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Agriculture Committee  
January 26, 2016

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[LB909 LB921 CONFIRMATION]

The Committee on Agriculture met at 1:30 p.m. on Tuesday, January 26, 2016, in Room 2102 of the State Capitol, Lincoln, Nebraska, for the purpose of conducting a public hearing on LB909, LB921, and gubernatorial appointments. Senators present: Jerry Johnson, Chairperson; Mark Kolterman, Vice Chairperson; Dave Bloomfield; Ernie Chambers; Merv Riepe; and Ken Schilz. Senators absent: Burke Harr and Tyson Larson.

SENATOR JOHNSON: Good afternoon. We...1:30, the hour is here so we will begin our hearings this afternoon. We have five appointments to the Beginning Farmer Board, plus two bills that we will be having a hearing on today. My name is Jerry Johnson, I'm Chair of the Ag Committee. I don't know for sure what senators will be here or not. We do have a quorum. Not here, I'm not sure if he will be here or not, he's not reported either way, and that's Senator Chambers from Omaha. Next to him is Senator Dave Bloomfield from Hoskins. Next to him is Senator Merv Riepe from Millard and Ralston. And (Senator) Burke Harr, I believe will be here, but I think he has to leave at 3:00 for another meeting; he's also from Omaha. I understand on my right, Senator Larson will not be here this afternoon. Next to him, Ken Schilz from Ogallala, senator from there. And Vice Chairman Mark Kolterman from Seward. To my right is research analyst, Rick Leonard. To my left is our committee clerk, Christina Estrada. And our page is Brienne Hellstrom from Simi (Valley), California. She's a student at the University of Nebraska, political science. Some of you, probably, have been here before, but just a reminder--turn off your cell phones, put them on vibrate while you're in the hearing room. I'd like to remind the audience that we...I don't think we'll have this today, but refrain from any...stating any opposition or support and of...comments made by the...any of the committee. The green sheets for testifiers to fill out, it's on the table...and when you enter the hearing room and ask you complete them and give them to the page. If you're going to testify on more than one bill or if you are a pro or a con on any of the action as far as appointments, you need to fill out a green sheet. We'll follow the agenda as it's posted on the board. When you come forward, we'll ask that you turn in your green sheet and we'll pick that up at the end. State your name and spell your name for the record so we make sure that it is recorded correctly. We've also been reminded that the new microphones and the new system is very, very sensitive, even people in the front row will be picked up off of the sound system. So what you say might be in the record. So keep that in mind as we move forward. So with that we will open up the hearings. First is the appointment...reappointment of Brad Lubben. Brad, if you'll come forward. State your name and spell. Thank you.

BRADLEY LUBBEN: You bet, thank you. My full name is Bradley Lubben, B-r-a-d-l-e-y, last name is Lubben, L-u-b-b-e-n. [CONFIRMATION]

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SENATOR JOHNSON: You may begin. Tell us a little bit about what you want about the Beginning Farmer and your activity on the board. [CONFIRMATION]

BRADLEY LUBBEN: (Exhibit 1 and 2) Okay. Thank you, Chairman Johnson. And thank you to the members of the committee for the opportunity to appear before you again for reappointment to the Nebraska Beginning Farmer Board. I am Brad Lubben; I'm an ag economist at the University of Nebraska-Lincoln, and serving in the academic position on that board. I'm an ag policy specialist by training and focus on extension research and teaching work at the university. The beginning farmer and rancher program is certainly an important opportunity here in Nebraska agriculture and my role is to help bring the academic perspective to the board. So I'd appreciate the opportunity to share those comments just to start the discussion. [CONFIRMATION]

SENATOR JOHNSON: Okay. Anybody have any questions of Mr. Lubben? Mr. Riepe. [CONFIRMATION]

SENATOR RIEPE: Thank you, Senator Johnson. Thank you for being here. Is this your first reappointment? You served one term is it? [CONFIRMATION]

BRADLEY LUBBEN: Correct, I've served one term and this is the first time I've been reappointed. [CONFIRMATION]

SENATOR RIEPE: What's the length of your term? I apologize for not knowing that. [CONFIRMATION]

BRADLEY LUBBEN: I'm sorry. [CONFIRMATION]

SENATOR RIEPE: Is that a four-year term? [CONFIRMATION]

BRADLEY LUBBEN: A three-year term. [CONFIRMATION]

SENATOR RIEPE: A three-year term. Okay. Thank you very much. [CONFIRMATION]

BRADLEY LUBBEN: You bet. [CONFIRMATION]

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SENATOR JOHNSON: A comment--one of the things that we're working on in the ag community and that is growing Nebraska, growing agriculture, and primarily focus on growing the livestock industry. [CONFIRMATION]

BRADLEY LUBBEN: Um-hum. [CONFIRMATION]

SENATOR JOHNSON: Another phase of that is retention and I guess bringing people back that might not be used to being involved in farming. How involved...from the university's standpoint, what are you seeing as far as interest in what might be a first farmer...? [CONFIRMATION]

