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Agriculture Committee  
September 13, 2013

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[LR271 LR290]

The Committee on Agriculture met at 2:30 p.m. on Friday, September 13, 2013, in West Point, Nebraska, for the purpose of conducting a public hearing on LR271 and LR290. Senators present: Ken Schilz, Chairperson; Norm Wallman, Vice Chairperson; Dave Bloomfield; Tom Hansen; and Jerry Johnson. Senators absent: Ernie Chambers; Burke Harr; and Steve Lathrop. Senators also present: Lydia Brasch; and Al Davis.

SENATOR SCHILZ: Good afternoon, everyone, and welcome to the Neilsen Community Center here in West Point for the Ag Committee's legislative interim hearing on LR271 and LR290. I am Ken Schilz. I am the Chair of the Ag Committee. And I'll take a few minutes to introduce who we have here on the committee. And we've got a couple of other senators. And I'll just start clear over here, to my far left. My far left is the committee clerk, Jamaica Erwin. Next to her is Senator Dave Bloomfield from Hoskins. Next to him is Senator Tom Hansen from North Platte. Next to Senator Hansen is Senator Wallman, from Cortland, and myself, from Ogallala. On the right is Senator Jerry Johnson from Wahoo. And then we have Senator Lydia Brasch from right in...this is your district here, isn't it? [LR271 LR290]

SENATOR BRASCH: This is my district, yep. [LR271 LR290]

SENATOR SCHILZ: And I would like to thank her for asking me. We sit beside each other in the Legislature. And when we talked about having this hearing she said, we'd really love to have you come to West Point. And now I can understand why. This is a beautiful facility, and we're happy to be here. And next to Senator Brasch is Senator Davis from Hyannis. So we're glad to be here and happy to be here. And we'll give a few housekeeping instructions here before we get going. We will give everyone that wants to an opportunity to testify. If you do want to testify, there's a sheet up here that you will need to fill out. If you haven't picked one up already, you can go ahead and testify and then fill out the sheet. But please, do make sure that the committee clerk

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gets that when you're done. I would ask that, if you have cell phones, if you'll please set them to silent or turn them off. They can be distracting both to the committee and the testifiers if that happens. I see we have a full room today, which is great. I would say that we have allotted two-and-a-half hours for this hearing. I've got a four-hour trip, at least, back home. So I want to get back there so I can watch the football game tonight. So we will stop at 5:00 and...so we can all get on the road and get back to our families. Thank you, Senator Wallman. And then everybody will get an opportunity to testify once and, please, keep your comments brief. But at the same time, make sure that you take enough time to get us all of your thoughts. Try not to repeat yourself. And if you hear somebody else testify using the same things that you're going to say, please edit your testimony to reflect that, if you wouldn't mind. And I think...let me see, do I have anything else? And I...oh, and as we go in the order, if you've ever testified at a committee hearing, an LB hearing in Lincoln, we have the proponents, opponents, and neutral testifiers. Well, today, in an interim study, there's no proponents, no opponents. It's just, as we have testifiers come up, you just take a position where you're at, and we go from there. And when you do come up and sit down, please, as you have a seat, speak into the mike. You don't have to get it real close. It'll pick you up. And please, can you say your name and spell it for the record so that we know who is saying what. And with that, I will turn it over to the research analyst, who I don't know if I recognize or not. But this is the research analyst, Rick Leonard, for the committee. And him and Jamaica do all the heavy lifting, and we just show up. And it's, you know, it's, kind of, we show up, do the show, and then we're out of here. But these guys do all the work. They get it all set up. And we're thankful for them because it takes a lot of work. So with that, we will let Rick introduce a little bit on...I think it's LR290, correct? [LR271 LR290]

RICK LEONARD: LR290, yes. [LR271 LR290]

SENATOR SCHILZ: And then we'll invite Senator Davis to come up and introduce LR271. Thank you. Rick, it's all yours. [LR271 LR290]

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RICK LEONARD: Right. Thank you, Chairman Schilz and members of the committee and our guests, Senator Davis and Senator Brasch. Yes, as the senator mentioned, we have two interim studies that we've, kind of, combined here. As the senator mentioned, this is not a pro or con. It's more interim studies are kind of an information-gathering process. I will talk about...the two interim studies are LR290 that Senator Schilz introduced, and Senator Davis introduced LR271. They're both, kind of, I guess, a couple different approaches to the issue of the brand inspection system in Nebraska. I wanted to clarify and make it clear, of course, we're talking...the brand law applies statewide. Anyone in the state may acquire a brand. We do a lot at the state government to facilitate that registration of the brand, and that service is available to anyone in the state of Nebraska. The issue at question today is what we call mandatory brand inspection which is, essentially, a third-party ownership verification that takes place upon certain movements of livestock and certain transfers of ownership. We currently...and again, brand inspection is a service that is, technically, available all around the state. There are just...the western two-thirds of the state is where it is mandatory on certain movements of livestock. I'll talk a little bit about LR290 and let Senator Davis introduce, talk more about, LR271. But essentially, LR290 is looking at somewhat of an alternative approach to LR271...was what, assuming that brand inspection can be of value and be of...in many respects, it's...the system is both a livestock theft detection/deterrent system, as well as the brand inspection and the documentation that flows out of that, somewhat, is...helps facilitate commerce in the...in that we verify the ownership of animals to a certain extent, that that facilitates the free flow of commerce and that. LR270 (sic), basically, is...LR290 basically said that, out in the counties adjacent to the brand area, can we name those brand inspection service areas? I think we envisioned that as somewhat of a pilot project whereby brand inspection wouldn't be mandatory in those counties but it would be available upon demand at the same terms as if you were in the brand inspection area. The idea is, I guess, to stimulate conversation on are there...is there a value and some interest in having brand inspection available whether it's mandatory or not. And hopefully, the idea was to stimulate conversation on (inaudible)...we could expand the availability of that

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service to where it might be desirable or wanted. I will leave...as you know, the state has divided two-thirds...the western two-thirds of the state is inside the mandatory brand inspection area. The eastern third is not. We heard...LB654 is pending before our committee. The committee chose to hold the bill and gather more public input on the question of whether the availability and the advocacy of brand inspection services across the state...with that, I'd just introduce it in your...in front of you. I've gathered a number of briefing items. I intend to, with the information we gather here, follow up on some of the ideas that come around. I will intend to probably...and I'm gathering ideas of additional data. And I even said I can get to help answer questions and help bring light to the issue. And I would intend that this will be supplemented with, probably, a final report of four or five pages to summarize what we've learned here and conclusions we've reached. And with that, I will answer any questions. [LR271 LR290]

SENATOR SCHILZ: Thank you, Rick. Any questions from the panel for Rick? Seeing none, thank you, sir. And now we will invite Senator Davis to come and give us an opening on LR271. Good afternoon. Welcome (inaudible)... [LR271 LR290]

SENATOR DAVIS: Good afternoon, Senator Schilz and committee. Thank you for permitting us to have this here. And I'd also like to extend thank you to the citizens of West Point, Cuming County, for a very nice morning and a very pleasant tour this morning. Most of you guys have heard this last night. But for the benefit of the people here I'm going to go ahead and give it again, so just bear with me. Last winter I introduced LB654 with the objective of developing a unified brand inspection program across the entire state of Nebraska. I believe all the senators here were in attendance at the hearing in Lincoln. As you'll recall, we had a significant amount of interest in this bill and general support from large numbers of ranchers who resided within the brand area and several whose operations were east of the brand line, who also felt that moving to a unified brand inspection structure across the state would provide additional security for livestock owners and that benefits far outweighed the cost of the program. Gary Darnall, a cow, calf, and feeder from extreme western Nebraska and former president of the

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Nebraska Brand Committee, led off the testimony that day, explaining why he felt that it was time Nebraska develop the unified approach to cattle inspection across the entire state. Farm Bureau, Nebraska Farmers Union, and the Independent Cattlemen of Nebraska also contributed testimony in support of LB654. We also had testimony from employees of sale barns, both inside and outside the brand inspection area, who were very supportive of statewide brand inspection. I want to thank Senator Schilz and the committee for their support of LR271, which calls for an interim study on the development of a unified brand statute across the state. There are a number of very valid reasons to consider modifying the law in Nebraska and moving to statewide branding. I don't want to completely repeat what was said in February, but I do want to refresh the memory of the committee members about why I believe it is appropriate to move towards statewide branding. If you have not been following the news recently, you may be aware that Nebraska is predicted to eclipse Texas as the number one cattle, cattle-feeding, and cattle-marketing state over the next five years. With that in mind, it is even more important that Nebraska enact legislation which safeguards ownership and offers security to bankers, feeders, and ranchers, since the entire state will benefit greatly from this remarkable development in the livestock industry. First and foremost, the issue is not about cattle grants. There is nothing in Nebraska statute which requires any livestock owner to brand his animals, no matter what side of the brand line you are on. What is required is proof of ownership. Proof of ownership is the fundamental principle on which this nation was built: private property rights. Live animals are mobile creatures who move about on their own and often with or without the help of honest and dishonest individuals. So they can stray or disappear from one ranch only to resurface at a neighbor's and, sometimes, at a local or a distant sale barn. While laws are in place in Nebraska which require bills of sale and the like to transfer cattle, in reality, that activity only takes place west of the brand line. Steve Stanec, CEO of the Brand Committee, submitted an answer to the committee which dealt with title and ownership of animals east and west of the brand line. Under statute 54-1,116, livestock sold anywhere in the state are to be accompanied by a bill of sale or a brand inspection certificate, and all persons possessing livestock have a duty to exhibit a bill of sale or

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brand certificate upon demand of any person. Stanec stated that there is only a 50 percent compliance of that statute from the non-brand-inspection area at the Kearney, Nebraska, auction market and packing plant. And at the Alma livestock market, only 4 of 21 cattle deliveries from the nonbrand area were able to produce a bill of sale for the brand inspector when requested. When the Nebraska brand area was established in the '40s, the transport of animals was completely different. Most animals were shipped on railcar to Iowa to be finished, and the animals moving around within the state were usually being pushed by cowboys on horses. Accordingly, there were only a few pressure points where theft could and did take place, largely, on a much more local basis. Today the border is extremely porous due, in large part, to the change in technology which...what has been brought to the industry. Pickups, portable trailers, livestock trailers, and four-wheelers have modified the entire method of which animals are transported. If cattle moved into and out of Nebraska on large semitrucks--and animals are often transported hundreds of miles for better markets, better grass, or to bring them to slaughter or to a feedlot--that's why it is time to really reconsider how we are going to track ownership in the 21st century and beyond. On the theft side, with a set of portable panels, a horse trailer, and a four-wheeler, animals can be rounded up, loaded, and transported quickly into another state or into the nonbrand area from the brand area. A bill of sale can easily be forged from...for the dishonest individual, and the cattle can be sold and gone before the actual owner knows that he is missing animals. Cattle are very valuable. A trailer load of ten bred cows might bring \$20,000, so we're not talking small amounts of money. Doug Ferguson, a livestock purchaser from Senator Wallman's district, told the committee last February about an individual who bought cattle at one barn and sold them at another before he'd even paid the first sale barn for the purchase. With brand inspection across state line, we would reduce the experience of these events significantly and add value and security to the sale barn and to the livestock owner, since this brand inspector issues title to the cattle. Greg Koinzan spoke to that issue at the February hearing, and I would strongly suggest that you review his testimony when considering why this bill is so important. Steve Stanec also gave the committee other excellent information in response to questions by Senator

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Schilz and Rick Leonard. In the past five years, the criminal investigative division has obtained criminal investigations involving 669 head of cattle, valued at \$452,000. But they have also recovered, through the inspection process, 9,066 head of cattle, valued at \$7,872,000, for over 3,574 producers. Since August of 2011, the committee has repatriated 107 head of cattle to livestock owners in the nonbrand area and 127 head out of state. These figures demonstrate why it is accomplished, to provide security to livestock owners in the brand area. We don't yet know what could be accomplished on the other side. Developing and enhancing security for livestock owners is the primary reason I have introduced this resolution. But I also think it is valuable to discuss the inconvenience which the brand line causes to producers who live on either side of the line. Especially in light of the mobility of cattle these days, the brand line imposes a barrier to commerce and can be a major inconvenience to those who live alongside the line--the ranchers living on the line and moving cattle back and forth to summer and winter grazing. There are requirements for grazing permits and/or inspection. The line also is an artificial barrier to commerce, since cattle from one side may not be transported to a sale barn on the other side due to inspection or bill-of-sale requirements which vary between them. We continue to hear more and more about disease traceability and the need for compliance and uniformity in dealing with this significant issue. Uniform brand inspection across the state will add additional security. The increasingly mobile nature of the livestock industry means that each and every herd in the state is exposed to a higher risk of infection from cattle brought in from other areas of the state, other states, and other nations. We've seen increasing cases of trich, bovine TB, and other serious diseases. Brand inspection adds a layer of security to the state veterinarian's work, since it puts one more set of eyes on the animal, and also gives the health inspector a better guide to determining the origin of the disease if he can use brand inspection records to trace back an animal. Since any large-scale theft east of the line will probably require the participation of the criminal inspection staff at the Nebraska Brand Committee, there is also an issue of fairness with regards to payment for fees. Residents west of the line pay the salaries of criminal investigators who are obligated to do criminal investigations east of the line. There are also significant

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compliance issues with regard to the beef checkoff since the Brand Committee collects on country sales west of the line while, east of the line, country sales rely on a producer to submit his checkoff payments to the beef board. Whether that happens on a regular basis is an open question, since the information is proprietary to the Cattlemen's beef board and not available to us. But it seems certain that there is probably a lower compliance east of the brand line than west of the line. If you look at the beef checkoff, as attached, you can understand why it rankles those of us who live west of the line and are held to a different standard than those east of the line. As a final observation, I would like to point out that animals which cannot be repatriated to their owners are sold, and the proceeds are added to the state school fund. This fund distributes revenue to all school districts on a per-student basis. The inequity to this law is that these fees are generated for the state school fund only from ranchers residing in the brand inspection area. The animals would never be determined as stray without that determination being made by investigators whose salaries are paid for by brand inspection fees. Ranchers outside the brand area also pay no fees for inspection, are, therefore, having their school property taxes lowered by those west of the line who pay the fee and generate the revenue which permits the Brand Committee to hire inspectors for these cattle. This inequity would be resolved if all livestock operators in the state were brought under the same rules and regulations. Again, I want to thank the members of the Ag Committee for being here and taking the time to study the issue. I also wanted to take just a minute and read the definition of a bill of sale because I think it's pertinent to the discussion today. This is 54-172, bill of sale, defined: Bill of sale means a formal instrument for the conveyance or transfer of title to livestock or other goods and chattels. The bill of sale shall state the buyer's name and address, the date of transfer, the guarantor (sic--guarantee) of title, the number of livestock transferred, the sex of such livestock, the brand or brands, the location of the brand or brands or a statement to the effect that the animal is unbranded, and the name and address of the seller. The signature of the seller shall be attested to by at least one witness or acknowledged by a notary public or by some other officer authorized by state law to take acknowledgments. A properly executed bill of sale means a bill of sale that is provided by the seller and received by



