

Transcript Prepared By the Clerk of the Legislature
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Floor Debate
May 26, 2015

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SPEAKER HADLEY PRESIDING

SPEAKER HADLEY: GOOD MORNING, LADIES AND GENTLEMEN. WELCOME TO THE GEORGE W. NORRIS LEGISLATIVE CHAMBER FOR THE EIGHTY-SIXTH DAY OF THE ONE HUNDRED FOURTH LEGISLATURE, FIRST SESSION. OUR CHAPLAIN FOR TODAY IS REVEREND BARRY WILLIAMS FROM ST. JOHN'S LUTHERAN CHURCH IN MADISON, NEBRASKA. HE'S A GUEST OF SENATOR SCHEER. PLEASE RISE.

REVEREND WILLIAMS: (PRAYER OFFERED.)

SPEAKER HADLEY: THANK YOU, REVEREND WILLIAMS. I CALL TO ORDER THE EIGHTY-SIXTH DAY OF THE ONE HUNDRED FOURTH LEGISLATURE, FIRST SESSION. SENATORS, PLEASE RECORD YOUR PRESENCE. ROLL CALL. SENATORS OUTSIDE THE CHAMBER, I REMIND YOU WE ARE STARTING WITH FINAL READING WHEN WE START THIS MORNING. RECORD, MR. CLERK.

ASSISTANT CLERK: THERE IS A QUORUM PRESENT, MR. PRESIDENT.

SPEAKER HADLEY: CORRECTIONS TO THE JOURNAL?

ASSISTANT CLERK: NO CORRECTIONS THIS MORNING.

SPEAKER HADLEY: MESSAGES, REPORTS, OR ANNOUNCEMENTS?

ASSISTANT CLERK: YES, MR. PRESIDENT. LB390, LB390A, LB419, LB469, LB469A, LB480, LB500, LB500A, LB504, LB504A, LB525, LB538, LB538A, LB539, LB547, LB547A, LB559, LB566, LB566A, LB591, LB591A, LB598, LB598A LB605, LB605A, LB607, LB607A LB629, LB629A, AND LB642 WERE PRESENTED TO THE GOVERNOR AT 2:12 P.M. ON MAY 21. A NEW RESOLUTION: LR360 BY SENATOR KUEHN. THAT WILL BE LAID OVER. AND I HAVE A REPORT FROM THE BUSINESS AND LABOR COMMITTEE

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REGARDING A CONFIRMATION REPORT TO THE COMMISSION OF INDUSTRIAL RELATIONS. THAT'S ALL I HAVE THIS MORNING. (LEGISLATIVE JOURNAL PAGES 1859-1861.) [LB390 LB390A LB419 LB469 LB469A LB480 LB500 LB500A LB504 LB504A LB525 LB538 LB538A LB539 LB547 LB547A LB559 LB566 LB566A LB591 LB591A LB598 LB598A LB605 LB605A LB607 LB607A LB629 LB629A LB642 LR360]

SPEAKER HADLEY: MR. CLERK, WE WILL MOVE TO FINAL READING. MEMBERS SHOULD RETURN TO THEIR SEATS IN PREPARATION FOR FINAL READING. MR. CLERK, FIRST BILL IS LB468. MR. CLERK, THE FIRST VOTE IS TO DISPENSE WITH THE AT-LARGE READING. ALL THOSE IN FAVOR VOTE AYE; ALL THOSE OPPOSED VOTE NAY. RECORD, MR. CLERK. [LB468]

ASSISTANT CLERK: 36 AYES, 1 NAY TO DISPENSE WITH THE AT-LARGE READING, MR. PRESIDENT. [LB468]

SPEAKER HADLEY: THE AT-LARGE READING IS DISPENSED WITH. MR. CLERK, PLEASE READ THE TITLE. [LB468]

ASSISTANT CLERK: (READ TITLE OF LB468.) [LB468]

SPEAKER HADLEY: ALL PROVISIONS OF LAW RELATIVE TO PROCEDURE HAVING BEEN COMPLIED WITH, THE QUESTION IS, SHALL LB468 PASS WITH THE EMERGENCY CLAUSE ATTACHED? ALL THOSE IN FAVOR VOTE AYE; ALL THOSE OPPOSED VOTE NAY. RECORD, MR. CLERK. [LB468]