BRADLEY LUBBEN: Right. Right. It's interesting to work with students at the university, particularly in the Department of Ag Economics and, frankly, all the departments in our College of Ag, Sciences, and Natural Resources. But the interest is, over the last decade or more, the percentage of students that identify as hoping to or planning to or already engaged in returning to the farm has been rather impressive. Now, that may wax and wane a bit with the economic outlook for agriculture, but clearly there are beginning...there are students that want to succeed in agriculture and look for the opportunities. We also...when teaching about agricultural economics and all the issues, we recognize some of the constraints on beginning farmers and ranchers. One of those is clearly access to land and capital and production resources. That is one area where this program is specifically pointed. So it's important an opportunity for policy that helps push towards exactly the kinds of objectives that students...future farmers and ranchers want to achieve. [CONFIRMATION]

SENATOR JOHNSON: Okay, thank you. Yes, Senator Kolterman. [CONFIRMATION]

SENATOR KOLTERMAN: Thank you, Senator Johnson. Would you explain a little bit about how the process works and how you're directly involved with the people that are trying to take advantage of this program? [CONFIRMATION]

BRADLEY LUBBEN: I can explain, so...and more of my nominees may share information as well. But as the first up here, I'd be happy to attempt an answer. As a board member, we convene when we're called to review applications. The Department of Agriculture implements the program. And Karla Bahm, our director of the program, is in our audience today, and Joline Gordon, her assistant, they receive applications and then submit them for review amongst the board. The board needs to certify that the applicant and the landowner, or asset owner, are both eligible in terms of the net worth eligibility and the education attainment and the projected agricultural activity of the producer is sufficient and eligible. There is a net worth requirement. There's a financial education requirement. There's a production projection expectation in there. We certify that the landowners, or asset owners, are eligible. And that the contractual

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arrangement between them for a lease is an appropriate arrangement. So our process, as a board, is to review that application and confirm that they are eligible according to the rules and regulations of the program. The Department of Agriculture in implementing the program is also heavily involved in the promotion and education to explain the opportunity to potential applicants across the state. [CONFIRMATION]

SENATOR KOLTERMAN: Thank you. My family has taken advantage of the program and it was handled very professionally and very well done. [CONFIRMATION]

BRADLEY LUBBEN: Great. [CONFIRMATION]

SENATOR KOLTERMAN: I was just curious...and the young farmer is still actively involved and continues to lease land from us. Is there any...is there any real...other than just looking at the applications and getting all the financial information, is there any interaction between your committee, other than paper interaction, or do you actually meet with some of these young farmers or the farmer...the old farmers that are trying to...or landowners that are trying to make this possible? [CONFIRMATION]

BRADLEY LUBBEN: Not directly. The program, as implemented by Department of Ag, would have substantial interaction primarily on the phone, I believe, but substantial interaction with applicants to ensure that they understand what the program offers, how to apply, to make sure they have the proper forms and materials put together. Our process as a board is, primarily, the review of applications, so not the direct consultation with applicants. [CONFIRMATION]

SENATOR KOLTERMAN: Okay. Do you...can I keep going? [CONFIRMATION]

SENATOR JOHNSON: This is your third time. [CONFIRMATION]

SENATOR KOLTERMAN: Okay. (Laughter) Thank you, Mr. Chair. [CONFIRMATION]

SENATOR RIEPE: Speaker. [CONFIRMATION]

SENATOR KOLTERMAN: Do you have any idea what kind of a success rate we've gotten with the program? [CONFIRMATION]

BRADLEY LUBBEN: We, interestingly, have...and I again might refer that we can provide additional information to the committee. We have had some recent questionnaire or survey work

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of prior applicants to assess...sort of continued work in the agricultural sector on that particular asset that was in that lease arrangement or other assets. So there has been some survey work. I don't have data with me or on top of my head to respond. But I think we can provide that, if interested. [CONFIRMATION]

SENATOR KOLTERMAN: Okay. Thank you for your work. [CONFIRMATION]

SENATOR JOHNSON: Senator Bloomfield. [CONFIRMATION]

SENATOR BLOOMFIELD: Thank you, Mr. Chairman. Mr. Lubben, you mentioned education attainment. [CONFIRMATION]

BRADLEY LUBBEN: Um-hum. [CONFIRMATION]

SENATOR BLOOMFIELD: Would you explain what those requirements are?  
[CONFIRMATION]

BRADLEY LUBBEN: What is...yes...what is specifically required--in order to be eligible, the applicant must have attained a course or a workshop in farm financial management. The financial records that are required as part of the application, the enterprise budgeting, or the profit projections...profit/loss projections require some financial management skills and expertise. And so that's required they go through a financial management training.  
[CONFIRMATION]

SENATOR BLOOMFIELD: How long does that training (inaudible)? [CONFIRMATION]

BRADLEY LUBBEN: There's several ways. They may have done that in a university class. So graduates of our program, for example, will, typically, have had that financial course as part of their curriculum. Other students may have...other applicants may have taken that through an available extension or other workshop that includes a financial management component that's been reviewed and assessed by the committee. There's also an on-line or a distance course that is available. The cost, if there's a cost associated with those education programs, like the...like a workshop or the distance ed course, the cost is actually reimbursable from the program as well. Not college tuition, but the workshop course. [CONFIRMATION]

SENATOR BLOOMFIELD: No, I may sound a little like my absent colleague here, but I want to be sure we're not depriving somebody of this opportunity just because they didn't have a chance to go to college. [CONFIRMATION]

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BRADLEY LUBBEN: You bet. There are several workshop opportunities beyond the college, that's for sure. [CONFIRMATION]

SENATOR BLOOMFIELD: Okay. Thank you. [CONFIRMATION]