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the buyer. I believe it is important for us to consider this bill, and I would hope that you will consider advancing LB654 from committee in 2014. Thank you. [LR271 LR290]

SENATOR SCHILZ: Thank you, Senator Davis. Any questions for Senator Davis? Seeing none, thank you, sir. [LR271 LR290]

SENATOR DAVIS: Thank you. [LR271 LR290]

SENATOR SCHILZ: And now we will begin the public testimony. So whoever would like to start can come on up. If you have a sheet with you, you can set that over on the desk with Jamaica; or, if you don't have one, go ahead and testify and grab one and fill it out when you're done. So first person, first testifier, please come forward, and we'll get going. Good afternoon and welcome. [LR271 LR290]

RONALD COUFAL: Good afternoon, Senators. I'm Ron Coufal, president of Cuming County Feeders. Cuming County Feeders is an association. [LR271 LR290]

SENATOR SCHILZ: Can you please say and spell your name, please? [LR271 LR290]

RONALD COUFAL: It's spelled C-o-u-f-a-l. [LR271 LR290]

SENATOR SCHILZ: Thank you. [LR271 LR290]

RONALD COUFAL: Okay. Cuming County Feeders Association is a 240-member association consisting of livestock producers, businesses, and related industries. It is represented by 16 board members, one from every township. Cuming County is the number one agriculture-producing county in the state. By the 2007 census, we sold \$683 million worth of cattle in Cuming County. By that census, also, the inventory was...at one time, inventory was 304,000. When LB654 was introduced, our board discussed that bill. It was determined at the meeting that certain areas may need brand

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inspection but eastern Nebraska does not need brand inspection. They felt it was an unnecessary expense, extra paperwork, and recordkeeping. Our area would have no gain by brand inspections. If we take a one-time inventory of 304,000 and turn it two times a year, Cuming County markets over 600,000 head. This is by 2007 figures. It's all done without brand inspections and, to my knowledge, had no problems with thefts or lost cattle. Thank you for letting me testify to the Agriculture Committee. And we do not and are not in favor of LB654. Now I also am president of CTC Farms, a family organization from west of West Point. And I did send a letter in February to the Ag Committee, I believe, Senator Schilz, Chairman. And I'm writing to express our opposition to LB654 to change the brand inspection. Matter of fact, we'd like to see the brand inspection in the whole state dropped. In 1941, before communications, the electronic identification and not modern technology were in place. We needed brands and brand inspections. I'm not opposed to registering brands and keeping individual brands recorded and registered. That would be each individual's means of proof of ownership. If he knows his inventory of animals and his count comes up short, it would be his responsibility to go look for animals with his brand. That's what we do if our inventory comes up short. If problems arise in recovering his missing animals, then the local authorities should be notified, therefore, we do not support LB654. And in 1941, when they established the boundary, our ancestors seen no need for it to come any farther east than that. And I don't think, especially with today's technology--four-wheelers and things going on--that we need to expand it to be statewide. Thank you for listening to my testimony. [LR271 LR290]

SENATOR SCHILZ: Thank you, sir. If you would hold on for just one second, we might have some questions. [LR271 LR290]

RONALD COUFAL: Yep, sure. [LR271 LR290]

SENATOR SCHILZ: Does anybody have any questions for Mr...how do you pronounce your name, Ron? [LR271 LR290]

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RONALD COUFAL: It's spelled C-o-u-f-a-l and pronounced "soh-ful." [LR271 LR290]

SENATOR SCHILZ: Coufal, there you go. [LR271 LR290]

RONALD COUFAL: Um-hum. [LR271 LR290]

SENATOR SCHILZ: Any questions for Mr. Coufal? Seeing none, thank you so much. We appreciate your testimony. [LR271 LR290]

RONALD COUFAL: Okay. All right, thank you. [LR271 LR290]

SENATOR SCHILZ: Next testifier, please. Good afternoon. [LR271 LR290]

HARRY KNOBBE: Good afternoon. I'm Harry Knobbe. That's K-n-o-b-b-e. I'm a lifetime resident of Cuming County and cattle feeder. I don't want to repeat anything. I totally agree what Mr. Coufal just said. I'll just add some more figures. We now market 730,000 cattle a year now in this county, and we have never had any problems of any theft or anything like that. And so I agree with everything else he said. If there's any questions that you have... [LR271 LR290]

SENATOR SCHILZ: Any questions for Mr. Knobbe? Seeing none. You did a great job. Thank you. Next testifier, please. Senator, good afternoon. How are you? Welcome back. [LR271 LR290]

ARNIE STUTHMAN: Just fine, thank you very much. For the record, my name is Arnie Stuthman, S-t-u-t-h-m-a-n, Platte Center, Nebraska. And I want to give you a little bit of the history of my experiences with the brand. And I'll tell you, you know, the problems that I have had and what I have noticed through the past years. In the '70s and '80s, we run a lot of cows and calves out west, around the Ericson area, in the brand area. And

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I'll give you one example that I was really depressed about. It was the fact that we have January and February calves, took them out there in the end of May, and...50 cows, and we went back to get them in fall. We only brought back 45 calves. That's a 10 percent loss. Never, ever, ever heard boo, and that's a brand area. We had other places. I'll give you the experience of one of my neighbors, just several years ago, takes about 200 cows in west-central Nebraska. He was 19 calves short. Where are these calves going? I mean, sooner or later, you do find carcasses, yes. But like my experience, you know, with big calves, there shouldn't have been any carcasses and they never did find any. So where did they go? I just think it's a situation that, when it was first initiated into the state of Nebraska--the brand and brand inspection and branding cattle--I think it was a good idea at that time. But now, with the way that the cattle are handled and the amount of property owners that are out there on ranches, I don't know whether there is a real need for the brand inspectors. A lot of people still will brand, yes, and there are dishonest people. But I think there's a lot of honest people. In my local area, I would see no need, you know, to have the brand, you know, brought forward. We do brand quite a few of our calves, that we do. Now I've got...we've got cows out around southwest Nebraska this year, and I'm running a little trial on that to see what experiences we're going to have with that. And I'm not going to mention it at this present time because the brand people will probably be looking for something. (Laughter) But I take care of the branding, and my son. So we're going to be seeing what happens with that situation. We did not take any calves to the pasture this year. We took just cows. So we should have a good experience with those cows coming back. But I just think an individual, you know, knows his cattle. He generally ear tags them. He can spot the cattle right away if they're in a neighbor's field. And the majority of the people are honest people. If they have an extra one, you know, they'll let you know that they've got an extra calf around. But I just think, with the amount of cattle that are going through some of these smaller sale barns around in the community, it would be very time-consuming to check all the brands when, in my local area, a lot of people bring in, you know, five to ten head. And, you know, are they going to be branded? Are they not going to be branded? And it's...and there's a lot of animals that it's very hard to see the brand, you know, to actually see. I

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do realize, some of the old-time brand inspectors, they could just...by the way the hair is set, they could tell that there was brand under there. Anyway, that's what they told me. But I just think that we're going to be adding an extra cost to the livestock operation that, to me, isn't really needed. I just...I personally think, you know, that the time involved of getting the inspector and calling the inspector...another issue that I had with the brand inspectors, and no fault of theirs, was you tell them they've got to be there, we're going to load out at 10:00 in the ranch. Well, couldn't make it until 11:00 or 12:00. The trucks sit there. The cattle are sitting there. So I just don't think it's something that is a real need for the industry. I think there's better ways of making sure that your fences are good. You take care of the animals, and I think that's the main thing to do. So with that, I would ask...answer any questions, if you have any. [LR271 LR290]

SENATOR SCHILZ: Thank you, Senator Stuthman. Are there any questions? Senator Johnson. [LR271 LR290]

SENATOR JOHNSON: Thank you. And thank you, Mr. Stuthman, for coming in. You mentioned you brand some or most. I'm not exact of the word. Why do you brand some and not others? [LR271 LR290]

ARNIE STUTHMAN: The reason we brand some is they go to a brand-inspected area, and others don't go to a brand-inspected area. I mean, we've got local pastures. Of the 250 cows, we probably brand 100. All the cows are branded. [LR271 LR290]

SENATOR JOHNSON: Okay. [LR271 LR290]

ARNIE STUTHMAN: But the calves are not all branded because they never go into a brand area. [LR271 LR290]

SENATOR JOHNSON: Thank you. [LR271 LR290]

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SENATOR SCHILZ: Thank you, Senator Johnson. Any other questions for Senator Stuthman? Seeing none, thank you, sir. [LR271 LR290]

ARNIE STUTHMAN: Thank you. [LR271 LR290]

SENATOR SCHILZ: Have a good day. Next testifier, please. Welcome. Good afternoon. [LR271 LR290]

PAUL RIDDER: Good afternoon to you guys. I think most of you guys are down-to-earth guys, and I think you'll all agree that we're a little...first, I would like to...did I tell you my name? [LR271 LR290]

SENATOR SCHILZ: Not yet. (Laughter) [LR271 LR290]

PAUL RIDDER: Oh. Yeah, I don't do this every day. So anyway, my name is Paul Ridder, and my son is mad because his... [LR271 LR290]

SENATOR SCHILZ: Okay, can you spell it, please? [LR271 LR290]

PAUL RIDDER: R-i-d-d-e-r. [LR271 LR290]

SENATOR SCHILZ: Thank you. [LR271 LR290]

PAUL RIDDER: I have a feedlot with my sons, Matt and Zach Ridder, and Jackie, the glue. And we live out west of town, and there's...I'd like to start naming all the guys who have feedlots. But I do know this, that if anybody has a stray steer, all we have to do is call any of those guys. And they'll all come and help us, and they'll find the owner of that steer without a brand. Next thing I'd like to tell you is that with our school systems, with our EPA, with DEQ, even the DEQ...I think the DEQ is really good. I think they're forced by the EPA to do things that they don't want to do. And litigation forces most of what the

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EPA does by groups that we can't control. And that's a knowledge that...it's a complete lack of knowledge at that level that's hurting us. Now this is not as bad as the EPA, and I'm not even going to say that it is. But this is another example of giving up local control. We take care--this is Cuming County--and we've...whether it's Cuming County or Dodge County--you know, we're not that far out of Dodge County--we take care of the local people who are the people that you can trust the most. And those are people that are really going to take care of our problems. We appreciate all the...of course, you guys, and we appreciate the state senators, of course. We've got a good state. But everything needs to be local if you want to live a good day. That's where it comes down to. Everybody has to get up in the morning. And you're going to be involved with your banker. I'm going to be involved with my neighbor. One of my neighbors is Harry Knobbe, Allen Meister, Dave Guenther, Larry Orick (phonetic). All those guys are important to me, and I hope I make a difference to them. But that's what we're getting after here again. It's another guy coming in to brand inspect my feedyard to see if it's right. Another thing I'd like to mention, as far as technology goes and fences goes: I started out, I wasn't a very good fencer, and I hope my...I'm trying to get better all the time. But now we do have guardrail. We have, if you go around the county and the eastern part of the state and the western part of the state and the feedlots, you don't see as many wire fences. I'm not saying wire fences are bad. But I'm just saying that it's...the movement is there for more security and fences. And if they are wire fences, they're a hell of a lot better than they used to be. Go touch a Gallagher sometime. So with that, the only thing I'd like to add is that I do agree with the Nebraska Cattlemen, I mean, with the Cuming County Cattle (sic--Livestock) Feeders. It's a really good organization, and I'm proud of them. And I'm proud to be a member of it, and my sons are too. So thank you for your time. [LR271 LR290]

SENATOR SCHILZ: Thank you, Mr. Ridder. Any questions for Mr. Ridder? Seeing none, thank you for your testimony. Good afternoon. [LR271 LR290]

PHIL BURNS: Good afternoon. My name is Phil Burns, B-u-r-n-s. Welcome to West

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Point. I'm a local banker here, chairman of the board of F&M Bank. F&M, our headquarters is here. We have facilities in Sarpy County, Wayne County, and Dakota County, in addition to Cuming County. I grew up on a livestock farm, cow/calf operation in northeast Kansas. I started my banking career in northeast Kansas at an agriculture bank, mostly loaning money to not cattle feeders but people with a background in cattle. Moved to West Point in 1979. Our bank has always taken a lot...a great deal of pride in the fact that we finance lots and lots of cattle. And I was on the road today, but I was trying to think if I could come up with a number of how many cattle our bank has financed. But it's beyond me, millions. And sometimes we're happier about that than we are at other times, but that's a different topic. (Laughter) I've never lived in or loaned money in a brand inspection area, so I don't pretend to be an expert on it. And I suspect there are parts of this country--I know there are--where brands are probably important. Eastern Kansas isn't one of those and eastern Nebraska is not one of those, in my opinion. I don't know. Like I said, we have financed lots of cattle. I've never known of a customer that has had an issue in losing livestock. I mean, they all know where they're at. One, they're worth money, so they know where they're at. In fact, I think the only instance of my banking career where there was an issue of livestock and whether they were where they were supposed to be was, oh, 15, 18 years ago when fat hogs got to 9 cents a pound. I did have a customer that told me, Phil, I've always got along great with my neighbors, but I think somebody is dumping their feeder pigs on me. (Laughter) He said, there seems to be more of them out there every day, and we can all relate to that. But I just don't see the need for it. I don't see the cost benefit weighing out...you know, equalizing. It just doesn't. But like I said, I'm not an expert on it, never operated...lent money in a brand inspection area. But in this part of the country, I just don't think it's needed. Anyway, thanks for the opportunity. If there's questions, I'll go ahead and try and answer. [LR271 LR290]

SENATOR SCHILZ: Yeah, Senator Johnson. [LR271 LR290]

SENATOR JOHNSON: Is the...a lien that's on cattle, does that go through the central



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filing system of the state? [LR271 LR290]

PHIL BURNS: Yes, sir. Yes, sir. [LR271 LR290]

SENATOR JOHNSON: And that's working well, in your mind, as from the banker's standpoint? [LR271 LR290]

PHIL BURNS: We've never had an issue with it. [LR271 LR290]

SENATOR JOHNSON: So it's... [LR271 LR290]

PHIL BURNS: Yeah, it's a great system. And by the way, Nebraska was one of the first states to implement that, and it's worked very well. [LR271 LR290]

SENATOR JOHNSON: So you're not concerned on the mortgage side of it? [LR271 LR290]

PHIL BURNS: Not at all. [LR271 LR290]

SENATOR JOHNSON: The barns are working well, the packers, whatnot? [LR271 LR290]

PHIL BURNS: Exactly. [LR271 LR290]

SENATOR JOHNSON: Thank you. [LR271 LR290]

SENATOR SCHILZ: Thank you, Senator Johnson. Any other questions? Senator Hansen. [LR271 LR290]

SENATOR HANSEN: Thank you. Thank you for coming today. I have a question. You

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said you'd never dealt with the brand inspection area on any cattle that you've financed. Surely, somewhere along the way, someone bought feeder cattle, took them to...took them west of that line and grazed them during the summer and then brought them back to the feedlot, haven't they? [LR271 LR290]

PHIL BURNS: Yeah. Oh, I'm sure that's been the case, but... [LR271 LR290]