ASSISTANT CLERK: (RECORD VOTE READ, LEGISLATIVE JOURNAL PAGES 1861-1862.) VOTE IS 44 AYES, 2 NAYS, 3 EXCUSED AND NOT VOTING, MR. PRESIDENT. [LB468]

SPEAKER HADLEY: LB468 PASSES WITH THE EMERGENCY CLAUSE ATTACHED. WE WILL NOW PROCEED TO LB468A. [LB468 LB468A]

ASSISTANT CLERK: (READ LB468A ON FINAL READING.) [LB468A]

SPEAKER HADLEY: ALL PROVISIONS OF LAW RELATIVE TO PROCEDURE HAVING BEEN COMPLIED WITH, THE QUESTION IS, SHALL LB468A PASS WITH THE EMERGENCY CLAUSE ATTACHED? ALL THOSE IN FAVOR VOTE AYE; ALL THOSE OPPOSED VOTE NAY. RECORD, MR. CLERK. [LB468A]

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ASSISTANT CLERK: (RECORD VOTE READ, LEGISLATIVE JOURNAL PAGES 1862-1863.) VOTE IS 44 AYES, 1 NAY, 1 PRESENT AND NOT VOTING, 3 EXCUSED AND NOT VOTING, MR. PRESIDENT. [LB468A]

SPEAKER HADLEY: LB468A PASSES WITH THE EMERGENCY CLAUSE ATTACHED. WE WILL NOW GO TO GENERAL FILE. MR. CLERK. [LB468A]

ASSISTANT CLERK: MR. PRESIDENT, LB457, INTRODUCED BY SENATOR GLOOR. (READ TITLE.) THE BILL WAS READ FOR THE FIRST TIME ON JANUARY 20 OF THIS YEAR, REFERRED TO THE BANKING, COMMERCE AND INSURANCE COMMITTEE. THAT COMMITTEE PLACED THE BILL ON GENERAL FILE WITH COMMITTEE AMENDMENTS. (AM694, LEGISLATIVE JOURNAL PAGE 772.) [LB457]

SPEAKER HADLEY: SENATOR GLOOR, YOU'RE WELCOME TO OPEN ON YOUR BILL. [LB457]

SENATOR GLOOR: THANK YOU, MR. PRESIDENT. AND I WOULD LIKE TO THANK YOU AS SPEAKER FOR PRIORITIZING THIS BILL. AND LET ME ALSO SAY, COLLEAGUES, IT'S NICE TO BE BACK IN THE RELATIVE CALM AND QUIET OF THE LEGISLATIVE CHAMBER. LB457 WAS BROUGHT TO ME BY THE NEBRASKA DEPARTMENT OF ECONOMIC DEVELOPMENT TO TRANSFER FUNDS FROM A PROGRAM THAT HAS NOT BEEN USED SINCE ITS INCEPTION OF 2011. SO I APPRECIATE THE NDED HELPING US GET RID OF SOME OF THE INACTIVE DEADWOOD WITHIN OUR STATE GOVERNMENT. THE MONEY IN THE FUND--AND THE FUND IS CALLED THE INDUSTRIAL RECOVERY FUND--WAS TAKEN FROM THE NEBRASKA AFFORDABLE HOUSING TRUST FUND. IT WAS NEVER USED, MEMBERS. THE FUNDING IN THE PROGRAM WAS CREATED SPECIFICALLY, AS I UNDERSTAND, BECAUSE NORFOLK HAD JUST LOST A MAJOR EMPLOYER AND WAS LOOKING FOR WAYS TO USE THE RECENTLY ABANDONED INDUSTRIAL SITE THAT WAS THERE. THAT FUNDING WAS PART OF THEN-GOVERNOR HEINEMAN'S ECONOMIC DEVELOPMENT PACKAGE THAT YEAR. SOME OF YOU WILL REMEMBER THE BATTELLE STUDY AND THE NUMBER OF PIECES OF LEGISLATION CAME OUT OF THAT AS WE WORKED WITH THE GOVERNOR'S OFFICE ON THE RESULTS OF THE BATTELLE STUDY. IN THAT SAME 2011 BILL PROCESS, THE ONE THAT CREATED THE INDUSTRIAL RECOVERY FUND WE'RE TALKING ABOUT ELIMINATING, CREATED THE SITE AND BUILDING DEVELOPMENT FUND SPECIFICALLY TO HELP COUNTIES, CITIES, AND OTHERS BUILD INFRASTRUCTURE AND PROVIDE MATCHING FUNDS FOR NEW CONSTRUCTION, REHABILITATION, OR ACQUISITION OF LAND AND BUILDINGS