SENATOR JOHNSON: Senator Riepe. [CONFIRMATION]

SENATOR RIEPE: Thank you, Senator Johnson. Dr. Lubben, I assume, it's doctor. [CONFIRMATION]

BRADLEY LUBBEN: Yes, thank you, Senator. [CONFIRMATION]

SENATOR RIEPE: And I assume that you nor the Department of Agriculture nor the board has any direct and ongoing relationship with FarmersOnly dating service? (Laughter) [CONFIRMATION]

BRADLEY LUBBEN: We are not FarmersOnly.com, that's correct. (Laughter) [CONFIRMATION]

SENATOR RIEPE: Thank you. I just want to get that clarified. Thank you. [CONFIRMATION]

BRADLEY LUBBEN: I appreciate the chance to clarify that. [CONFIRMATION]

SENATOR BLOOMFIELD: Yeah. (Inaudible.) [CONFIRMATION]

SENATOR JOHNSON: Any other questions from the committee? Seeing none, thank you. [CONFIRMATION]

BRADLEY LUBBEN: Thank you, Senator. [CONFIRMATION]

SENATOR JOHNSON: Thank you for coming. Proponents of Dr. Lubben? No proponents. Any opponents? Anyone in neutral position? Seeing none, we will close the first hearing on Dr. Brad Lubben. Next is the reappointment of Donald Anthony. Good afternoon, Mr. Anthony. [CONFIRMATION]

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DONALD ANTHONY: (Exhibit 3) Good afternoon, Senators. I am Don Anthony, D-o-n A-n-t-h-o-n-y. I am...represent the third...nominated from the Third Congressional District, producer. I farm east of Lexington, Nebraska: corn, soybeans. I tell people I'm a recovering cattleman. As far as other things, I've been very heavily involved in the cooperatives of Nebraska for many years serving on my local board; having served with Senator Johnson on the Farmland Board at one point. We won't talk about that, will we, Jerry? And then I currently serve on the CHS Board out of St. Paul, Minnesota, or a suburb of it. That is the largest cooperative in the nation right now. And so that gives me a little wider look at agriculture. [CONFIRMATION]

SENATOR JOHNSON: Okay, any questions? Senator Bloomfield. [CONFIRMATION]

SENATOR BLOOMFIELD: Thank you, Chair. Mr. Anthony, we discovered through the last testifier that there is some education requirement. Are there any family restrictions, and if so, what are they? [CONFIRMATION]

DONALD ANTHONY: Yes. Within the act, if you are the landlord and the tenant are...someone help me on the...basically, grandfather, aunt, uncles, down to the tenant, there is a succession requirement that in addition to the normal standards of the net worth of the individual and so forth that there has to be a plan for the transfer of that asset being rented to the beginning farmer. This was put in in 2008 in the rewrite of the bill at that time. Prior to that time, there was a prohibition of interrelated parties. In 2008, the act was changed to allow related parties, but there has to be a succession plan or a process for the transfer of that asset to the beginning farmer as part of the requirements. [CONFIRMATION]

SENATOR BLOOMFIELD: So if I were to have a farm and four sons and only one of them wanted to farm, how would one go about such a thing? There are going to be four heirs, and only one of them that wants to farm, how do you get one started? [CONFIRMATION]

DONALD ANTHONY: Well, the one that wants to farm would be the one that would want to rent it. But there would have to be a plan for the eventual transfer of that asset to that farmer. And that is... [CONFIRMATION]

SENATOR BLOOMFIELD: The entire asset or just his one-fourth? [CONFIRMATION]

DONALD ANTHONY: The asset being rented. [CONFIRMATION]

SENATOR BLOOMFIELD: Okay. Okay, thank you. [CONFIRMATION]

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SENATOR JOHNSON: Following up a little bit on Senator Bloomfield's question on succession and your comments on succession planning, in the case where there's not a sibling or any relative that wants to come back to the farm, but we have somebody interested in becoming involved in agriculture and knows the family or they have some kind of a connection, is there any additional hoops or anything else in order to train the person that might not have a full-fledged ag background to get into this program? [CONFIRMATION]

DONALD ANTHONY: As long as the beginning farmer meets the net worth requirement and so forth and there's no blood relationship, it's a straight tenant...landlord/tenant lease. Now, part of our responsibility is to be sure that lease is kept normal and customary for the area, which is very much a judgement call. [CONFIRMATION]

SENATOR JOHNSON: Um-hum. [CONFIRMATION]

DONALD ANTHONY: And again, the...one of the restrictions is, obviously, that there's no cross guarantees or anything like that that goes on that the landlord is taking the risk of renting to a beginning farmer and that's what he pays to get the credits. [CONFIRMATION]

SENATOR JOHNSON: So in either case, whether it's family or whether it's a friend or a non-family and they start in the program and things just don't work out, is there a penalty on either side or...? [CONFIRMATION]

DONALD ANTHONY: Well, if they don't complete the lease, obviously, they're at whatever the termination of the lease is. [CONFIRMATION]

SENATOR JOHNSON: Um-hum. [CONFIRMATION]

DONALD ANTHONY: But not as far as any recovery...just ends. [CONFIRMATION]

SENATOR JOHNSON: From the Beginning Farmer program there's not. [CONFIRMATION]

DONALD ANTHONY: Right. [CONFIRMATION]