SENATOR HANSEN: So they have been in the brand inspection area. Do you see any value to those cattle that have left, have crossed that line, grazed, and then come back,... [LR271 LR290]

PHIL BURNS: Would it...could... [LR271 LR290]

SENATOR HANSEN: ...that they're all there, that they're all accounted for? [LR271 LR290]

PHIL BURNS: If you're asking me if I'd be concerned about it, I would tell you, no, partly because we've never had an issue. Now if, you know...that's not to say that couldn't happen in seven years. But so far, in my 42 years of banking, it's just never come up, never been an issue. And that's why I say it just...there has to be a cost to this. I don't even know how producers are assessed for this. I just don't see a benefit. [LR271 LR290]

SENATOR HANSEN: One follow-up question. And I read...it was some of the background material that we had, the George Young incident and Damrow incident are two of the latest ones. George Young financed cattle, over and over and over, the same group of cattle. [LR271 LR290]

PHIL BURNS: Maybe with that, I think, we did have one customer that had a few cattle involved with that. Our bank wasn't directly. It was... [LR271 LR290]

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SENATOR HANSEN: But, I mean, that...just in the general context of fraud, those two gentlemen sold the same cattle over and over and over. Do you think it's...does the banking community go out and count cattle enough, to the point where you're completely satisfied that that would never happen to your bank? [LR271 LR290]

PHIL BURNS: Well, it's something that we talk about at the bank. We finance a lot of cattle, and I think we're pretty good at it. We go...we don't look at every pen of cattle that we finance, but we're on ever...we're in every feedlot where we have cattle, multiple times a year. [LR271 LR290]

SENATOR HANSEN: Okay, good. Good answer. [LR271 LR290]

PHIL BURNS: I don't know that...I would tell you, there's probably some banks that should not finance livestock because they don't understand the business. [LR271 LR290]

SENATOR HANSEN: Yeah, I agree. [LR271 LR290]

PHIL BURNS: But we're...we think we're pretty good at it. [LR271 LR290]

SENATOR HANSEN: Thank you. [LR271 LR290]

SENATOR SCHILZ: Thank you, Senator Hansen. Any other questions? [LR271 LR290]

SENATOR DAVIS: I've got one question. [LR271 LR290]

SENATOR SCHILZ: Yeah, Senator Davis. [LR271 LR290]

SENATOR DAVIS: I don't want anybody to wonder what I'm asking here. But when you get these cattle, when you loan money on these cattle, how do...what documentation is

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brought to you to demonstrate that these cattle belong to this person? [LR271 LR290]

PHIL BURNS: Well, mostly, what we're financing is feedlot cattle. We verify it with the feedlots. You know, they'll give us, you know, pen numbers. [LR271 LR290]

SENATOR DAVIS: Do you have title though, a document that shows that you...that those cattle are owned by that person? [LR271 LR290]

PHIL BURNS: Generally not. [LR271 LR290]

SENATOR DAVIS: Because that is state law. [LR271 LR290]

PHIL BURNS: Right, generally not, a bill of sale or something. [LR271 LR290]

SENATOR DAVIS: Um-hum. [LR271 LR290]

PHIL BURNS: We see checks clear when the people are buying them. That's... [LR271 LR290]

SENATOR DAVIS: Well, I understand. But, you know, you're loaning money on animals. [LR271 LR290]

PHIL BURNS: Right. [LR271 LR290]

SENATOR DAVIS: And the title is a document that is required by state law for everybody to have. [LR271 LR290]

PHIL BURNS: Um-hum. [LR271 LR290]

SENATOR DAVIS: I'm just curious if you ever see those. [LR271 LR290]

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PHIL BURNS: No, sir. [LR271 LR290]

SENATOR DAVIS: Thank you. [LR271 LR290]

SENATOR SCHILZ: Thank you, Senator Davis. Mr. Burns, I have a couple questions. And to piggyback off of what Senator Davis said, basically, what you're doing is you're going out and you're loaning financing to the feedyard itself, and then the feedyard is going ahead and, in most instances, the feedyard is doing all that diligence behind it to make sure... [LR271 LR290]

PHIL BURNS: Well,... [LR271 LR290]

SENATOR SCHILZ: It's on the feedyard, isn't it? [LR271 LR290]

PHIL BURNS: Well, it's on our borrower. We're generally...we don't finance. We have some customers that commercially feed some cattle. For the most part, the people that you're feeding for have their own financing, although we do have the financing program where we finance for investors. But for the most part, the feedlot is doing whatever documentation is necessary. But it's, you know, thankfully...it's always amazed me...now I'm a country kid. When you think about the numbers of dollars that is transacted in the cattle business, in particular, every day, over the phone, sight unseen, you would think there would be lots and lots of occasions for fraud or misrepresentation. George Young is a case, you know, so it can happen. It amazes me how seldom it happens when you look at the way the business is transacted. For the most part, livestock people are honest. And somebody in Texas selling cattle to one of our customers in northeast Nebraska tells them, here's what they look like, here's what color they are, here's what they weigh, here's how much ear they have, if that's the case. And when they show up and unload them, that's just exactly what they look like. There are exceptions but not very many. [LR271 LR290]

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SENATOR SCHILZ: Thank you. [LR271 LR290]

PHIL BURNS: Thank god for honest people. [LR271 LR290]

SENATOR SCHILZ: We need a few of them, don't we? [LR271 LR290]

PHIL BURNS: Yeah. [LR271 LR290]

SENATOR SCHILZ: Thank you very much. Any other questions? Seeing none, thank you for your testimony today, sir. [LR271 LR290]

PHIL BURNS: Thank you. [LR271 LR290]

SENATOR SCHILZ: Next testifier, please. Maybe I'll get to my game even early. Oh, here we go. Come on up. [LR271 LR290]

THOMAS HAGEDORN: Hello. My name is Tom... [LR271 LR290]

SENATOR SCHILZ: Good afternoon. [LR271 LR290]

THOMAS HAGEDORN: Good afternoon. My name is Tom Hagedorn, H-a-g-e-d-o-r-n. I'm a member of the Cuming County cow/calf association. I run a cow/calf herd here in West Point, Cuming County. I've never had a calf that we've ever lost before. I think it's an unnecessary expense. It's an extra stress on the cattle and it's an extra paperwork. If we ever lose a calf, well, it's up to me to find it. I don't rely on anybody else. Thank you. [LR271 LR290]

SENATOR SCHILZ: Thank you, sir. [LR271 LR290]

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THOMAS HAGEDORN: Any questions? [LR271 LR290]

SENATOR SCHILZ: That's what I'm going to find out. Is there any questions for the good gent here? Seeing none, thank you for your testimony, appreciate it. Next, please, come on up. There we go. Good afternoon. [LR271 LR290]

NADINE HAGEDORN: Good afternoon. Like...welcome to West Point. My name is Nadine Hagedorn. That's H-a-g-e-d-o-r-n. And I work for Citizens State Bank out of Cuming County. And I've been in the agriculture lending business for about 40 years, primarily in the cattle industry. I've worked in the brand areas. Our bank represents thousands of heads of cattle and have some locations in the brand area. When we go out and do our inspections on the cattle, the ones that come from the brand area, the documentation is there. Back here in eastern Nebraska, it's not required. Bills of sale are provided to our customers when they buy the cattle, to answer your question there. Those are in the inventories, with the invoices being maintained for the feedlots. I also provide financing for feeder finance, which means cattle are brought in, sight unseen. People from 11 states that I represent feed cattle in Nebraska. There would be an additional cost, and that would be taking commerce away from eastern Nebraska and increasing costs, especially where the cattle prices are right now. I agree with what Mr. Burns said. I've worked for states in the cattle industry. I've been in the brand areas and in the nonbrand. There is stress on the animals. I look at it...one question I do have with the branding. And I'm not trying to be facetious. But if PETA walked in, or the Human Society of America walked in, and said that we had to stop branding, what would happen? There is millions of dollars behind them. And we're talking about a small percent of the population that's trying to feed everybody, and we're trying to do it in an honest and civil way. And as previous testifiers have stated, we're in a honest area, our sale barns. And if it's an important issue, the Tysons and those of the world would force a mandate, also, branding, to prove that they are taking ownership of those animals. They're trusting the representation of the feeders also. So it's about a lot of trust, bankers trust. We trust that they're doing the right thing. The feedlots trust us. And the

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movement of cattle goes on in that manner. So with that said, I am against it. I would like to see us continue the business the way we have. And I would entertain any questions from you. [LR271 LR290]

SENATOR SCHILZ: Thank you, Ms. Hagedorn. Any questions for her? Senator Johnson. [LR271 LR290]

SENATOR JOHNSON: Thank you. Are you supportive of the fact...of leaving it like it is, with the western two-thirds of the state having brands? And because we heard the reasons they feel it's important, the geography of each ranch and things like that, do you see any issues of it being in western Nebraska? [LR271 LR290]

NADINE HAGEDORN: I don't see issues in western Nebraska because that...comparing the way animals are raised are totally different, western Nebraska open range. Here, the animals are fenced, primarily, a lot of confinement, good care in feedlots. So we're talking about two different ways of raising livestock, in my opinion. So if it works for them, let them retain that. But I work with my feedlots, and I come in where they've brought the animals from. And all the brands, they've been through the brand inspection. All of their paperwork...and I work with a gentleman that does all natural. So everything...a lot of his animals come out of Montana and Wyoming. He's got all the documentation. He's got the brand inspections. He has the people come through. And he moves them into South Dakota, into areas that have brand requirements also. The paperwork is there. If somebody is going to defraud you, they're going to defraud you. Dishonest people are dishonest because they can steal a car and take the serial number off. Well, you can't take a brand off. But let's look at...for the majority, it's honest. And George Young was financed by bankers that didn't understand agriculture and did not understand livestock. [LR271 LR290]

SENATOR SCHILZ: Thank you, Senator Johnson. Any other questions? I guess I have one here. And you talked about inspections and going out to the feedyards and doing all



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that, having been involved at...if you could just, kind of, run through the protections that you do, the due diligence that you do, to make sure that, when you loan money to somebody, even though...you'll loan the money, sight unseen, and then you'll go out, once a month or once every quarter or whatever, depending on who it is and what that looks like. Can you explain that process and what all you're looking at when you go to inspect that pen or that feedyard? [LR271 LR290]

NADINE HAGEDORN: Well, and when they go out, my larger feedlots, I take a third party along that is educated in the brands and they know the placements of brands and the proper way. And we meet with the brand inspector on the lots, as they're identified by lot and pen. Ear tag, also, is played into there. Once they come into the feedlot, in that file for that particular group of cattle is the passing of a brand inspection that came in, when it comes from a brand area. Otherwise, it's an invoice. [LR271 LR290]

SENATOR SCHILZ: And I don't mean to stop you, but I would suppose there could be times where you'd have a mixture of cattle that have come from the brand area and out of the brand area, correct? [LR271 LR290]

NADINE HAGEDORN: Most of the feedlots I've worked with, they do keep them separate because of feeding, how the animals came in. [LR271 LR290]

SENATOR SCHILZ: Do they? Okay. [LR271 LR290]

NADINE HAGEDORN: Now as they get more mature and getting closer to the slaughter time, they may be segregated by weight. Sex is segregated because of the different feeding opportunities. But, yes, they pretty well keep them separate, just to see performance, genetics, getting back to where they originated, because do they want to buy from those ranches again? So that's where it comes from. [LR271 LR290]

SENATOR SCHILZ: Sure. [LR271 LR290]

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NADINE HAGEDORN: Have I answered your question? [LR271 LR290]

SENATOR SCHILZ: Yeah, yeah. I was just wondering, you know. And having grown up in a feedyard environment myself, it's one of those things where you've got cattle that are coming from all over the country or, like you said, all over, from different nations and everything like that. And it's one of those things where it's fast-paced,... [LR271 LR290]

NADINE HAGEDORN: Yes. [LR271 LR290]

SENATOR SCHILZ: ...constantly moving, and it's a whole different thing. I mean, you have long and short lot to make sure. And, you know, like, when we talked about stuff and we were having a conversation before, when you sit here at the...in our experience, when you sat down and shipped out a pen of cattle or a lot of cattle for somebody...and if you came up long, you put that on the long line; if you came up short, well, by gosh, you paid for that animal. And guess what? Almost, I mean, 99.9 percent of the time, they always showed back up. And if they didn't, come to find out, you talked with the cowboys, like, oh, dang it, I forgot to (inaudible) and write that one dead one down, which is...should be on us, anyway, too. So I know what you're talking about. And to see that going on and it's...I see that we're starting to under...or starting to notice that it's just two different ways of doing things. [LR271 LR290]

NADINE HAGEDORN: The demographics come a lot into play. Compare unloading cattle with a teller trying to balance her drawer at the end of the day. It all needs to come out. (Laugh) [LR271 LR290]

SENATOR SCHILZ: That's right, yeah, sooner or later, yeah. Thank you very much. [LR271 LR290]

NADINE HAGEDORN: Thank you. [LR271 LR290]

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SENATOR SCHILZ: Appreciate it. [LR271 LR290]

SENATOR JOHNSON: Senator Brasch wants to... [LR271 LR290]

SENATOR SCHILZ: Yeah, Senator Brasch. Oh, I'm sorry, ma'am, could you please come back? Senator Brasch would have a question for you. And if you would, please...yeah, the mike there, if you need to use it. It's right beside you. [LR271 LR290]

SENATOR BRASCH: Can you hear me, Nadine? [LR271 LR290]

NADINE HAGEDORN: I sure can. [LR271 LR290]

SENATOR SCHILZ: Perfect. [LR271 LR290]

SENATOR BRASCH: All right, thank you. Great, great testimony today, if everyone can hear. I think you hit...you mentioned something that is significant here, is the type of cattle operation, open range, versus what we see in this part of the state. Senator Davis and I just returned from Ogallala and North Platte, looking at NPPD's system. And I noticed out there the amount of open range and how the cattle were situated, the business practices. And Senator Stuthman just mentioned, too, the fact that cattle disappear on open range, that...you have not...like Phil Burns just mentioned, you don't have cattle theft reported, correct? No? [LR271 LR290]

NADINE HAGEDORN: Not reported. [LR271 LR290]

SENATOR BRASCH: Or... [LR271 LR290]

NADINE HAGEDORN: The base thing you'll hear is somebody's cattle are out on the highway or out on the road and they want somebody to go down and take care of them.