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FOR INDUSTRIAL-READY SITES. MONEY FROM THE AFFORDABLE HOUSING TRUST FUND WAS ALSO PUT INTO THIS FUND. THIS PROGRAM HAS, IN FACT, BEEN USED QUITE A BIT AND HAS BEEN USEFUL IN BUILDING USE-READY INDUSTRIAL SITES. BUT AGAIN, THE INDUSTRIAL RECOVERY FUND WAS NEVER USED. THIS BILL AND THE ATTACHED AMENDMENT THAT SENATOR SCHEER WILL COVER WOULD TERMINATE THE INDUSTRIAL RECOVERY FUND THAT WENT UNUSED AND MOVES ITS PURPOSE TO THE SITE AND BUILDING DEVELOPMENT FUND. THE AMOUNT TO BE MOVED IS \$1.1 MILLION. THANK YOU, MR. SPEAKER. [LB457]

SPEAKER HADLEY: WHILE THE LEGISLATURE IS IN SESSION AND CAPABLE OF TRANSACTING BUSINESS, I PROPOSE TO SIGN AND DO HEREBY SIGN LB468 WITH THE EMERGENCY CLAUSE AND LB468A WITH THE EMERGENCY CLAUSE. AS THE CLERK STATED, THERE ARE COMMITTEE AMENDMENTS. SENATOR SCHEER, YOU'RE RECOGNIZED TO OPEN, AS CHAIR OF THE BANKING, COMMERCE AND INSURANCE COMMITTEE. [LB457 LB468 LB468A]

SENATOR SCHEER: THANK YOU, MR. SPEAKER. THE COMMITTEE AMENDMENTS FOR THIS BILL WERE RECOMMENDED TO THE BANKING, COMMERCE AND INSURANCE COMMITTEE BY SENATOR GLOOR, THE INTRODUCER OF THE BILL. AS INTRODUCED, LB457 WOULD TERMINATE THE INDUSTRIAL RECOVERY FUND AND DIRECT THAT ANY MONEY IN THE FUND BE TRANSFERRED TO THE SITE AND BUILDING DEVELOPMENT FUND. THE COMMITTEE AMENDMENTS WOULD SPLIT THE DISTRIBUTION SO THAT HALF OF THIS MONEY WOULD BE TRANSFERRED TO THE SITE AND BUILDING DEVELOPMENT FUND, AND HALF WOULD GO TO THE AFFORDABLE HOUSING TRUST FUND. THE INDUSTRIAL RECOVERY FUND WAS CREATED BY LEGISLATION ENACTED IN 2011. THAT LEGISLATION PROVIDED THAT THE INDUSTRIAL RECOVERY FUND SHALL CONSIST OF FUNDS RECAPTURED BY THE DEPARTMENT OF ECONOMIC DEVELOPMENT UNDER THE NEBRASKA AFFORDABLE HOUSING ACT WHEN AWARDS FOR PROJECTS ARE NOT UTILIZED. RECOGNIZING THE SOURCE OF MONEY CURRENTLY GOING TO THE INDUSTRIAL RECOVERY FUND, THE COMMITTEE AGREED THAT A 50-50 SPLIT OF THE MONEY IN THAT FUND BETWEEN THE STATE AND BUILDING DEVELOPMENT FUND AND THE AFFORDABLE HOUSING TRUST FUND WOULD BE APPROPRIATE. ALSO, THE COMMITTEE AMENDMENTS WOULD BE INSERTED...IS THE EMERGENCY CLAUSE. I WOULD URGE THE ADOPTION OF THE COMMITTEE AMENDMENTS AS WELL AS THE ADVANCEMENT OF LB457. THANK YOU, MR. SPEAKER. [LB457]