SENATOR JOHNSON: Okay. Any other questions? I think we got most of them from Mr. Lubben. So I don't know if you have any other thoughts. [CONFIRMATION]

DONALD ANTHONY: (Inaudible.) [CONFIRMATION]



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SENATOR JOHNSON: I don't want you to debate with him, but I'm sure you're on the same page. So, no other questions from the committee? Okay, seeing none, thank you.  
[CONFIRMATION]

DONALD ANTHONY: Thank you, Senators. [CONFIRMATION]

SENATOR JOHNSON: Proponent? [CONFIRMATION]

JESSICA KOLTERMAN: Senator Johnson, members of the committee, my name is Jessica Kolterman, J-e-s-s-i-c-a K-o-l-t-e-r-m-a-n. I'm here representing Nebraska Farm Bureau Federation. I'm actually here in support of Dr. Lubben, Ryan Ueberrhein, Don Anthony, and Todd Reed, but I thought I would come up early in the process and let you know that.  
[CONFIRMATION]

SENATOR JOHNSON: Thank you. [CONFIRMATION]

JESSICA KOLTERMAN: Ryan is a good member and active in our organization from Douglas County. Don is an active member in Dawson County. And Todd, actually, serves on our young farmers and ranchers committee as the chairman of that group and also on our board of directors. So we appreciate them being willing to step up and serve in this other capacity and would be happy to answer any questions you might have. [CONFIRMATION]

SENATOR JOHNSON: Any questions of Ms. Kolterman? Seeing none... [CONFIRMATION]

JESSICA KOLTERMAN: Thank you. Always nice to see all of you. [CONFIRMATION]

SENATOR JOHNSON: You bet. Okay. Any other proponents? And I would suppose if you want to classify them all three in the same, that's...we'll allow that too. Any other proponents? Any opponents? Any neutral? Seeing none, we will close the confirmation hearing on Donald Anthony. Next is another reappointment, Mr. Todd Reed. You know the process, so come forward. (Laughter) [CONFIRMATION]

TODD REED: (Exhibit 4) Todd Reed, T-o-d-d R-e-e-d. Thank you, Senator Johnson; thank you, committee, for your time today and for your work serving the state as well. I serve as the First Congressional District representative on the state as a producer. I produce and farm in the Greenwood/Waverly area; corn, soybeans, alfalfa. This would be my third term on the committee, I believe. Really enjoyed being a part of this committee and provide the input from young producers' standpoint. Not saying Don doesn't understand young producers, but Don has

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been through a lot. He brings a great perspective. Being a young producer and seeing the challenges that are out there, it brings a good perspective. And I know...I have seen a lot of the people that have applied; I know a lot of them. And it's interesting to see how they've grown their operations, how they can succeed, and some of the challenges that are out there and what this program can do to help young producers. And with that I'll be happy to answer any questions and thank you for your service here. [CONFIRMATION]

SENATOR JOHNSON: Any questions? I might ask a question. I don't consider Ashland or Greenwood, Waverly area as urban, but you're very close to urban area. Do you see interest in Beginning Farmer from the standpoint of the small acreage, specialty things, and how would that fit into the program? [CONFIRMATION]

TODD REED: We have seen some applicants come through that are, I guess you'd consider, considerably smaller than your typical applicant. Some 5, 10, 15 acres, we're starting to see more...even just today we've had some applicants come through for organic operations or all-natural type beef operations. There's getting to be quite a wide variety of people that are applying for these in the program. We do see some smaller...we have had...not very many applicants over the years, a couple that were smaller, more kind of high-intensive ag, where greenhouse type things, or those types of operations. But in the urban area there is a place for that. There's no limitation, has to be a minimum number of size for heads of livestock or acres of operation. There's no limitation for that. So we haven't seen a lot of urban-type operations come through. But we're willing to look at anything that comes through to see if it meets the qualifications of the program. [CONFIRMATION]

SENATOR JOHNSON: Okay. Any questions? Senator Riepe. [CONFIRMATION]

SENATOR RIEPE: Thank you, Senator Johnson. Mr. Reed, the question that I have--if you live close to Waverly, I assume that that's nonirrigated? [CONFIRMATION]

TODD REED: Typically, yeah. There's a small amount of irrigation around Waverly and kind of up towards Ashland. But the vast majority is nonirrigated, yes. [CONFIRMATION]

SENATOR RIEPE: And maybe this is just business and it's a curiosity question as much as anything. On the makeup of the board, I assume it represents the state. You go far west you're more into ranching, grass, I assume, and then you run into irrigation and then nonirrigation. Is that all pretty well represented on the board? [CONFIRMATION]

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TODD REED: Yes, we've got...there's some irrigation on in my districts. Where Ryan is at, they have...there is more irrigation in the valley area, where he's at. Where Don is from Lexington, they do see quite a bit of...there are a lot of cattle operations in that part of the state, as well as some irrigation and that. And one of the new appointments, Nadine, is from up at West Point, and there's, obviously, quite a bit of livestock in that area. So we do get pretty good representation across the board that we...we try to...we all bring some unique perspective to the board and understanding of different experiences and expertise. [CONFIRMATION]

SENATOR RIEPE: Do you also as a farmers' board then have oversight on the golf courses out in the Sandhills? (Laughter) [CONFIRMATION]