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And the local producers take care of it. No, we haven't, on the open range. And that is also subject to the environment, which can be wild animals, that type of thing. But if they're going to round them up...the gentleman out in South Dakota that did very similar to George Young, that was a matter of running things through open range. There needs to be a different security system because they're just out there, in the wild, over thousands and thousands of acres. Cuming County has thousands and thousands of cattle and feedlots. [LR271 LR290]

SENATOR BRASCH: And I also think that, in the proximity of open range versus eastern Nebraska, business practices...some of the first training I received as a new farm wife was: What color are the ear tags? Is it a steer or is it a heifer? And you learn. And the neighbors are much closer to get the cattle back home, either...and I think that's more difficult to do in open range, perhaps. [LR271 LR290]

NADINE HAGEDORN: I would agree with that, Senator, yes. [LR271 LR290]

SENATOR BRASCH: Okay. No, great testimony. Thank you for coming forward. [LR271 LR290]

NADINE HAGEDORN: Thank you. [LR271 LR290]

SENATOR SCHILZ: Thank you, Senator Brasch. Any other questions? Senator Hansen. [LR271 LR290]

SENATOR HANSEN: Thank you. A few people have used that term, open range. We don't have open range. Open range just means when you have, I mean, really, really, really big pastures, with multiple owners, with cattle running in the same pasture. We don't do that. We drive, you know, fairly new pickups. We have four-wheelers. We have horses. [LR271 LR290]

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NADINE HAGEDORN: Oh, understood, yeah. [LR271 LR290]

SENATOR HANSEN: It's not open range. [LR271 LR290]

NADINE HAGEDORN: Okay. [LR271 LR290]

SENATOR BRASCH: Open spaces. [LR271 LR290]

NADINE HAGEDORN: Open space. [LR271 LR290]

SENATOR BRASCH: Open spaces. [LR271 LR290]

SENATOR HANSEN: Open range is a thing of the past. Maybe three-section pastures are not uncommon. [LR271 LR290]

NADINE HAGEDORN: Um-hum. [LR271 LR290]

SENATOR HANSEN: But it's still not open range. It's a low carrying capacity where we have to have good pastures to put the cattle in. We run 40, 42 cows and calves to a section, to a square mile. That's our carrying capacity, but it's not open range. [LR271 LR290]

NADINE HAGEDORN: Understood. [LR271 LR290]

SENATOR HANSEN: I just want to make clear that we have advanced a little ways since the days of open range. (Laughter) [LR271 LR290]

NADINE HAGEDORN: And I agree with you, and I apologize if you took offense. But in Montana, in some of the places where I go, where we obtain cattle, especially on reservations, the cattle are commingled. So I'm referring to that also. [LR271 LR290]

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SENATOR HANSEN: Okay. [LR271 LR290]

NADINE HAGEDORN: Okay. [LR271 LR290]

SENATOR HANSEN: We actually...just a bit of trivia that, you know, we talk about GMOs and genetically modified organisms, usually in plants. Cattlemen were the first ones to do GMO, and we did it with barbed wire. And we chose what bull we were going to put in those cows. So GMO is not open range. (Laughter) [LR271 LR290]

NADINE HAGEDORN: Thank you, appreciate that. [LR271 LR290]

SENATOR SCHILZ: Thank you, Senator Hansen. [LR271 LR290]

SENATOR BRASCH: Is "open spaces" appropriate, more open spaces? [LR271 LR290]

SENATOR SCHILZ: We...well... [LR271 LR290]

NADINE HAGEDORN: Larger feeding areas. [LR271 LR290]

SENATOR HANSEN: Larger pastures. [LR271 LR290]

SENATOR BRASCH: Larger feeding areas, thank you. [LR271 LR290]

SENATOR SCHILZ: There you go. Thank you, Ms. Hagedorn. [LR271 LR290]

NADINE HAGEDORN: Thank you. [LR271 LR290]

SENATOR SCHILZ: I appreciate your testimony. Next testifier, please, invite you to come on up. Anyone? Here we go. [LR271 LR290]

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TROY STOWATER: Good afternoon. I'm Troy Stowater from Wayne. I have a feedyard both in the brand inspection area... [LR271 LR290]

SENATOR SCHILZ: Can you say your name and spell it, please? [LR271 LR290]

TROY STOWATER: Sorry, Senator. [LR271 LR290]

SENATOR SCHILZ: You're fine. [LR271 LR290]

TROY STOWATER: S-t-o-w-a-t-e-r. [LR271 LR290]

SENATOR SCHILZ: Thank you. [LR271 LR290]

TROY STOWATER: I have a feedyard here in Cuming County, as well as one out in the brand-inspected area that I'm responsible for. And I'm an opponent to this bill. I'll start with...we had a neighbor that had a jailbreak on some cattle down here recently, and we were able to return those cattle properly to that neighbor without the aid of a brand inspector. So we'd heard some prior testimony that that's the way it works in this world. They didn't have any brands, and they find their way back home. There was some earlier testimony as far as effectiveness of brand inspection. I had the pleasure of serving on the brand task force for the Nebraska Cattlemen, which was a yearlong project. We spent about \$4 million in the state to do brand inspection. And the true recovery rate is about \$1.3 million. Now I'm sitting right beside my banker here today. If I spend \$4 million a year and I got \$1.3 million, we'd have to have a serious come-to-Jesus conversation. So I'm not opposed to brand. I think it has a place. I think the other thing I'd like to share, especially to my friends here in Cuming County, is, when you have a feedyard in the brand-inspected area, you have the opportunity, if you're above 1,000 head, to become a registered feedyard. And a registered feedyard pays 75 cents times capacity to get quarterly audits. In essence, nobody is ever looking

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at your cattle or nobody was ever inspecting cattle for brands. What they're doing is auditing your books to make sure you've got proper bill of sale, health papers, whatever it is. You know, if theft in our world of cattle was a real, serious issue, I would think we'd hear about it on the news. Now I read about some theft in southern Missouri that went on in the last 12 months. We've heard about it in Texas. But I haven't seen it here in Nebraska. You know, I would hope to think...and one of the reasons I've chose this profession is because you have the opportunity to work with a lot of really good, honest people and very good neighbors. We're the same as what you'd mentioned earlier. We guarantee our head count at our feedyards. Yeah, it's no secret that the feedlot programs that we utilize have a long and short line item. And if you come up short, you write a check for that animal and, 99.9 percent of the time, in the next month or so, he shows up. Well, he was in the bullpen, we missed him, or something like that. So I'd heard earlier that one of the things that wasn't fair is that we didn't have brand inspectors collecting checkoff in the non-brand-inspected part of the state. Well, I will tell you that all the fat cattle, other than a couple freezer beefs here and there, in this part of the state are going to either move to a packer that's going to collect a checkoff, or there's a few that move through sale barns that's going to collect the checkoff. And I don't know what the percentage is on feeder cattle in this part of the world, but I...if you watch a video of sale or whatever, very seldom are you ever going to see any cattle moving any way other. If you look at the size of the cow herd in the non-brand-inspected area, most of them are going to be 25-30 head, and you've got a four-way sort. So they're going to be at the West Point sale barn or someplace else. I really don't see a need for it, and I'd entertain any questions. [LR271 LR290]

SENATOR SCHILZ: Thank you, sir. Any questions for Mr. Stowater? I guess I would have a question for you. And you said that you're working with a feedyard in the brand area and outside the brand area. Can you explain...you've seen both sides of it. [LR271 LR290]

TROY STOWATER: Absolutely. [LR271 LR290]



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SENATOR SCHILZ: And can you just explain the differences and what... [LR271 LR290]

TROY STOWATER: Senator, the real difference, really, is I write a check for X, 75 cents a head times our capacity or the previous year's totals. You know, it's kind of an ongoing deal. If you're 15,000 head, you're going to write a check for 75 percent of that. We do use brand inspection. Obviously, when we ship cattle, we get a pad of stuff. So every truck gets a slip that's filled out for that particular lot of cattle when we ship. Now we do use brand inspection once in a while when we're sending realizers, which would be chronics. It's a little easier for those guys to move out of that brand inspection area if we actually inspect them because if they've got eight head on the trailer, they're probably likely that they've got eight different deals. So it's, you know, instead of eight ship slips, it's easier just to get them brand inspected, although, on some of them, it's a pie percentage of the value. [LR271 LR290]

SENATOR SCHILZ: Right. And the question then is that...what percentage of the cattle that are coming into the yard are terminal, going to slaughter, compared...do you...are you doing any backgrounding, where you're shipping cattle out? So basically, they're all slaughter cattle that are coming in, so. [LR271 LR290]

TROY STOWATER: Yeah, they're all slaughter cattle. [LR271 LR290]

SENATOR SCHILZ: Yeah, and that makes a huge difference too. [LR271 LR290]

TROY STOWATER: Yeah, and, you know, at our particular yard here, we talk about brand inspection. We have...I bet, today, we've got 20 percent of our cattle that are carrying a brand from somewhere. You know, we're...we source cattle from Virginia to Texas and from Oregon to Canada. [LR271 LR290]

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SENATOR SCHILZ: Okay, thank you. Any other questions? Senator Hansen. Huh, I guess not. No. (Laugh) [LR271 LR290]

TROY STOWATER: Senator Tom, I didn't touch that open range law. (Laughter) [LR271 LR290]

SENATOR HANSEN: He was nice, didn't... [LR271 LR290]

SENATOR SCHILZ: Good afternoon. [LR271 LR290]

RICHARD SCHRUNK: Good afternoon. My name is Richard Schrunk, S-c-h-r-u-n-k, and I do support the statewide brand inspection. I come from Emmet, Nebraska. I...me and my wife, we take a lot of cattle in from eastern Nebraska, cows and calves, for summer pasture. And them guys are always appreciative when we find a stray calf somewhere for them because of a brand. The gentleman that lost 10 percent, I would probably look at my cowboy that was watching them. Maybe he had a little problem there. But I do represent the brand. And it's not that you've got to brand your cattle. It's a bill of ownership or a title of ownership, just like our cars or whatever. You guys heard this last night in Ainsworth and it's very important. As far as the collection of the checkoff, in the...in 1985, when the act and order of the beef checkoff was come about, it said the brand inspector would be in charge of collecting the checkoff in private treaty sales. Well, somehow, us in western Nebraska are getting taxed for the checkoff, and the private treaty sales in eastern Nebraska seem to go by. I've been told many times that they're all honest over here. We've heard that today here. But really honest people...and that's good to know because I like honest neighbors. They'll tell the truth and everything is upright. But I have a problem being taxed in our part of the world for the checkoff when, maybe, it is slipping by over here. The brand inspectors collected over \$400,000 in checkoff dollars in western Nebraska. In eastern Nebraska, they collected \$4,500 in private treaty sales. Do these boys trade cattle in the yard? Do they get a pen of cattle in there, in, maybe, 30 days, sell them to an investor? Maybe they all

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send it in. I hope they do. I do. But I think that's the main thing of this deal is to prove ownership, have a title to your cattle, and the collection of the checkoff be fair. And it's a federal law. So you guys, as state senators, should see that that statute is carried out and it is collected fairly across the state. Any questions? [LR271 LR290]

SENATOR SCHILZ: Thank you, sir. Any questions for Mr. Schrunk? Seeing none, thank you for your testimony. [LR271 LR290]

RICHARD SCHRUNK: (Exhibit 1) If there's time, I would like to give these petitions to you. We've got 890 petitions that support statewide brand inspection; 186 of them come from east of the brand line. So I would like to submit this as evidence to the support of the brand inspection. [LR271 LR290]

SENATOR SCHILZ: Thank you, sir. [LR271 LR290]

RICHARD SCHRUNK: Thank you. [LR271 LR290]

SENATOR SCHILZ: Just give it to Jamaica and she'll take care of it. Next testifier, please. Good afternoon. [LR271 LR290]

GARY NACHTMAN: Hello. I gave her my info. But I'm Gary Nachtmann. I'm from Chambers, Nebraska, which is in Holt... [LR271 LR290]

SENATOR SCHILZ: Can you just spell that, please? [LR271 LR290]

GARY NACHTMAN: N-a-c-h-t-m-a-n. [LR271 LR290]

SENATOR SCHILZ: Thank you, sir. [LR271 LR290]

GARY NACHTMAN: I'm from Chambers, Nebraska, Holt County, which is inside the

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brand inspection line. I've been, kind of, on either side of this, to an extent. Everybody should be treated equal; everybody should have to pay their fair share. With the everybody being treated equal, not everybody's operation is the same type of operation across the state. No, we don't have open range anymore. But out in...further west of me, I mean, everywhere I'm at, too, they have more nose-to-nose contact, more stuff gets mixed up. These guys, in this part of the state, they're confined. They have feedlots. They have pen, a pasture, and a cornfield where they run ten pair, with county roads on each side. I can kind of see both sides of it. To me, it'd be kind of a pain to sit there and describe, well, I'm missing one cow with a yellow Y-TEX ear tag and a blue Allflex ear tag, fly tag, call up all my neighbors. But if it works for them, it works for them. And, I mean, most of you guys over here are in a feedlot or something like that. For me, if I see a "U" with a backwards "4," I know that's Gene Carr's. If I see "F," lazy "L," over a "W," that's Loren Butterfield's. If they see my brand, they know mine. We swap them back and forth. But whatever works, whatever works. I guess I don't see why people don't want to prove ownership with having a good, sound type of...rather than just ear tags. We don't have to Bang's vaccinate anymore. There's no need for a tattoo, if you don't have a brand, or anything like that. As far as I can tell, if I have an oddball critter in my place, I can say, well, I've got the same--like you telling me that you're missing this critter with a yellow Y-TEX ear tag and a blue Allflex fly tag--I got possession of it. I can say, well, I use the same tags, possession is nine-tenths of the law, unless I don't under...and I could be very wrong on that. But, I mean, how are you going to prove that without any actual ID, I mean, or whatever? But, I mean, if that's how you want to...if you want to go without a brand, fine. You know, I mean, it's like insurance. If you don't want no insurance, fine. I would like to go along with what Richard said and some of the people who were here, at Ainsworth, last night. The guy from the dairy association stated that the only time they pay the checkoff is when something goes to the barn, one time a year or one time in its life. Now with the guys feeding out cattle, that all works. Well, that guy that also is...at the dairyman there, it's a family of three people. And his one brother sits there and horse trades in dairy critters--buys them, breeds them, turns them, resells them. How many head, I don't know. They run a thousand. They milk a

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thousand cows. I wouldn't be surprised if they don't turn a thousand head in their breeding stock operation, if you know what I'm talking about. Okay, now we're getting to the checkoff. Nebraska Cattlemen, which most of the people that are in here today probably are members of Nebraska Cattlemen, they tried to enact a state checkoff, 50 cents to a dollar. I'm not saying I'm against it; I'm not saying that I'm for it. But let's make sure it's getting paid. The guy that talked at Ainsworth last night was saying...talking about needing to be efficient and reducing expenses and costs. I've got a cow herd of 150 head. Now just for conversation, we'll say Thieles turn 1,000 head on their breeding system. Why am I going to have pay another \$150 to support them when they ain't paying anything for the checkoff? That isn't very right. That isn't very fair. That's increasing my input costs and making it harder for me to be competitive, while I'm supporting somebody who ain't pulling their own weight. That isn't fair. I guess, as far as whether to brand or not, you know, we like it for deterring theft. Some people say it happens anyway. Some (inaudible)...the brand inspector says, you know, they catch a lot, they catch a lot in different areas. It was said that everybody is honest and gets along here. Right now, there's 29 head in Pierce County that are on the lost-and-stolen list with the Brand Commission. My neighbor told me this morning. Evidently, somebody ain't getting along with their neighbor there. Okay. And if you guys don't want to have right and the...or have the ability to use our criminal investigators, fine. If you don't want to pay for inspection, then you shouldn't have the ability to have the criminal investigator come and help you out. He shouldn't even have to answer the phone and tell you good morning. You ain't paying for the service, you shouldn't have the right to get it. Or it's what you and I talked about last night. If you want to have the criminal investigator come and help you out, you should pay for it at full retail rate. I mean, there's some...I...the...I don't think, statewide, for everybody, for everything, is, maybe, the right way to go. Personally, I think it's the simplest way to enact it, but maybe it's not the correct way for every situation. So maybe we need to look at something like that for, you know, brand...for criminal investigations, so...because that's what a lot of the guys out in our area are saying, we've got to fund this deal. And that's another thing I heard when people are talking outside. Us guys in the west...and you guys have heard this many a