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SPEAKER HADLEY: THANK YOU, SENATOR SCHEER. SENATOR BLOOMFIELD, YOU'RE RECOGNIZED. [LB457]

SENATOR BLOOMFIELD: THANK YOU, MR. PRESIDENT. I WONDER IF SENATOR GLOOR WOULD YIELD TO A QUESTION. [LB457]

SPEAKER HADLEY: SENATOR GLOOR, WILL YOU YIELD TO A QUESTION? [LB457]

SENATOR GLOOR: CERTAINLY. [LB457]

SENATOR BLOOMFIELD: THANK YOU, SENATOR GLOOR. AND I DIDN'T GET A CHANCE TO TALK TO YOU BEFORE THIS. BUT WHY DIDN'T WE SIMPLY RETURN THIS MONEY TO THE GENERAL FUND INSTEAD OF GOING AHEAD AND SPENDING IT? [LB457]

SENATOR GLOOR: THE MONEY ORIGINALLY CAME, SENATOR, AND WAS ALLOCATED OUT OF THE NEBRASKA AFFORDABLE HOUSING TRUST FUND. AND SINCE THE MONEY CAME FROM THE AFFORDABLE HOUSING TRUST FUND, THE INTENTION WAS, LET'S HAND IT BACK, LET'S HAND IT BACK. ACTUALLY, THE ORIGINAL BILL AS I PRESENTED IT WAS GOING TO GIVE IT TO THE SITE AND BUILDING DEVELOPMENT FUND BECAUSE WE'RE GOING TO FOLD THOSE RESPONSIBILITIES THAT WERE UNDER THE RECOVERY FUND INTO THE RESPONSIBILITIES OF THE SITE AND BUILDING DEVELOPMENT FUND. BUT THE AFFORDABLE HOUSING TRUST FUND FOLKS CAME TO US AND SAID, LOOK, THAT'S MONEY THAT WAS ACTUALLY GIVEN BY US, THENCE THE COMPROMISE THAT SENATOR SCHEER AND THE COMMITTEE BROUGHT FORWARD. AND THAT IS LET'S GIVE HALF OF IT BACK TO WHERE IT ORIGINALLY CAME FROM AND THE OTHER TO WHAT ACCOMPLISHES WHAT THE INTENT WAS OF THE INDUSTRIAL RECOVERY FUND, IF THAT ISN'T... [LB457]

SENATOR BLOOMFIELD: OKAY. THANK YOU, SENATOR. [LB457]

SENATOR GLOOR: THANK YOU. [LB457]

SENATOR BLOOMFIELD: THANK YOU, MR. PRESIDENT. [LB457]

SPEAKER HADLEY: SEEING NO ONE ELSE IN THE QUEUE, SENATOR SCHEER YOU'RE RECOGNIZED TO CLOSE ON THE COMMITTEE AMENDMENTS. SENATOR

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SCHEER WAIVES. THE QUESTION FOR THE BODY IS THE ADOPTION OF THE AMENDMENT. ALL IN FAVOR VOTE AYE; OPPOSED VOTE NAY. HAVE ALL VOTED? RECORD, MR. CLERK. [LB457]

ASSISTANT CLERK: 40 AYES, 0 NAYS ON THE ADOPTION OF THE COMMITTEE AMENDMENTS, MR. PRESIDENT. [LB457]

SPEAKER HADLEY: THE AMENDMENT IS ADOPTED. SEEING NO ONE IN THE QUEUE, SENATOR GLOOR, YOU'RE RECOGNIZED TO CLOSE. SENATOR GLOOR WAIVES CLOSING. THE QUESTION FOR THE BODY IS THE ADOPTION OF THE BILL AS AMENDED. ALL IN FAVOR VOTE AYE; ALL OPPOSED VOTE NAY. HAVE ALL VOTED? RECORD, MR. CLERK. [LB457]