TODD REED: We have not seen the applicants come through with wanting to put up golf courses yet. So that's kind of out of our scope a little bit. [CONFIRMATION]

SENATOR RIEPE: Okay. Thank you. [CONFIRMATION]

SENATOR RIEPE: Thank you, Senator. [CONFIRMATION]

TODD REED: Thank you, Senator. [CONFIRMATION]

SENATOR JOHNSON: I failed to mention, Senator Chambers has joined us and we welcome him today. Any other committee questions? Seeing none, thank you. [CONFIRMATION]

TODD REED: Thank you, Senator Johnson. [CONFIRMATION]

SENATOR JOHNSON: You bet. Any proponents? Opponents? Neutral? We will close the hearing...confirmation hearing on Todd Reed. Next is a new appointment, Nadine Hagedorn. Is it Hagedorn (phonetic) or Hagedorn? [CONFIRMATION]

NADINE HAGEDORN: (Exhibit 5) Hagedorn. Thank you, Senator Johnson; thank you, committee. And I'm very proud to be here to work with the Ag Committee and the appointment to Beginning Farmer Program. My name is Nadine Hagedorn, N-a-d-i-n-e H-a-g-e-d-o-r-n. And I am from West Point, Nebraska, which is a rural area; lived in the county my entire life. My work span is 41 years in lending, starting with what was the old federal land bank through...currently, I work at BankFirst out of Norfolk, Nebraska. Starting with the Farm Credit Services, it was all ag. And talking about covering the state, my customers range throughout the state of Nebraska from a qualified, all-natural finishing operation and has contacts in five states and he's bringing his son into the operation. I'm working on my third generation of some farmers and ranchers. So

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I've seen it from the part-time farmer through big operations. And each one has a very valuable part in our system. So the education of our young people, retaining them, bringing them back to our areas is very important to me because, number one, it pays my bills, (laughter) and I didn't mean that. But education is an important thing. And working with young people and helping them to understand their financials, what it truly means. I also sit on the Northeast Community College Foundation board and working right now with some water rights issues and water...bringing some water resources back as a national initiative to our college and working with our young people there that has an ag program. UNL Extension, have served on an extension board. I have...after 41 years, I've been around. So I'll entertain any questions from any of you. [CONFIRMATION]

SENATOR JOHNSON: Senator Chambers. [CONFIRMATION]

SENATOR CHAMBERS: This is off the subject. As far as you know, did you have a relative who wrestled for the university? [CONFIRMATION]

NADINE HAGEDORN: My husband's relative, yes. [CONFIRMATION]

SENATOR CHAMBERS: I didn't (inaudible) so I asked. (Laughter) [CONFIRMATION]

SENATOR JOHNSON: That should not disqualify either one of you. [CONFIRMATION]

NADINE HAGEDORN: I never wrestled him. (Laughter) [CONFIRMATION]

SENATOR JOHNSON: Question--since you're a new appointment, did they seek...did you...how did you become aware of this opening? Did you seek the position? Did somebody contact you? Not that it makes a lot of difference, just wondering how this process works as a new appointment. [CONFIRMATION]

NADINE HAGEDORN: I was a director on the Nebraska Independent Community Bankers and I saw it come up. And I was encouraged to apply. And because of my passion for young people, they asked me to do it. So from the banking realm. And I have a true belief there are people in this committee that know me well and that I do have a passion for that. Right, Senator? [CONFIRMATION]

SENATOR JOHNSON: We can say it was a grassroots initiative that brought you to the committee? [CONFIRMATION]

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NADINE HAGEDORN: Yes. Yes. I committed myself. [CONFIRMATION]

SENATOR JOHNSON: Yeah, okay. Any other questions of the committee? Seeing none, thank you. [CONFIRMATION]

NADINE HAGEDORN: Thank you. Have a good day. [CONFIRMATION]

SENATOR JOHNSON: Thank you for being willing to serve. Any proponents? Any opponents? Neutral testimony? We will close the new appointment for Nadine Hagedorn. Ryan Ueberrhein...close? [CONFIRMATION]

RYAN UEBERRHEIN: We pronounce it Ebrene (phonetic). It isn't...we don't pronounce how it's spelled. [CONFIRMATION]

SENATOR JOHNSON: Okay. It's not Swedish, so I have trouble with it. [CONFIRMATION]

RYAN UEBERRHEIN: Ryan, R-y-a-n, Ueberrhein, U-e-b-e-r-r-h-e-i-n. [CONFIRMATION]

SENATOR JOHNSON: Tell us a little bit about yourself and why you're interested in being on the board. [CONFIRMATION]

RYAN UEBERRHEIN: (Exhibit 6) Okay. I live in Elkhorn, Nebraska; farm in Valley, Nebraska, where our family farm is. And I had an interest in the board just because I'm a younger producer and kind of relate with what this program is all about in trying to get other younger producers involved in agriculture, which is another...I sit on the Nebraska Farm Bureau, young farmer and rancher committee. My wife and I represent District 1 for the State Farm Bureau. And I also sit on Douglas County Farm Bureau Board trying to get younger producers within our county. And then on the young farmer rancher board in the district I represent to become more involved. [CONFIRMATION]

SENATOR JOHNSON: Okay. Do you know of some constituents in your area that have gone through the program then and have been eligible for young farmer...beginning farmer? [CONFIRMATION]