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time. But people who are here probably haven't, so I'm going to say it. I overheard one guy saying, the reason that we're out west, wanting this is because we can't afford to bankroll it, for lack of better words. You guys have heard multiple times that us out west are willing to pay more to keep it going. It's not a money issue. It's just a way of proving ownership. It's a way of deterring theft and a way of making sure the checkoff is collected. If you guys can figure out a way to make the checkoff be accurately and collected from everybody so everybody is paying their fair share, if we can figure out a way to make so the west isn't having to subsidize the east...and, I guess, the other main thing that started this whole debate is just the transferring and going back and forth across the line. And this is the biggest deal and I don't know if you guys are going to figure out a way to answer this because I take my cows to cornstalks. I go to Blue Hill. I cross the line. Now we were talking about the buffer zone. That's kind of an interesting way to relieve it or, you know, come about moving the line where it needs to be. But then, like me, that ain't going to do me any good. There's a line. You're always going to be on the wrong side of the line. It's not going to be a perfect system for everybody. But if you guys can figure out a way to take care of that, make sure the checkoff is collected, and then...like I say, I guess, the only other thing I was going to mention...and I'm getting long-winded here, so I'll wrap it up. But the other thing that Mr. Thiele brought up was just, like, private country sales or having to go find a brand man to take something to Cimpr's, go over the state line. Well, if he goes over the state line, doesn't...I...correct me if I'm wrong. I think he needs a health paper. If you have time to get to that, to get a health paper, you should have had time to get a brand man, but whatever. I sell...you know, I've sold replacement heifers to a guy outside the brand area. I had to do the same thing. I had to go. He came in with data and it was inconvenient for him because he couldn't take them home with him to...so...and I had to have a brand man show up, and then I had to take them down there to him. Well, I had my cows down there, so it worked out, you know. I took them home. That's another thing, that I have heard people that are not for the brand say, it's an inconvenience. And it is an inconvenience. That's, maybe, another thing you guys can try and figure out a solution to. I don't know. I really do think the simplest way to kill all three birds with one stone is just make it statewide

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and then, like was mentioned before, the feedlots can pay their capacity thing for...on their enrollment or whatever. And maybe, if that's too expensive for them, maybe we need...and it's too much overhead and burden expense, maybe it needs to be reduced a little bit. I don't know. I just think we need to have more than just two options, of statewide and leaving it like it is, to try and...nobody is going to be perfect. You can't satisfy everybody but I think we, maybe, need a few more options. If we can keep the collect, get the checkoff collected equally and accurately and...I've rambled. I'm done. Questions? [LR271 LR290]

SENATOR SCHILZ: Any questions? Seeing none, thanks again for your testimony. [LR271 LR290]

GARY NACHTMAN: Thank you. [LR271 LR290]

SENATOR SCHILZ: Appreciate it. Next testifier, please. Good afternoon. [LR271 LR290]

STEVE RUSKAMP: Good afternoon. My name is Steve Ruskamp, R-u-s-k-a-m-p. I'm a Colfax County cattle feeder. And as I'm listening to these arguments, the first issue was proof of ownership. And I think branding is probably a great way to do that, if you want to do it. And you've said that it's available to everyone, right? So if you want to use it, you can. And if I'm worried about proving ownership on my cattle, then I probably will use it. But why would I be forced to do it if I'm not worried about ownership on my cattle? There is a cost to it. I don't know why you're worried about me proving ownership on my cattle. You can do it on yours. I also don't know why we're worried about collecting checkoff on a few cattle. And the number is just an assumption; it's a guess. I'm assuming there's a cost to a brand inspector. Is it a dollar a head? I don't know what it is. I'm assuming there's a cost. But if you can collect another 5 percent checkoff and you spend another dollar on every head, that's not very, very well-spent money, is it? I don't know the exact figures. But you're...I sense that the assumption is that everybody

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on this side of the line trades cattle with no checkoff, and I'm sure that's not true. And so I pay all my checkoff. Every head I've ever bought I've paid the checkoff. I don't see where that's a problem. Do you have any questions? [LR271 LR290]

SENATOR SCHILZ: Thank you, Mr. Ruskamp. Any questions? Senator Davis. [LR271 LR290]

SENATOR DAVIS: I just have just a couple points I'd like to make about that. I'm on CBB, Cattlemen's beef board, and this compliance issue is more complicated than you think with regard to checkoff collections. And there's one particular state that has over a million head of cattle and they generate around \$300,000 in revenue for the checkoff. And I asked one of the board members, I said, why are your...why do you have so many cattle in your state but your collections are so low? And his answer was, well, it's a compliance issue, you know. So it rankles people when they have to pay and the federal government says to them, I'm going to make sure that you pay that by sending someone out to collect your money but, you people on the other side, it's just up to you to be honest. That rankles people because they see that as a fairness issue. So that's why it's important. [LR271 LR290]

STEVE RUSKAMP: I think that...I think our state has hired someone, a compliance person, lately, to look after the compliance. And I don't know if that particular state is the same as Nebraska. I know there's not as many cattle raised in the eastern part of the state, for sure. So I can see that there. But I just think it's a big cost, also, to recover a fraction of what you didn't get. So I don't know what the number is, but I wish I did. [LR271 LR290]

SENATOR DAVIS: And no one does. [LR271 LR290]

STEVE RUSKAMP: Yeah, yeah. [LR271 LR290]



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SENATOR SCHILZ: Thank you, Senator. (Inaudible)...thanks. Mr. Ruskamp, you feed cattle as well. [LR271 LR290]

STEVE RUSKAMP: Yes. [LR271 LR290]

SENATOR SCHILZ: And do you do any backgrounding or anything like that? [LR271 LR290]

STEVE RUSKAMP: No, all finishing. [LR271 LR290]

SENATOR SCHILZ: It's all just finishing. [LR271 LR290]

STEVE RUSKAMP: Um-hum. [LR271 LR290]

SENATOR SCHILZ: Okay, thank you very much. [LR271 LR290]

STEVE RUSKAMP: Um-hum, thank you. [LR271 LR290]

SENATOR SCHILZ: Yep, have a good day. Anybody...nobody else. Yep, thank you. Next testifier, please. Good afternoon. [LR271 LR290]

JIM KOTROUS: Good afternoon. My name is Jim Kotrous, K-o-t-r-o-u-s. I'm from Verdigre, Nebraska. I live in the western part of the...Knox County, where we still have a brand area. Congratulations, all you people, for never losing anything. I'm going to tell you a little bit about our experiences over the years. I also live...we've got two sale barns in Knox County. I live within 7 miles of one and I live within 20 of the other, and they're both within the brand area. Several years ago, my brother and dad was alive yet. We was...we had a cow herd. We also fed a lot of cattle. We run a lot of yearlings on grass. We went seven years in a row that, in a pasture of 200 yearlings, we was short 7 yearlings. It was only ever once that we got those seven yearlings back, and that was

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the time that my dad never told anybody about it. And they showed up at the sale barn within half a mile of where they disappeared. There was also another time that we got 40 cows back, all in one shot. These cows had disappeared off of grass, as heifers, when we was breeding them, over a period of eight or nine years. The brand guys caught this. This guy was selling 160 calves, and he never did have over 60 cows. And he was a guy that never bought any cows. These cows showed up within two miles of where they started out at. But they watched him until he had these cows all in. And they went...they took over 100 cows out of his herd that day; 40 of them was ours. Now that's quite a bite. This was several years ago. I know it isn't \$100,000, like it would be today. But does anybody's operation take \$100,000 loss because you lose 40 cows? I'm sure I could load up a cow today, up from my place, and haul it 20 miles to the east of me, which would be out of the brand area, and I could sell it to somebody. Or I could go to Yankton, South Dakota, and never have to have it brand inspected. But that ain't saying that it's, you know, mine or anybody else's. If we have this...I also believe South Dakota is trying...half of their state is in the brand area and half of it is out. I believe they're trying to get a statewide deal in there for theirs, or they were, anyhow. Now if they got that in and we got that in for the entire state, I know of a cow and calf that we had hauled, of ours, that a guy loaded up, had cattle next to us. And it took about eight years before the guy that owned the pasture said, well, we had that cow and calf in our yard. But he rented the pasture out, and he said the guy said he was going to load it up and bring it back to us. He took it to Yankton and sold it. We've lost a lot of cattle. We've got a lot of them back. The brand inspection isn't near enough. I would be way more willing to pay a lot more to have it, so that we could get stuff back to people. There isn't a year goes by that we don't lose something that never shows up. Right now, we're only running 100 cows. So every one of them that disappears, you know, it would more than pay for all the brand inspections I'd ever do every year. And as far as getting the brand inspector there, we fed cattle for years and we sold them in...well, 40 years ago, 50 years ago, we sold them ten at a time. I never...we never had a time that we couldn't call the brand guy and he was there before...whenever we wanted to load up or before. I can get a brand guy to my place faster than I can a vet. And we need the brand. And I'm

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not saying that some of these cattle, they can go 20 miles, they can go 10 or 11 miles south of us and they're out of brand area. So they can take them to any of those sale barns. They can go to Norfolk. They can go to...well, I don't know if they can Elgin anymore. But Elgin was out of brand area for a long time. I think they have a brand inspector there now, once in a while. You can go to South Dakota. If you want to be dishonest and sell cattle, I don't think it'd be very tough to do. That's all I have to say. Anybody got any questions? [LR271 LR290]

SENATOR SCHILZ: Thank you, sir. Any questions for Mr. Kotrous? Seeing none, thank you for your testimony. [LR271 LR290]

JIM KOTROUS: Thank you. [LR271 LR290]

SENATOR SCHILZ: Appreciate it. [LR271 LR290]

SCOTT KNOBBE: Hello again. [LR271 LR290]

SENATOR SCHILZ: Mr. Knobbe, welcome back. [LR271 LR290]

SCOTT KNOBBE: Well, thank you. I enjoyed it last night. My name is Scott Knobbe, K-n-o-b-b-e. And I testified last night and, on the way home, I started thinking of different things. And I did some homework, believe that one. Here is a map, and it's like high school--I only got 95 percent of it right. But here is a map of the brand-inspected areas. It is west of us and it's probably considered ranch country, if I'm correct, Mr. Hansen. Would that be proper terms? [LR271 LR290]

SENATOR HANSEN: GMO. [LR271 LR290]

SENATOR SCHILZ: GMO. (Laughter) [LR271 LR290]

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SCOTT KNOBBE: GMO...not (laugh) eastern Nebraska, where it's probably farm country. And you go from here, clear east, to the East Coast. There ain't one brand inspection. People do brand out there, but it's not inspected. The other things that were brought up today was the checkoff, how checkoff is not being paid over here on...sometimes, did a little homework there. The Brand Committee...or the checkoff, I'm sorry. The brand checkoff hired a new guy by the name of Doug Straight, and he is also going to be in a compliance situation. So part of his job is to go out and find people that are not doing the checkoff right and see if they'll compliance. It's not strictly over here, the brand, to come in and do it. With that...and there's a fairness issue. There is a gentleman that told me one time that there's two kinds of fairs--your county fair and the state fair. That's it. [LR271 LR290]

SENATOR SCHILZ: Thank you, Mr. Knobbe. Any questions? [LR271 LR290]

SENATOR DAVIS: Just an observation. [LR271 LR290]

SENATOR SCHILZ: Okay, hold on. Mr. Knobbe, yeah, have a seat. [LR271 LR290]

SENATOR DAVIS: Just an observation, Mr. Knobbe: Sometime, take a look at the data that comes out of that brand inspection area in the western part of the state and the number of cattle that are...of checkoff dollars. Compare that to some of the other parts of the nation and see what you think about compliance after that. [LR271 LR290]

SCOTT KNOBBE: Okay. [LR271 LR290]

SENATOR DAVIS: I think you'll be surprised. [LR271 LR290]

SCOTT KNOBBE: Yeah, most of...our feedlot, everything goes to packers over here, and that gets all taken, checkoff. You start looking over here, there might be one deal here and there. But is it the brand's job to do that? Isn't it a federal deal? Shouldn't the

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federal people be doing it? [LR271 LR290]

SENATOR DAVIS: It is. The federal government has stated it will be the brand collectors in those brand areas that collect the checkoff. In other areas of the state...of the country it's not done that way. And so if you... [LR271 LR290]

SCOTT KNOBBE: In the brand areas. [LR271 LR290]

SENATOR DAVIS: In the brand areas it's done one way; outside of the brand areas, it's done on an honesty basis. And so if you look at the data, you'll notice that there's quite a significant difference. [LR271 LR290]

SCOTT KNOBBE: And I think any of these people that might be doing this, if a checkoff person would go to them and say, this is kind of what we're supposed to be doing, I think you'd get handled; 99 percent of it would get handled the proper way, no doubt about it. [LR271 LR290]

SENATOR SCHILZ: Thank you, Mr. Knobbe. Any...no other questions. Thank you. Next testifier, please. Good afternoon. [LR271 LR290]

KEVIN LARSON: Good afternoon. Welcome to West Point. Kevin Larson, L-a-r-s-o-n. I am president of CharterWest National Bank. We have locations in Cuming, Thurston, Douglas, and Sarpy County. And as echoed by the other bankers that have testified today, I would agree with everything they've said. I guess I just wanted the committee...from my point of view, I think, you talk to any bank that deals with feedlot finishing financing, whether there is brand inspection or not would add no security value to us. And I say that...I've got customers in Holt County. We've got customers back around up in South Dakota and North Dakota. You know, yeah, I see brand papers, but it is not something we're...it doesn't add any more collateral value or security to us, versus the bill of sale or the invoice of the cattle on the lots. [LR271 LR290]

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SENATOR SCHILZ: Thank you. Any questions for the gentleman? Thank you for your testimony. [LR271 LR290]

KEVIN LARSON: Thank you. [LR271 LR290]

SENATOR SCHILZ: Appreciate it. Next testifier, please. Welcome. [LR271 LR290]

TOM FELLER: Hello. My name is Tom Feller, F-e-l-l-e-r. And I've got a feedlot here in Cuming County but also a partnership and ranch out west, so I know, kind of, both sides. And my family in the west is highly supportive of the brand, but the family in the east is not very supportive of the brand. (Laughter) I talked to Mr.--or Senator--Davis today and I said, you know, this is like the Mason-Dixon line here, we don't want brothers fighting brothers here. But it's a complex problem which, I think, needs some more--what's the word I'm looking for?--mutual agreement. I think there's things that people have said here from both sides that are very true, and I think there's a lot of things that could be worked out, maybe, in a compromise situation that would make both worlds better. From my own standpoint, government is a good thing but it's also a hindrance. And in our world of the feedlot, we've got EPA, FDA, IRS, bank borrowing bases. Now I'm just getting to into the AARP, but (laughter) now you want to put BIS on us, brand inspection service. But really, all these things...FSA, we've got to chase down where our manure goes. Every little bucket of manure has got to be accounted for and tested and soil sampled. I've got lawyers working for me, consultants working for me. It's just burdensome, and with...now he just said another \$10,000 or \$15,000 bill we're going to get for brand inspection. Well, you're going to take \$100,000 out of my operation before I even get a chance. So it just becomes burdensome. But on the other hand, I can agree with the ranchers and the border people that these cattle can move back and forth pretty freely. Now maybe there's a situation where that can be improved by brand inspection, to be paid for by those people on the border. I don't know. I'm not living on the border. But 95 percent of our cattle do not come from brand inspection.

