thank you, Senator Carlson. Yeah, thank you for testifying here. And in my area, some cattle are branded, some are not, and do you think that it would be possible for your organization to push for statewide branding? [LR278]

DAVID WRIGHT: Our organization would like to see a statewide brand but we realize that there's...in the state of Nebraska, each county has the opportunity to either--what do you call it--opt in our opt out, so that potential is there. So it really does go back to the producers in those counties to decide whether they want to participate in a brand or not. I would wish that they could all see the advantages of it, but some of them don't. [LR278]

SENATOR WALLMAN: But if we made this into a law, do you think it would be highly controversial or adapted pretty well? [LR278]

DAVID WRIGHT: You know, I know that western...I served on the beef council for--Nebraska Beef Council for eight years. Do you realize that, in the brand area, the beef council collects \$450,000 from in-state brand inspections? Do you know how much they collect outside the brand area? \$4,500. \$4,500. Would you say that maybe there's some stuff that's going on, on the other side of the brand line, that's not quite being followed up on? What I'm saying is there is...in my mind and in my organization's mind, there is a necessity to do this. But to get it done, those on the other side are going to fight tooth and nail because they've been getting away with murder for a long time. [LR278]

SENATOR WALLMAN: Okay. Thanks. [LR278]

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SENATOR CARLSON: Senator Larson. [LR278]

SENATOR LARSON: Thank you, Mr. Wright. You talk about the loss of the producers through the ear tags in terms of the \$20 or \$25 because of the information, the documentation that you can provide that those ear tags will provide for free, correct? Essentially, that's the concept? As technology grows and gets better, I'm under the understanding that, you know, there are ways to password protect the ear tags to where, when they buy the cattle, you sell the password, too, with the ear tag. And isn't that a way to effectively identify the cattle as well? And when you sell a cow, you sell the password with the ear tag so we can streamline things effectively through technology and at the same time making sure that the producers do receive the benefit of keeping good records? [LR278]

DAVID WRIGHT: Right. There's...I mean, there's that potential. But currently, currently AMS and the U.S. trade representatives have said that there's no country in the United States--or no country outside the United States requiring the United States to have some sort of identification system, because they're satisfied with the current age and source verification that we are doing right now. So what that tells you is they're acceptable to just the minimum of knowing the age and where that calf was born. If we go to these bright tags, in an instant the packer is going to be able to say all these calves are U.S. cattle and they're within this age frame. And that just took away that profit. So to your point, it could be if the other countries will start saying, you know, we don't want to accept USDA's generic version of it. We would like more of a personal, you know, set of information. But currently, it's not quite there. What's there right now? There's a profit between \$25 and \$50 a head. [LR278]

SENATOR CARLSON: Okay. Any other questions? Seeing none, thank you for testifying. [LR278]

DAVID WRIGHT: Thank you. [LR278]

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SENATOR CARLSON: Next, do we have anyone else wishing to testify? Can't go positive, negative, or neutral, so anyone else want to speak up? If not, then that concludes our...okay, and I'll mention again that we have letters from the Nebraska Cattlemen and from Roy Barta, executive director of the Nebraska Livestock Markets Association, for the record. With that, we'll close our hearing. Thank you for coming and being a part of it. And, Committee, no Executive Session or anything, so... [LR278]