RYAN UEBERRHEIN: I don't know of any offhand. But there are some that are interested that have expressed interest in it. And it's just a matter of getting them the information right now. I'm fairly new so I'm trying to learn the system a little bit and understand what, exactly, the day-to-

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day operations are of the board. But, yes, there is interest in our...in my county for that matter.  
[CONFIRMATION]

SENATOR JOHNSON: Okay. Any questions? Senator Bloomfield, then Senator Riepe.  
[CONFIRMATION]

SENATOR BLOOMFIELD: Thank you. Do you see any conceivably possible conflict for you sitting on both this board and the State Farm Bureau Board? [CONFIRMATION]

RYAN UEBERRHEIN: You mean as far as me on the young farmer rancher committee?  
[CONFIRMATION]

SENATOR BLOOMFIELD: Yeah. [CONFIRMATION]

RYAN UEBERRHEIN: I don't. The...they're two...I guess they have different...I mean, two different time frames of what things are going. They commingle, but I keep them separate and I guess the Beginning Farmer Board is more of trying to get a farmer in connection with a landlord or a landowner...asset owner. Where on the young farmer rancher committee, we're just trying to help promote agriculture, get people interested in agriculture. [CONFIRMATION]

SENATOR BLOOMFIELD: Okay, thank you. [CONFIRMATION]

SENATOR JOHNSON: Senator Riepe. [CONFIRMATION]

SENATOR RIEPE: Thank you, Senator Johnson. Help me out a little bit. I think you said that you reside in Elkhorn and you farm the family farm in Valley? [CONFIRMATION]

RYAN UEBERRHEIN: Um-hum. [CONFIRMATION]

SENATOR RIEPE: Is that a...is that...you're in there with your dad or brothers...  
[CONFIRMATION]

RYAN UEBERRHEIN: Yes. I have...I farm on my own, but I also farm with my dad.  
[CONFIRMATION]

SENATOR RIEPE: Okay. Are you grain only or livestock and...? [CONFIRMATION]

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RYAN UEBERRHEIN: Grain only, yes. And my dad...I just help with it, but we have a greenhouse business also that he runs. [CONFIRMATION]

SENATOR RIEPE: Okay. Very good. Okay, thank you. [CONFIRMATION]

SENATOR JOHNSON: Thank you. Any other questions? Seeing none, thank you. [CONFIRMATION]

RYAN UEBERRHEIN: Um-hum. Thank you. [CONFIRMATION]

SENATOR JOHNSON: Any proponents for this appointment? Any opponents? Neutral? Seeing none, we will close the hearing on the appointment for Ryan. And that will close our hearings for the appointments to the Beginning Farmer Board. Our first bill this afternoon is LB909. Senator Kolterman is the introducer. You may begin. [CONFIRMATION]

SENATOR KOLTERMAN: Good afternoon, Chairman Johnson and members of the Agriculture Committee. My name is Mark Kolterman, M-a-r-k K-o-l-t-e-r-m-a-n. At the request of the Department of Agriculture, I have introduced LB909 which is a simple bill that does two basic things. It eliminates the requirement that an applicant provide a social security number when applying to the Department of Agriculture for a permit, license, certificate, and so on. It also revises a section regarding delinquent payment fees. Regarding the first basic change, there's a requirement to five statutory sections that an individual applicant provides his or her social security number. This presents an administration problem for the department because they're concerned about potential identity theft. There's no need for these numbers. The Legislature has made these changes to several other state statutes in the past. The second proposed change affects 12 separate sections in Nebraska law in regard to administrative fines and penalties. It updates terminology. For example: in various sections the term "penalty" has been replaced by "administrative fee." These additional fees are currently imposed when a permit fee, license fee, etcetera, is not submitted timely. This bill does not add or increase fees in any way, but merely specifies that it...they are remedial in nature. The department uses these fees to recover a portion of the additional departmental costs that are required to collect the fees after the due dates have passed. As you can see from the fiscal note, there's no estimated fiscal impact to the state. So I'd be happy to try and answer any questions that you have. And also, Director Greg Ibach from the Department of Agriculture will be following me and will be able to answer any more specific questions. [LB909]

SENATOR JOHNSON: Thank you. Anybody on the committee have any questions of Senator Kolterman? Seeing none, thank you. Next testifier or proponent. [LB909]