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Ninety-five percent of our cattle come from the south and the east, and so we have no brands to even look at. So if an inspector came to my feedlot, he's going to be looking at nothing except my book work. So that's kind of a problem. Tom, when you said something about the George Young deal, I don't know if brands would have made any difference because a lot of those cows would not have had brands. So if he was in an inspected feedlot in the brand area, do they brand every head that goes in a feedlot? No, so it really wouldn't have changed a thing. So it is about honesty; it is about trust; it is about all these things. But I also understand the other side. So some kind of compromise should be worked out. And maybe you get the two sides together and just bang it out in a room for four hours and that's the end of it. But that's all I've got to say. [LR271 LR290]

SENATOR SCHILZ: Thank you, Mr. Feller. Any questions for Mr. Feller? Tom, thanks so much for coming in. Next testifier, please. Mr. Schroeder, good afternoon. [LR271 LR290]

TODD SCHROEDER: Hi, guys. How's it going? My name is Todd Schroeder, S-c-h-r-o-e-d-e-r. And I'm here today to speak in opposition to statewide brand inspection. First thing I want to do though is thank you guys for bringing up this decades-old debate. It had almost smoldered out, and now we've got a full flame going. So thank you very much. People from the past have told me about...that this would happen. As I see this, as...you guys, as state senators and elected officials, from my view, it's your charge to do what your constituents want, do what the people want, and then do what's right for the industry. And obviously, somebody's constituent said, hey, we want the whole state to be brand area. And so that is how we got to where we're at today. And now I applaud your efforts. You're doing the right thing. You're going across the state--at least two locations; I don't know if there's more--and you're finding out what the people want. And it feels, to me, like we're going to find out that the state, just like it was 40 years ago...Tom, I'd have to go back to your youth. No, I'm just kidding. (Laughter) Sorry, Senator. But we would have to go back decades to get to where--god,

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that didn't help either, did it?--to get to how we got to where we're at with a separated state. It's been a...you know, it's a fix that is amazing. It's decades old. It's worked for the state. It's worked for people on both sides of the brand line. And I don't know if today is the time when we want to drive a stake in the industry and the state of Nebraska or anywhere in the United States, for that matter. I'd have a strong opinion that our competitors in the beef industry is no longer our neighbors to the east, to the west, to the north, to the south. Our competitors in the beef industry is Argentina; it's South America; it's Africa. And anything that we can do to cut expense, anything we can do to streamline our businesses in Nebraska...we have everything we need. We have feed; we have water; we have grass; we have the people, which are...is most important and (phone rings)...it's not me, is it? [LR271 LR290]

SENATOR SCHILZ: No, I don't...oh, I don't know. [LR271 LR290]

TODD SCHROEDER: We have the people to absolutely...as Nebraska beef is king, and we are in a position to stay there for a long, long time in the world. And this is...having this debate is not healthy for the beef industry in Nebraska. And that brings me to the last point. Your charge, Unicameral, is what is best for the industry in Nebraska. And this is any industry. I don't care if it's insurance or hospitals or healthcare or what it might be. If you guys could fix Obamacare, that would be good. (Laughter) But what is best for the beef industry in Nebraska...and, you know, to me, the best thing is Nebraska is eliminate all...you know, Tom talked about the burdens that we feel in the feedyard industry. And that's not true in just the feedyard industry; it's across the industry. Any time we can reduce a burden or take a burden away, I think that would be an applauded effort and one that would help Nebraska's competitiveness in the worldwide beef industry. So that's my view. I hope that you guys will look at it from that perspective--what do the people want and what is best for the industry?--as we look at ourselves as competitors on a world market. Thank you. Are there any questions? [LR271 LR290]



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SENATOR SCHILZ: Thank you, Mr. Schroeder. Any questions for Mr. Schroeder? Seeing none, thank you for your testimony. Appreciate it. Oh, and it's the Health and Human Services Committee that would take care of the healthcare stuff. [LR271 LR290]

TODD SCHROEDER: Okay. When do they have a hearing? [LR271 LR290]

SENATOR SCHILZ: I'll introduce you to them, yeah. Next testifier, please. Anyone? There you go. Good afternoon. [LR271 LR290]

KORBY GILBERTSON: Good afternoon, Chairman Schilz, members of the committee. For the record, my name is Korby Gilbertson. It's spelled K-o-r-b-y G-i-l-b-e-r-t-s-o-n. I am a registered lobbyist on behalf of Tyson Foods. And I had not planned to testify. But I wanted to put a couple of things on the record for those people who order transcripts and don't attend hearings, just so that we have...a few things, I think, have been mentioned, both tonight and today, that I think should be cleared up. If you look at the statutes of Nebraska--and, I apologize, I didn't bring any paper with me, so I'm pulling it up on my phone--under Section 54-191, which talks about the purpose of the brand law is to protect brand and livestock owners from the theft of livestock through established brand recording, brand inspection, and livestock theft investigation, we've heard a lot of testimony about the collection of the beef checkoff. Obviously, that's not listed as a purpose, although the federal government has foisted that responsibility on the Brand Committee. I do, however, think there's other ways to go after those people because, obviously, they would be in violation of federal law. I would think the U.S. Attorney would, maybe, be able to help address this, as well as, perhaps, some other solutions that we could look to. And then, to go back to the discussion at hand, which is the actual expansion of the brand law to the whole state, I wanted to talk a little bit about what the statute requires. And the statute does not require a brand. I think that was cleared up last night a little bit and then mentioned again today. I think that, many times, people assume a brand law does require a brand. Last night we heard a lot about how ear tags don't work and other things don't work, and we really do not want to have individual IDs.

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But then we also hear testimony about how a brand is just like a title to a vehicle. Well, if it's just like a title to a vehicle, that would require individual animal ID. It's not. All that we require in the state of Nebraska is proof of ownership. Proof of ownership is not limited to a sale certificate; it is not limited to the brand certificate. It is satisfactory evidence of ownership that consists of: brands; tattoos; marks on the livestock; point of origin; physical description of the livestock, which I think the bankers just talked about earlier; the documentary evidence, such as bill of sale, brand clearance, certificates of inspection, breed registration, animal health or testing certificates, recorded brand certificates, purchase sheets, scale tickets, and the list goes on. There have also been Attorney General Opinions regarding whether or not documentary evidence is required to be in the original form or if it can be copied. It has been established that the state must accept copied sale certificates and other material. So I think that's important to keep in mind when we're looking at this, because I think the lines get blurry when we're talking about specific proof of ownership versus having a brand, because a lot of the times, in a lot of the personal stories we've heard, have gone back to they lost three head of cattle or another person lost one or two. Having a brand does not change that, or having this law does not change that fact. I also wanted to talk, briefly, about something that was brought up last night in the discussion of how we would implement a statewide brand law. And the idea was that, well, we should, obviously, go to the packing houses first because that's where the big money is. Let me tell you, that's also where zero of the stolen cattle are. And so to say that we need this law because we need to protect people from having cattle stolen, you are placing the biggest burden on the people who collect, who get that...who get those cattle for slaughter and don't have the problems that you have heard about yesterday and today. With that, I'd be happy to answer any questions. [LR271 LR290]

SENATOR SCHILZ: Thank you, Ms. Gilbertson. Any questions for the testifier? Seeing none, thank you for your testimony. [LR271 LR290]

KORBY GILBERTSON: Thank you. [LR271 LR290]

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SENATOR SCHILZ: Oh, wait. Senator Bloomfield, I'm sorry. And, Korby, I apologize.  
[LR271 LR290]

KORBY GILBERTSON: Almost made it out. [LR271 LR290]

SENATOR BLOOMFIELD: Just about. I did have one question. You said zero stolen cattle show up at the packing facilities. [LR271 LR290]

KORBY GILBERTSON: We've had...there have been zero reports of stolen cattle both at the Dakota City and Lexington. There have been...we... [LR271 LR290]

SENATOR BLOOMFIELD: Well, if he's dead, he's pretty hard to identify. [LR271 LR290]

\_\_\_\_\_ : Where they come from is not though. [LR271 LR290]

KORBY GILBERTSON: Yeah, they...you...there would still be a report of someone having...not getting paid for a cow or having something amiss, and that doesn't happen.  
[LR271 LR290]

SENATOR BLOOMFIELD: That surprises me. Thank you. [LR271 LR290]

KORBY GILBERTSON: It's...it actually surprised me, too, when I asked both the Brand Committee and went back through Tyson's records. So I just wanted you to be aware of that. [LR271 LR290]

SENATOR DAVIS: Question. [LR271 LR290]

SENATOR SCHILZ: Thank you. [LR271 LR290]

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KORBY GILBERTSON: Um-hum. [LR271 LR290]

SENATOR SCHILZ: Oh, Senator Davis. [LR271 LR290]

SENATOR DAVIS: So if I'm a nefarious character... [LR271 LR290]

KORBY GILBERTSON: Um-hum. [LR271 LR290]

SENATOR DAVIS: ...and I steal ten head of fat cattle from Tom Feller's feedlot and go to sale barn in Dakota City and put them under Korby Gilbertson's name... [LR271 LR290]

KORBY GILBERTSON: Right, right. [LR271 LR290]

SENATOR DAVIS: ...and you get the check or I get the check,... [LR271 LR290]

KORBY GILBERTSON: Right. [LR271 LR290]

SENATOR DAVIS: ...who is to say, unless that person...unless Tom Feller knows that those cattle are missing and calls Dakota City and says, I think I'm missing ten head of cows? [LR271 LR290]

KORBY GILBERTSON: Well, I think there's two solutions to that. Number one, obviously, I would be committing a fraud by doing that. And so that money would then...then you could sue me for it, just like anyone else can sue someone who steals things. It's still property, regardless of whether or not it's livestock. Secondly, I think, there have been times when you have...we've had instances. And we've worked very well with the Brand Committee--I should mention that--to try to deal with issues because we do have a very porous border. We have cattle coming in from everywhere. And so it's very difficult from...for some suppliers that don't deal with our brand law to then ship

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cattle up here. And we don't have exactly the same documentation and things like that, so we've worked with the Brand Committee to try to create documentation that will work for them. There have been times when checks have been held to make sure that the documentation is there and necessary documentation is there. In Dakota City they don't have the same requirements. If it's found out, somebody got a wrong check, they reissue the check and Tyson takes and pays for it, just like Senator Schilz talks about in the feedyard. If they accidentally have...they're short one, they pay the people for it. That's how it's done. They're a commodity, yep. [LR271 LR290]

SENATOR DAVIS: But, I guess, kind of, the point I'm trying to make, Korby, is there may be zero reports of anything being...taking place. But it requires someone here, unless...we'll just use Tom as the example. It would require Tom to have some idea that, maybe, those cattle ended up at Dakota City so he could alert someone there. Otherwise, the check is issued and that...and it's the end of it. [LR271 LR290]

KORBY GILBERTSON: I would think, with nearly 10,000 head of cow going through there, we would hear of issues, if there were some. [LR271 LR290]

SENATOR DAVIS: But you really can't say for sure it's zero; you just know there are zero reports. [LR271 LR290]

KORBY GILBERTSON: I can say we've had zero reports of any issues of stolen cows showing up at those places. [LR271 LR290]

SENATOR DAVIS: Thank you. [LR271 LR290]

KORBY GILBERTSON: Thank you. [LR271 LR290]

SENATOR SCHILZ: Thank you, Ms. Gilbertson. Oh, Lydia, I'm sorry. [LR271 LR290]

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SENATOR BRASCH: I do have a question. [LR271 LR290]

KORBY GILBERTSON: I feel like I'm in church. Okay. [LR271 LR290]

SENATOR BRASCH: (Laugh) Sorry. Now I'm starting to think about stolen cattle and thinking last summer we had the hearing but it...where we had the sheriffs and people. It wasn't about cattle, but it was about animal welfare, safety. [LR271 LR290]

KORBY GILBERTSON: Um-hum. [LR271 LR290]

SENATOR BRASCH: But stolen cattle are surely reported to the sheriff, correct? There wouldn't be... [LR271 LR290]

KORBY GILBERTSON: I would assume so. I can't speak for people. [LR271 LR290]

SENATOR BRASCH: If I had ten cattle gone, I think that, you know, you talk to your neighbors and then you call the sheriff. Would that be correct? People don't just say, ah, they'll come home, you know, correct? But so... [LR271 LR290]

KORBY GILBERTSON: I would assume. I don't...but I don't do that, so. [LR271 LR290]

SENATOR BRASCH: Okay. But that's my question, is that you would know if there were stolen cattle, I believe, coming through Tyson. They would have... [LR271 LR290]

KORBY GILBERTSON: I think that there would be...we would be alerted, somehow, to something that's... [LR271 LR290]

SENATOR BRASCH: Somehow, there's some word or... [LR271 LR290]

KORBY GILBERTSON: And let me...and, you know, they're...the buyers that work for

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Tyson and the suppliers that Tyson deals with are generally repeat customers and things like that. [LR271 LR290]

SENATOR BRASCH: But perhaps that, you know,... [LR271 LR290]

KORBY GILBERTSON: So you don't have someone show up at Tyson with three cows. [LR271 LR290]

SENATOR BRASCH: But perhaps that's future legislation that, at that feedlot, at Tyson's or somewhere,... [LR271 LR290]

KORBY GILBERTSON: Right. [LR271 LR290]

SENATOR BRASCH: ...that there's a cattle alert bulletin, picture, and (laughter)...no, no, I'm just kidding, just kidding. [LR271 LR290]

KORBY GILBERTSON: Exactly, I've got you. [LR271 LR290]

SENATOR BRASCH: But thank you, Korby, that's excellent. [LR271 LR290]

KORBY GILBERTSON: Thank you. Okay, I'll wait for a second. [LR271 LR290]

SENATOR SCHILZ: No, you're good. Last two? Okay, thank you. [LR271 LR290]

KORBY GILBERTSON: Okay, thank you. [LR271 LR290]

SENATOR SCHILZ: Next testifier, please. Come on up. [LR271 LR290]

DAVE NICHOLS: I'll make this short and sweet. My name is Dave Nichols, N-i-c-h-o-l-s, from Chambers, Nebraska. I've lived within 25-30 miles of the brand inspection line all

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my life. I will tell you one thing: It hinders commerce for me. I have a couple of veterinarians that specialize east of the brand line. It becomes a hindrance, doing business with those gentlemen. As far as the stolen cattle showing up at a packing plant, if I move 20 head of my neighbor's calves east of the brand line without an inspection, put them in a feedlot, fatten them up, and send them to Dakota City, they show up as Dave Nichols' cattle, never reported, but they are, in fact, stolen cattle. I stole them out of the brand area to begin with. We're not saying people necessarily stole the fat cattle out of the lot, sent them to the packing plant. We're saying, we stole the cattle, fattened them and, after a period of time, shipped them. One last point I want to make is I trust every single person in this room. I don't think there's one person in here that would steal anything from me. But I locked my pickup when I parked it in the parking lot today. (Laughter) That's all I have to say. [LR271 LR290]

SENATOR SCHILZ: Thank you, sir. Any questions? Senator Johnson. [LR271 LR290]

SENATOR JOHNSON: We've not heard any comment or any testimony on the other resolution today. I don't know if you were here when that was introduced. [LR271 LR290]

DAVE NICHOLS: I'm not real familiar with it, but slightly. [LR271 LR290]

SENATOR JOHNSON: Well, just being right close on the line, do you see anything that, if we do not go statewide, would help the border counties to feel more comfortable or ease it or be, kind of, an easing point into the nonbrand area? Do you see anything that can be created? It puts you on the spot, but... [LR271 LR290]

DAVE NICHOLS: The only thing I can say would be, maybe, sale barns that are just outside the line have inspectors. But then you've just created another line. All you've done is shifted the line slightly farther. And the gentleman that talked about the 10 percent loss at Ericson, which is Wheeler County, where I grew up, just stop and think.