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GREG IBACH: (Exhibit 1) Hello. Senator Johnson and members of the Agriculture Committee, my name is Greg Ibach, G-r-e-g I-b-a-c-h. I'm here to testify in favor of LB909 and I would like to thank Senator Kolterman for introducing this bill on behalf of the Department of Agriculture. I have written testimony that I would ask to be placed in the record for this bill. LB909 is a bill to update several sections of the law under the Nebraska Department of Agriculture's jurisdiction, as Senator Kolterman explained. It updates these sections to make them consistent with the same kinds of legislative changes enacted in several other statutes over the last few years. In the past, these changes were made whenever an act or set of statutes on the same topic was proposed for amendment, and it has been a piecemeal process. And it was decided that putting the rest of the sections under the department's jurisdiction together in one bill would be a more efficient and timely and promote consistency in all other similar statutes the department administers. So there's two types of changes in these 17 sections. And just to recap what Senator Kolterman explained, the first one is...would be to no longer require individuals applying for a permit, license, certificate, or registration from the Department of Agriculture to provide his or her social security number. The department has no need for this in the regulation. And it's difficult for us to administer and can hold up the processing of applications. In addition, having social security numbers on hand opens the department up to the potential of identity theft crimes. And this legislative change has previously been made, as we said before, to several other statutes under the department's jurisdiction, as well as in other state agencies' statutes. And then the second change is to clarify the additional fees imposed when a permit fee, license fee, inspection fee, or excise tax is not timely submitted are remedial in nature. That is, they reimburse the state for at least a portion of the additional cost to collect those fees and taxes after the due date. This change does not assess, as Senator Kolterman pointed out, a new or an additional fee but clarifies the purpose of the fee currently required. These changes specifically address a concern of the State Auditor in regard to clarifying the wording relating to late fees. The legislative changes in this bill have been previously made to statutes under the department's jurisdiction. The section-by-section analysis and the written testimony explains which of the two categories described above is being made to each section. There are also several sections that are amended to harmonize the sections by making internal corrections. Again, the changes to LB909 will help the Department of Agriculture by, one, making them uniform with other sections that the department administers; two, making administration of these laws easier for the department and less burdensome on Nebraskans; three, addressing a concern of State Auditor related to late fees; and four, addressing the concern of identity theft and the lack of value to the department for social security numbers submitted by individuals on applications. I would be happy to answer any questions you might have. [LB909]

SENATOR JOHNSON: Thank you. Senator Chambers. [LB909]

SENATOR CHAMBERS: Mr. Ibach, is this a bill that the department needs or it's just one that they want? [LB909]



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GREG IBACH: It's a cleanup, really, is what it amounts to. [LB909]

SENATOR CHAMBERS: So if they don't get it, it wouldn't affect anything that the department is doing right now? [LB909]

GREG IBACH: It would probably have a greater impact on citizens that if we were...had our security breached or our computer system breached and they lost...you know, their social security numbers drifted out, than it would have on the department. [LB909]

SENATOR CHAMBERS: If two people are sitting down at a table for the purpose of negotiation, each has to have something that the other is interested in getting, is that correct? If they're negotiating... [LB909]

GREG IBACH: I suppose there's... [LB909]

SENATOR CHAMBERS: If you got the gold and I don't want your gold, we're not going to negotiate. [LB909]

GREG IBACH: That's right. [LB909]

SENATOR CHAMBERS: If you've got gold that I wanted, you may be reluctant to give it, then we talk and see if we can write...reach some place in the middle where I might not get all your gold, but I'll get some of it and in exchange give something that you want from me. [LB909]

GREG IBACH: Okay, I follow you. [LB909]

SENATOR CHAMBERS: Okay. I don't have any other questions. Thank you. [LB909]

SENATOR JOHNSON: Okay. Thank you. [LB909]

GREG IBACH: So I don't have any gold in this case. (Laughter) [LB909]

SENATOR BLOOMFIELD: Mr. Ibach, we seem pretty intent on getting rid of the word "penalty" in here to the point that on page 6, line 12 and 13: "15 days following the date due shall have an administrative fee," which replaces the word "a penalty." Why are we doing that? How do we get from a penalty to a fee if we don't have it done in 15 days? If it's done in 14 days, you don't pay the fee, but if it takes 15 it still sounds a lot like a penalty. [LB909]

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GREG IBACH: So what I think is, it's a definitional issue. And when we refer to concerns that the State Auditor has, I think by statute, penalties are supposed to go into a different fund, where administrative fees...or to cover the cost of collecting a late fee can be kept by that state agency to cover those costs. [LB909]

SENATOR BLOOMFIELD: So there is a financial advantage to you to change this language...or to this board? [LB909]

GREG IBACH: It's probably...so by practice we're still doing it. We're keeping those fees. And the State Auditor has just cited those in our audits that, you know, that there's a concern here. And I think it's kind of across the board in all state agencies. And so at the present time, we're keeping those fees so it doesn't have a financial advantage to us, but it is there. [LB909]

SENATOR BLOOMFIELD: Thank you. [LB909]

SENATOR JOHNSON: Any other questions for the director? Okay, I don't have any questions. [LB909]

GREG IBACH: Okay. Thank you. [LB909]

SENATOR JOHNSON: Thank you. Any proponents? Seeing none, any opponents? Neutral? Senator Kolterman, do you wish to close? Waives closing, okay. We will move on, we will close the hearing on LB909. We'll move to LB921 presented by Senator Riepe. Welcome to the chair over there. [LB909]

SENATOR RIEPE: (Exhibits 1, 2, 3) Chairman Johnson, members of this committee, my name is Merv Riepe, it's M-e-r-v, last name is Riepe, R-i-e-p-e. I serve the Legislative District 12 in the Millard and Ralston area in Douglas County. LB921 was introduced at the request of the Department of Agriculture and repeals three outdated organic food sections, 81-2,233 through 81-2,235. These permissive sections are unnecessary and outdated due to the adoption of national organic food standards through the Organic Foods Product Act of 1990 and regulated through the United States Department of Agriculture's National Organic Program, Title 7, Part 205. There are many problems with these three statutes after they were enacted. The definitions of organic food and food product were so broad it could include all food grown or raised. There were complications for the department to enforce the statutes. Further, these statutes became less applicable as the USDA developed and implemented a federal program to bring uniformity across the country, largely superseding state law. I have provided copies of the three statutes for