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Wheeler County borders Antelope and Greeley, and we leave the brand inspection area. The first sale barn east of Ericson is Albion. We're out of the brand area. I think you're just going to shift the line by doing that. The other thing with brand inspectors showing up late, trying to move cattle, you know what, if we had statewide inspection, we wouldn't have to have a brand inspector there, moving cattle back and forth. If everything is in the brand area, as long as we're not changing hands, we don't have to inspect. [LR271 LR290]

SENATOR JOHNSON: Thank you. [LR271 LR290]

SENATOR SCHILZ: Thank you, Senator Johnson. Any other questions? Seeing none, thank you for your testimony. Next testifier, please. Good afternoon. [LR271 LR290]

RYAN CREAMER: Good afternoon. My name is Ryan Creamer, and that's spelled C-r-e-a-m-e-r. And I've appeared before all of you last year. I sit on the...I am co-owner of the Creighton Livestock Auction Market in Creighton, Nebraska. And we sit two miles south of the brand line, and you are out of the brand line in nine miles east. In regards to what you just said, as far as easy commerce, I want to touch on that in just a little bit. But I want to back up to the beef checkoff. I'm also a representative for Superior Livestock Auction, the video auction, which most everybody is familiar with in this room. Any cattle that we sell in the brand area, the brand man will collect the checkoff. Any cattle that are sold, if I sell cattle at Hoskins, Nebraska, the brand...the beef checkoff is deducted from the proceeds, and Superior Livestock is in charge of sending that in. And if we have customers that care to sell their cattle privately--some people like to do that; some people like to have, you know, us just broker their cattle--the way we handle it is we charge them the beef checkoff. It's dumped right in with ours that we send in when we collect it through the sale ring. As far as easing commerce, like I said, we sit in a very unique situation. An open market would be a possibility where the cattle coming to the market from the brand area would be inspected, the cattle coming from out of the brand area would not be inspected. We handle more cattle in our location from out of

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the brand area. Branding is fine. In know there's other livestock market people in here today that are deeper into the brand area than we are. And, I guess, my overall feeling about the whole situation: I don't think that statewide will ever fly. But to ease commerce, an open market situation would be beneficial. We'd still...the cattle would still be inspected from the brand area. Thank you. [LR271 LR290]

SENATOR SCHILZ: Thank you, Mr. Creamer. Any questions? Seeing none, thanks for your testimony. Appreciate it. Next testifier, please. Can we have a...let's do this: Can we have a show of hands of anybody else that wants to testify yet that hasn't so far today? We've got one. Anybody else? [LR271 LR290]

\_\_\_\_\_: Can I come back? [LR271 LR290]

SENATOR SCHILZ: No, just once, please. Learned that lesson. Okay, thank you. Thank you, sir. But let me just say one thing before you get started. [LR271 LR290]

JAN SCHUETZE: Oh, excuse me. [LR271 LR290]

SENATOR SCHILZ: But if you have a question or something afterwards, we'll be around and you can come and talk to us. That would be fine. [LR271 LR290]

\_\_\_\_\_: Thanks. [LR271 LR290]

SENATOR SCHILZ: Seriously, sorry about that. [LR271 LR290]

JAN SCHUETZE: I'm Jan Schuetze, live here in Cuming County. I have my whole life. I run a small cow/calf... [LR271 LR290]

SENATOR SCHILZ: Can you spell your name? [LR271 LR290]

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JAN SCHUETZE: Oh, Schuetze, S-c-h-u-e-t-z-e. [LR271 LR290]

SENATOR SCHILZ: Thank you. [LR271 LR290]

JAN SCHUETZE: I run a small cow/calf operation with my wife, also been involved with auctions, cattle auctions, in the whole northeast Nebraska for 25 years. The theft of cattle that I've heard of between the markets in 25 years is minimal and, to my knowledge, all been figured out, who has taken what and where it went. Some of the issues out west--cattle showing up, wrong pastures--I understand how that goes out of the brand area. We send cattle to the brand area, very fortunate, got every one of them back, every time. I do not get every one back locally, always had them accounted for, usually, a death loss, poor management, okay? But whole different scenario here: If a cow is out, calf is out, he is not in the neighbor's pasture, nine out of ten times he's either on the road or in the neighbor's cornfield. Seven dollar corn, you're going to get a phone call pretty quick. That changed everything pretty easily. On the market side of it--I'm speaking as the auctioneer only--boy, it's just very, very little problems. As far as private trade and...I guess, when I read this and everything, I had assumed this was on the brand thing. I didn't realize that we were going to try and make sure that somebody trading 20 calves with somebody else and not paying their checkoff was going to be part of it. That's what I gathered today from listening, that maybe that's some of the problem. That, to my knowledge, happens very, very rarely. As far as that checkoff being paid, I don't know, so I won't speak on that any further. But we just live in a whole different area. It would save me money. I wouldn't have a brand inspection fee at all. The cattle I take out into the brand area, I could bring them back, take more out, haul my bulls back without the inconvenience of running down an inspector to check half-a-dozen bulls to bring them back home. Yeah, that would be a great thing, save me money too. I just think the way that it's set up, with the topography and the way that this is more of a farming area and not really ranch area, the cattle that have the huge numbers in this area are in feedlots, you know. If you have a cow/calf operation in northeast Nebraska, I'm going to guess it's somewhere between 20 and 40 head and, probably, the only

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pasture in a mile or two. And that's all I have. [LR271 LR290]

SENATOR SCHILZ: Thank you, sir. Any questions? Seeing none, thank you for your testimony today. [LR271 LR290]

JAN SCHUETZE: Thank you. [LR271 LR290]

SENATOR SCHILZ: Appreciate it. Next testifier, please. Good afternoon, sir. [LR271 LR290]

LARRY SMITH: Good afternoon, gentlemen and ma'am. I'm Larry Smith from Ashland, Nebraska, L-a-r-r-y S-m-i-t-h. I guess I've sat in for a lot of years in my life, listening about brand discussion, and I've never heard a thing said this afternoon about how they're going to finance a statewide brand area and inspection area. No one in this end of the state is interested in trying to have a brand inspection area down here. We know for a fact it's not financially efficient to try to run an inspection area in this end of the state. I don't know how many times you gentlemen are aware of that the Legislature has been approached to raise the brand inspection fee, trying to get that thing financially feasible. It can't hardly carry itself the way it is, let alone taking it into an area that you don't have the number of cattle. But you're going to have a lot of brand inspections if you try to do that. I guess I'd be interested in seeing somebody tell me how it's going to work. I've lived in the brand area and I've lived out of the brand area. I know what it is to pay the fee, and I know what kind of financial hardship it would put the brand inspection committee in to try to include the eastern end of the state. I guess that's all I've got to comment. I don't see a way in the world it'll work. [LR271 LR290]

SENATOR SCHILZ: Thank you, Mr. Smith. Any questions for Mr. Smith? Seeing none, thank you for your testimony. Appreciate it. Good afternoon. [LR271 LR290]

DAN BENES: Good afternoon. My name is Dan Benes. That's spelled B-e-n-e-s. I'm

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from Valparaiso, Nebraska. I farm and I have a cow/calf operation in the eastern end of the state. I do want to make this real clear: I do pay checkoff dollars each year when I take my cattle to the sale barn. I also brand and I use ear tags for identification. I'm also a member of Saunders County Livestock (Association)--I'm chairman--an affiliate of Nebraska Cattlemen. Our membership consists of over 300 members. Out of our 300-plus members, we do have 6 members that support a statewide brand inspection. Those six members own land in Saunders County, and they also own ranches in the brand inspection area. Comments that I've heard is they feel it is not right for brand inspectors to inspect their cattle, tell them, yes, those cattle are yours and you can take them back home after they've brought them there in the spring, in May, after they calved them out in eastern Nebraska. I don't have a good answer for that, but I think there is solutions in a little bit of staffing and working together. I think there is a way to make that more equitable. Now do we really need the entire state a brand inspection...? I guess you guys will have to decide if you want to go on forward with this. It's pretty obvious from the comments that I've heard today that, the folks in the eastern end of the state, we really feel that we probably don't need it. Our environment is a lot different than the ranches in the western end of the state. And there was a little humor involved earlier about the openness of the ranches. It's a different area of operation in the western end of the state. But both areas, they need each other and we need to work together. And those comments made about the special interest groups from Washington, D.C., that's dictating to us on how we need to operate with our operations. There is enough of the outside forces that are enough expense to us. But you guys are holding hearings today. There was a lot of good comments made. But I think there is enough information that was given that, yes, there is a problem. There is a problem but, if you cannot change it and make it better, leave it where it's at. And, you know, the comments that we've been hearing for several years is, there's such a difference between a brand inspection area at the western end of the state and the area that is not a brand inspection area. And if you can't make it better, my comment is, leave it alone. That's all I have. Thank you.

[LR271 LR290]

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SENATOR SCHILZ: Thank you, Mr. Benes. Any questions? Seeing none, thank you for your testimony. Mr. Wright, welcome back. [LR271 LR290]

DAVID WRIGHT: Well, thank you. My name is David Wright, W-r-i-g-h-t. And I would like to start out by why do we have laws. The purpose of laws are to prevent people from harming people. If you read the Declaration of Independence, you will find out that the colonists had problems with King George passing laws that were equitable for his friends and his buddies but not for the columnists. And you can read all those grievances that took place. So with that in mind, when our fathers founded this country, the notion was that we're going to have...we're going to live under the law and not under people. So the discussion becomes equality under the law. According to Webster, equality before the law or equality under the law or legal equalization is the principle under which each individual is subject to the same law with no individual or group having special legal privileges; no one is exempt and no one is included more than the other. So with that in mind, we have the Fourteenth Amendment which says that you have the right to life, liberty, and property, and you...the government cannot take that from you without due process of the law. Also, in Nebraska's Constitution, Article I, Section 3, says almost exactly the same thing. Remember, no one is exempt or included more than the other. That's the law. That's what we live under. Justice is a statue of a woman with a blindfold, and she's holding a scale. That is the law. Nebraska statute says that you will produce a bill of sale signed by the seller and given to the owner. That is the law. Nebraska statute says that, if you have a brand inspector inspect those cattle, that is sufficient for a bill of sale. The checkoff law, it used to be, before 1991, Nebraska's law said that the brand inspector will collect the checkoff dollars. Then, in 1991, the Nebraska Beef Council was formed, Nebraska beef industry development committee was closed, and that was stricken from the law because, it was said, there's a federal law that says brand inspectors will collect those checkoff dollars on country sales. This is the law. The law also says, in Nebraska...the statute is 54-2604, was passed in 1999. It says, it is unlawful for a packer to directly or indirectly be engaged in the ownership, keeping, or feeding of livestock for the production of

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livestock or livestock products, other than temporary ownership, keeping, and feeding, not to exceed five days, necessary for (sic--and) incidental to the process of slaughter. The fine is \$1,000 a day. That is the law. If we pass a law, if we have laws for drunk driving, everybody in the state is enforced under drunk driving. So we have laws based on showing proof of ownership when you sell those animals. The checkoff is based on those dollars, and ban on packer ownership is based on the proof of that ownership. If you cannot prove ownership, then I can't prove you're breaking the law and I cannot prove that you have to pay the checkoff. So what we have...we have enforcement in two-thirds of this state, and that is what an inspector is. He, simply, is an enforcer of proof of ownership. It has nothing to do with branding, has...all it is, is proof of ownership. So the question becomes: Why would you not want to prove ownership? What are you afraid of? Is it because you don't want to pay checkoff dollars? Is it because you don't want people to know that you're feeding packer-owned cattle? Why don't you want to prove ownership? I've been told by custom feedyards that they make a profit on brand inspection because they charge the consumer or the producer for the brand inspection and that they're, when they're a registered feedyard, not paying the full 75 cents but, instead, they're charging their customers 75 cents. So, therefore, they make a profit on it. It's not...it's more than just theft. It's about compliance and enforcement. It's not about my fences. It's not about open range. It's not about how many cattle you've got. It's not about how honest the people are. It's not about how much money my county puts out. It's not about return on investment and my come-to-Jesus moment because you can have the same conversation with your insurance company. How much money did you put in and what did you get as a return? Or, better yet, your real estate taxes. My god, how much do I pay in real estate taxes and where do I get on a return? Next to nothing. It's about the law. And we've based other laws on the fact of proof of ownership. Now for some on this side of the...some in the state that say, I don't want to prove ownership, well, you know what, I don't want to pay real estate taxes either. I don't want to do it. So if I can line up enough people in Antelope County to say, we don't want to pay real estate taxes anymore, are we going to be allowed to not pay real estate taxes anymore? No, because there's a system of

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government that has been based on those real estate taxes, just like we have a system of laws--and I've only picked out two--that are based on proving of ownership. Because you don't want to prove them, it's not my problem. The statute gives you a myriad of ways to prove ownership. No one says you have to brand cattle. And all the inspector is, is a third-party verification. If you go back to the bill of sale, as Senator Davis had quoted earlier, the bill of sale requires the seller to sign that document and have it notified or witnessed. That's a third-party verification. But somehow, we've managed to say, we don't want to do that, and we have gotten away with it. That is the question at hand. All the rest is just fluff. It's about the law. I'd entertain any questions. [LR271 LR290]

SENATOR SCHILZ: Thank you, Mr. Wright. Any questions for Mr. Wright? Seeing none, thank you for your testimony, sir. [LR271 LR290]

DAVID WRIGHT: Thank you. [LR271 LR290]

SENATOR SCHILZ: Appreciate it. If I remember right...I don't know if there's one more, maybe. Come on up. Is there anybody else that would wish to testify today, before we get going? If you'd come on up and sit in the front, we'd appreciate it. Anyone else? We'll kind of start wrapping this up a little bit. Sir, have a seat. Good afternoon. [LR271 LR290]

DAVID HATTERMAN: Good afternoon. My name is Dave Hatterman, H-a-t-t-e-r-m-a-n. I'm a lifelong resident of Cuming County. I farm and feed cattle west of West Point. You know, there's kind of a wedge being driven in the state, I feel like, here. And I oppose this trying to make one...make the state one...try to fit into one mold. It just...it's too diverse a state. What works in one part of the state doesn't necessarily...we don't farm the same way in all parts of the state. We don't raise cattle the same way in all parts of the state. I have nothing against brand. If that works in your operation, in your production model, great. Use it. I opposed it based on it'll expand government, it'll be a



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drain on taxpayers. And it doesn't do anything to make my cattle heavier and prove the quality grade, supply any kind of reassurance or safety to consumers but, yet, it costs money. If you have something that costs money and doesn't give you a benefit, I don't see the advantage of it. So I oppose this. So if you have any questions... [LR271 LR290]

SENATOR SCHILZ: Thank you, sir. Any questions? I guess I have one. You say you feed cattle. Are you...is your cattle that you feed, do you do any backgrounding, any...or do you finish everything? [LR271 LR290]

DAVID HATTERMAN: No, finish it. [LR271 LR290]

SENATOR SCHILZ: So everything that comes in is going direct through the packing plant, okay. [LR271 LR290]

DAVID HATTERMAN: Through slaughter, yeah. [LR271 LR290]

SENATOR SCHILZ: Okay, thank you very much, appreciate it. Next testifier, please. Good afternoon. [LR271 LR290]

ALLEN MEISTER: Good afternoon, Senators. My name is Allen Meister, M-e-i-s-t-e-r. I am also a lifelong resident of Cuming County and a cattle feeder. And I guess I'm going to make mine short and sweet. I came here today to listen if we were going to have a brand inspection on the eastern part of the state--I didn't come here to listen about real estate taxes, DUIs--and about the checkoff. And in my opinion, I am totally against the beef checkoff on the eastern part of the state. I see it has no benefit here. Are there any questions? [LR271 LR290]

SENATOR SCHILZ: Let me...let's back...let's make sure... [LR271 LR290]

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ALLEN MEISTER: I'm...not the beef checkoff, the brand inspection. [LR271 LR290]

SENATOR SCHILZ: Thank you. (Laughter) [LR271 LR290]

ALLEN MEISTER: Sorry. The checkoff I agree with and I pay every bit of it. [LR271 LR290]

SENATOR SCHILZ: Okay, thank you, sir. Any questions for Mr. Meister? Thank you, sir, very much. Next testifier. [LR271 LR290]

MIKE MOELLER: Hi. I'm Mike Moeller from...M-o-e-l-l-e-r, and...from Dodge County. Everybody else seems like they're Cuming County, but there other of us there. And I'm a cow/calf producer, raise 100 head of cows, and got the only cows that was in two miles of anybody else. So I was having to go through the time to brand the cows and put them through the stress. And the cows...just isn't necessary in this area. And I sell the calves in West Point here or take them over to Iowa and sell. And I pay my checkoffs over there, so that's getting paid. And it just...we don't need it back here. There isn't any cows anymore; it's all farm ground. And the only reason I got it is because I've got some hill ground that you can't farm. Otherwise, I'd be out of the cattle business. But I am against this. I think you should make it voluntary even, the whole state voluntary. If you think you've got neighbors stealing cattle, brand your cattle and then you can prove that he's stealing them. But if you can trust your neighbor and that, well, you shouldn't have to do anything and just work stuff out. So I'm against this, so that's what I've got. [LR271 LR290]

SENATOR SCHILZ: Thank you, sir. Any questions? Seeing none, thank you. Any more? Good afternoon. [LR271 LR290]

JASON SMITH: Good afternoon. [LR271 LR290]

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SENATOR SCHILZ: Welcome. [LR271 LR290]

JASON SMITH: Thank you. Jason Smith. Do I have to spell my last name? [LR271 LR290]

SENATOR SCHILZ: Yes, you do. [LR271 LR290]

JASON SMITH: S-m-i-t-h. [LR271 LR290]

SENATOR SCHILZ: The normal way, right? Yeah, okay. [LR271 LR290]

JASON SMITH: Absolutely, not with a "y." I work for a local bank here in town, Mr. Burns's bank. And to not reiterate what the prior bankers had said, obviously, we're all in agreement, as far as lien possession and proof of ownership. I think you've heard enough, as far as from our side of the coin. I guess I'm trying to wrap my arms around the real purpose of this bill. And no offense, please, don't take any. I'm hearing ownership issues. Obviously, checkoff has been talked about, the Branding Committee, so on and so forth. My question is...I empathize with the border counties of the line, absolutely. Something needs to be done there. And I know Mr. Feller and multiple people have brought that up, no doubt about it. I do feel, as a banker here in northeast Nebraska though...and I believe Mr. Knobbe said it with the two fairs, but there is a phrase: You can treat things differently but always treat them fairly. And I think that can be done here. I'm not smart enough to come up with that. That's why you guys and gals are up here. [LR271 LR290]

SENATOR SCHILZ: Well, maybe you didn't understand. I mean, we're in the Legislature, sir, (inaudible) (laughter)... [LR271 LR290]

JASON SMITH: It's easier to catch flies with honey though. So I'll retract that if you'd like me to. [LR271 LR290]

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SENATOR SCHILZ: No, that's (inaudible). I just... [LR271 LR290]

JASON SMITH: So bottom line is I think this...and the gentleman right before me, Mr. Moeller, had said, if you want to keep it separate, if you want to make it voluntary. I don't think that's the issue. And I know the gal from Tyson had talked about, you know, the proof of ownership and how you define that. Our guys, if it comes down...individual choice. And I think, when they came...when our customers come to us and they're asking us to finance, it's...the burden is on them for the cattle that are coming. And obviously, then our job is to, you know, lot number, pen number, sex, so on and so forth. I just believe that it puts some undue burden on the gentlemen that I'm fortunate not to deal with on this side of the state. With that, I'd entertain any questions. [LR271 LR290]

SENATOR SCHILZ: Thank you, sir, Mr. Smith. Any questions for Mr. Smith? Senator Hansen. [LR271 LR290]

JASON SMITH: Yes, sir. [LR271 LR290]

SENATOR HANSEN: I have one. And I think we're winding down, so you might be the last banker to come up and testify. [LR271 LR290]

JASON SMITH: Oh, look at the time. [LR271 LR290]

SENATOR HANSEN: Very good. (Laugh) So I've got...I had a couple questions for you. I talk to a lot of bankers in the brand inspection area. And when we talk about, you know, this...the George Young case or the Damrow case or any of those--and we also have local theft, too, and they talk about those cases--the bankers in the west seem to think that the brand inspection program is very important to their business. They have a third-party verifier to make sure that those cattle belong to who they're supposed to

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belong to. Maybe they...maybe there's something in the Nebraska Bankers Association where you can teach them to do things differently. Maybe it's a different...maybe it's, simply, the difference between you work with the bill of sale, they work with the brand certificate. And they don't get that bill of sale, but they're used to getting that brand certificate to prove that what the cattle's sex, color, number, lot number, and all that other stuff is too. But have you... [LR271 LR290]

JASON SMITH: Senator, not to...I apologize, not to interrupt. I think you hit the nail on the head. We're talking about apples and oranges here. [LR271 LR290]

SENATOR HANSEN: Well, maybe not. It's just a different size of paper. [LR271 LR290]

JASON SMITH: But...fair enough. [LR271 LR290]

SENATOR HANSEN: It does the same thing, so. [LR271 LR290]

JASON SMITH: And when you're referring to it, you know, maybe, the NBA in Nebraska--not the National Basketball Association but Association of Nebraska Bankers--what we're talking about, we're talking about UCC law, as far as we're concerned, Uniform Commercial Code. And you've got the financing statement, so on and so forth, so, again, we can sure talk about it at our association and, I guarantee you, it's...with this going on, we probably will. [LR271 LR290]

SENATOR HANSEN: I think I would encourage you, anyway, to let bankers on the east side of that line know that they have to have a bill of sale in that portfolio to prove that they have ownership of those cows, I mean, like you testified, like Mr. Burns testified, I mean. I think that's important. Thank you. [LR271 LR290]

SENATOR SCHILZ: Uh-huh. [LR271 LR290]

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JASON SMITH: Fair statement. [LR271 LR290]

SENATOR SCHILZ: Any other questions? Sir, thank you for your testimony. Appreciate it. [LR271 LR290]

JASON SMITH: Thank you for your time. [LR271 LR290]

SENATOR SCHILZ: Last call. Is there anyone else that would like to take the opportunity, before we wrap things up, to have their say? Going once, twice. Thank you very...yes, sir. One more? Boy, you got in just under the wire. [LR271 LR290]

MILTON ODVODY: I'm sorry, I didn't get to fill out a form. [LR271 LR290]

SENATOR SCHILZ: That's fine. Go ahead and testify, and you can fill it out when you are done. Welcome. [LR271 LR290]

MILTON ODVODY: I've got...my name is Milton Odvody, spelled O-d-v-o-d-y. And good afternoon, everyone. I got here a little late. But I guess I'm one of the six person (sic) that Dan Benes was talking about, in Saunders County, of moving cattle from Saunders County to Wheeler County. We own property in Saunders County. We own property in Wheeler County. So our cattle are being moved back and forth to our own properties. Every time I want to move my cattle from Wheeler County back to Saunders County, I need to get them brand inspected. Well, if you're in an adjoining county and you want to move them for grazing...and that's why I'm moving them. I'm moving them back home to graze the corn stover. They go back at calving time, same cows, same place, continually. We don't buy cattle at the sale barn. We've got kind of a close herd. The only thing that's brought in is new bulls. So every time I move cows, I have to call a brand inspector to ask if I can move my own property. I kind of feel like it's probably...I almost feel like if it's discrimination. You know, if you would move your cattle from the south end of the brand inspection area to the north end of the brand inspection area or

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vice versa, you would not be asked to have your cattle inspected. Only times they would get inspected is when they hit the region of sale. Well, if I leave my cattle at Ericson, my feeder cattle, run them through the sale barn, they will be brand inspected there. My beef checkoff will be taken off. If I bring my feeder cattle home and finish them, I pay for the brand inspection on my premises. You know, I'm going to continue branding, regardless of what you guys do. I think it's a good way of identifying your cattle. If there is a better method, I'll probably switch to that when we go into implanting, ID tagging, or something like that. You know, this law of brand, this line being drawn, was done, what, 70 years ago? I believe it was, what 1941? [LR271 LR290]

SENATOR \_\_\_\_\_: One. [LR271 LR290]

SENATOR \_\_\_\_\_: Forty-one. [LR271 LR290]

SENATOR DAVIS: One. [LR271 LR290]

MILTON ODVODY: You know, I think we've progressed a long ways in 70 years. But I think we've kind of stayed not doing much progress about this here inspection deal. And I feel, you know, if we're going to leave the brand inspection, I think I should be able to get a permit to move my cattle back home. And just for grazing permit, you know, my...it should be on record where your property is at, at all times. I can document where my cattle are at all times. Another things I've seen: I've lost cattle in the brand inspection area. I've lost a couple bulls. I lost some calves, never did find them, reported them to the brand inspector. I know you can't find 100 percent. But I have never found a carcass from a 2,000-pound bull. I'm sure, if they would have been on my property, I would have ran across some evidence. But another thing I want to say: You know, the brand inspectors come out to your property. They inspect your cattle before you load them up. That's fine, you know. But if I'm going to steal somebody's property, am I going to bring them in that pen and show them to the brand inspector? I don't think so. I think I'm going to leave them somewhere behind the hill or behind the barn and then load them. And as

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soon as I cross the line--which I'm five miles away from crossing the line of the brand inspection; I'm only five miles in--you know, I mean, there is nobody there to inspect. And I guess we're so inefficient, I think, in doing the inspection on the yard. I think it would be more efficient if we could do it at point of sale. And I realize everybody in this room from Cuming County is totally against it. And I'm sure you guys heard a different version down in Ainsworth, Nebraska, and I feel sorry for you guys. (Laugh) But all I'm saying...I think...and Dan kind of hit on this too. He says, you know, there should be something, probably, changed to help everybody in all situations. And I guess I'm one of them, and I'm kind of hoping you will. Thank you. [LR271 LR290]

SENATOR SCHILZ: Thank you. Hold on just a second. Is there a question for Mr. Odvody? Seeing none, thank you, sir, for your testimony. [LR271 LR290]

MILTON ODVODY: Thank you. [LR271 LR290]

SENATOR SCHILZ: Yeah. Last call. Anyone? Boy, those two hands turned into quite a few folks. (Laughter) Come on up. [LR271 LR290]

DAVID GUENTHER: My name is Dave Guenther, and I'm just from west of town here, in Cuming County. We have a farmer feedlot operation. Guenther is G-u-e-n-t-h-e-r. [LR271 LR290]

SENATOR SCHILZ: Thank you, sir. [LR271 LR290]

DAVID GUENTHER: And, you know, we're sitting in this room, we discuss all this stuff and, you know, I think we talk...we've got to...we, in the eastern part, need the people in the western part, the ranchers. We've got to have their calves. They need us; we need them. If they want to brand, let them brand. And we don't need to brand here. We're a feedlot. We do our thing. You know, they talk about stolen cattle off there. You know, here, we're confined. We're so close I've got him next to me, him next to me, him next to



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me, him next to me, him next to me. And we're going to try to steal somebody's cattle or do something and you all have got how many employees working for us? It's not going to happen here or, if it does, it's very new. And I just think we all need each other, and we should leave the things we are. It's not broken. Why fix it? That's all I've got to say. [LR271 LR290]

SENATOR SCHILZ: Thank you. I have a question for you, just before (inaudible) chance. In your feedyard--and you talked about the employees and stuff like that--... [LR271 LR290]

DAVID GUENTHER: Yes. [LR271 LR290]

SENATOR SCHILZ: ...you've got somebody that's there, basically, lives right close to there, at (inaudible) so that you've got somebody to watch, kind of, what goes on. [LR271 LR290]

DAVID GUENTHER: I live on the feedlot. [LR271 LR290]

SENATOR SCHILZ: There you go, the best one to keep an eye on it, huh? [LR271 LR290]

DAVID GUENTHER: My wife don't think so, but (laughter)... [LR271 LR290]

SENATOR SCHILZ: Any other questions? Okay, thank you. And before we close I need to let us know that we got a letter from Wagonhammer Cattle Country (sic--Company) to give us their opinion on what this is, and that will be entered into the record. At this point, I'd like everybody for coming out today. We really appreciate all the testimony and taking time out of your busy day to come and see. So have a great day. Appreciate it. We'll be around for a little while. [LR271 LR290]