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your review and I would defer any technical questions to the Department of Agriculture who will be testifying in support of LB921. Thank you. [LB921]

SENATOR JOHNSON: Okay. Any questions of Senator Riepe? Seeing none... [LB921]

SENATOR RIEPE: I'm only going to take the really hard questions. The easy ones I'm going to leave for the Department of Agriculture. (Laughter) [LB921]

SENATOR JOHNSON: Okay. Thank you. [LB921]

SENATOR RIEPE: Thank you. [LB921]

SENATOR JOHNSON: First proponent...agency. [LB921]

GREG IBACH: (Exhibit 4) Again, thank you, Senator Johnson and members of the Agriculture Committee. My name is Greg Ibach, G-r-e-g I-b-a-c-h, and I am here to testify today in favor of LB921. I would like to, again, thank Senator Riepe for introducing this bill on behalf of the department. And she's passing out additional written testimony that I would ask that you would enter into the record for this bill. LB921 proposes repeal of three sections of Nebraska law that are outdated and unnecessary. These sections are as cited by Senator Riepe, Sections 81-2,233 through 81-2,235 which, again, relate to organic food. The sections provide the Department of Agriculture permissive authority to compile a list of persons who grow or raise organic food and permissive authority to adopt and promulgate regulations including regulations that provide standards for organic food and marketing practices. The purpose of the Nebraska law passed in 1986 says, as Senator Riepe pointed out, were meaningful at that time. The organic production industry was growing across the United States, but at that point it had been unable to organize itself enough to gain consensus on a national production and certification standards. Therefore, the passage of the Nebraska law created the opportunity for uniformity in our state and it would have been a valuable marketing tool at that time. However, it became unnecessary just four years later. Congress enacted the Organic Foods Production Act of 1990 and provided the framework that allowed the United States Department of Agriculture to adopt the regulations entitled the National Organic Program found in Title 7, Part 205 in the Code of Federal Regulations. In this federal law and resulting regulations that have helped the organic sector to grow significantly, both nationally and in Nebraska, and therefore have made the Nebraska-specific law unnecessary. According to USDA, total organic sales in the United States increased by 83 percent between 2007 and 2012. The Department of Agriculture does have a database of certified organic producers. You can find it by going to our directories listing under the Ag Promotion and Development Division on the NDA web site. And we currently have about 70 operations that have voluntarily provided their information for this database. Our process has been annually to

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publicly solicit organic producers to become a part of this database by filling out a profile form or update their profile information if they are already part of our database. Our directory was last updated in 2013, and largely because of continuing discussions about discontinuing our list as we found that the United States Department of Agriculture's Agricultural Marketing Service, which runs the National Organic Program has a state-specific searchable list of all producers certified to the national standards. This is perhaps the most thorough listing available today. It is sortable and searchable. In fact, it lists Nebraska as having 233 total certified organic producers and handlers, much larger than the 70 that have voluntarily opted onto our list. Because of its completeness, we ourselves actually have been referencing this database over our own NDA database over the past two years. The department's Ag Promotion and Development Division specifically assists producers who are either certified organic or looking to become an organic producer in a couple of different ways. And I'm providing this information to show that even though we are asking to repeal this section of law, we still have a strong support mechanism in place for our organic industry in Nebraska. First, we provide them with an overview of available federal programming that can provide financial assistance to producers as they transition acres to organic. This program is available through the Natural Resources Conservation Service of USDA and we make sure producers understand where their local contacts are for that program. Second, since 2009, the department has participated in federal programming that grants funding to state agencies to distribute to organic producers to help cover some of the costs of their annual organic certification. The funding has been anywhere from \$60,000 to \$90,000 annually, provided to a yearly average of about 105 applicants. More information on both of these programs can be found in the attachment at the end of the written testimony. And third, we do a fairly routinely...we do fairly routinely receive calls from buyers who are looking for organic product. We work to match these buyers with possible Nebraska-based sellers of organic products, using the USDA AMS database and our various connections within the industry. In closing, the Department of Agriculture supports the Nebraska organic sector and will continue to work to see its growth under the National Organic Program. Because of the strength of the national program, we support the repeal of the state law. And I'm happy to answer your questions. [LB921]

SENATOR JOHNSON: Thank you. Do we have any questions? Senator Bloomfield. [LB921]

SENATOR BLOOMFIELD: Thank you. Are there anything that we are currently covering in Nebraska law that is not covered under federal law? We went through the small list here of synthetic fertilizers, pesticides, hormones, and so on, is there anything in Nebraska law that is not covered under the federal law? [LB921]

GREG IBACH: No, I don't believe so. And I think that anything that...that what we have currently is really superseded by their definition anyway. [LB921]

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SENATOR BLOOMFIELD: Okay, thank you. [LB921]

SENATOR JOHNSON: Okay. Any other questions? Seeing none, thank you. [LB921]

GREG IBACH: Thank you. [LB921]

SENATOR JOHNSON: Anyone wishing to testify as a proponent? Seeing none, opponents? Neutral position? Senator Riepe. [LB921]

SENATOR RIEPE: I'd like to waive, sir. [LB921]

SENATOR JOHNSON: You'd like to waive, okay. No other questions. Senator Riepe waives the closing so that will close the hearing on LB921. And we will enter the documents into the record that have been presented. And with that, that concludes our hearings this afternoon and we will go into Exec Session for a little bit. [LB921]