ASSISTANT CLERK: 40 AYES, 0 NAYS ON THE ADVANCEMENT OF THE BILL, MR. PRESIDENT. [LB457]

SPEAKER HADLEY: THE BILL IS ADVANCED TO E&R INITIAL. MR. CLERK, WE WILL CONTINUE TO THE NEXT BILL. [LB457]

ASSISTANT CLERK: MR. PRESIDENT, LB577, INTRODUCED BY SENATOR MURANTE. (READ TITLE.) THE BILL WAS INTRODUCED ON JANUARY 21, REFERRED TO THE GOVERNMENT, MILITARY AND VETERANS AFFAIRS COMMITTEE. THAT COMMITTEE PLACED THE BILL ON GENERAL FILE WITH COMMITTEE AMENDMENTS ATTACHED. (AM189, LEGISLATIVE JOURNAL PAGE 753.) [LB577]

SPEAKER HADLEY: SENATOR MURANTE, YOU'RE RECOGNIZED TO OPEN ON YOUR BILL. [LB577]

SENATOR MURANTE: THANK YOU, MR. PRESIDENT. MEMBERS, GOOD MORNING. I RISE TODAY TO INTRODUCE LB577, WHICH IS A BILL WHICH WAS BROUGHT TO ME IN CONJUNCTION WITH DOUGLAS AND SARPY COUNTY AND SOME OF THE CHALLENGES THAT WE ARE HAVING IN OUR COMMUNITIES. WHAT IT DOES IS IT GIVES COUNTIES THE SAME ORDINANCE AUTHORITIES THAT CITIES CURRENTLY HAVE TO REGULATE PEDDLERS, HAWKERS, SOLICITORS, AND THE LIKE. I'LL INTRODUCE ON THE COMMITTEE AMENDMENT NOW AS WELL. THE CHALLENGE THAT WE'RE HAVING IN SUBURBAN COMMUNITIES IS THAT BECAUSE CITIES REQUIRE PERMIT AUTHORITIES FOR PEDDLERS, HAWKERS, AND DOOR-TO-DOOR SOLICITORS AND COUNTIES DO NOT CURRENTLY HAVE THAT AUTHORITY, MANY

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OF THE MORE AGGRESSIVE SOLICITORS THAT WE'RE SEEING ARE LEAVING THE CITIES AND GOING TO OUTLYING AREAS. FOR EXAMPLE, MY DISTRICT, WHICH AS ALL OF YOURS HAS, HAS 37,000 PEOPLE IN IT. ONLY 5,000 LIVE WITHIN A CITY, WITHIN THE CITY OF GRETNA. THE REMAINING 32,000 LIVE IN SUBURBAN AND RURAL GRETNA...IN RURAL AND SUBURBAN SARPY COUNTY. SO THERE IS NO ORDINANCE AUTHORITY CONTROLLING THESE PEOPLE, AND AS SUCH, THERE HAVE BEEN CHALLENGES, WHICH THERE HAVE BEEN NUMEROUS NEWS ARTICLES REPORTED EVEN THIS YEAR ON EXTREMELY AGGRESSIVE SOLICITORS AND THERE'S NO MEANS OF EVEN IDENTIFYING WHO THESE PEOPLE ARE, LET ALONE REGULATING THEM. WITH THE COMMITTEE AMENDMENT, WHAT WE ARE SAYING IS THAT THE COUNTIES CAN ADOPT AN ORDINANCE WITHOUT A FEE TO THE SOLICITOR JUST TO LET LOCAL LAW ENFORCEMENT KNOW WHO THESE PEOPLE ARE AND IF THERE'S A PROBLEM, HAVE A MEANS OF IDENTIFYING THEM AND ADDRESSING THAT PROBLEM. AND THAT'S WHAT WE'RE DOING WITH AM189 AND LB577. IT DID ADVANCE WITHOUT OPPOSITION OUT OF THE GOVERNMENT, MILITARY AND VETERANS AFFAIRS COMMITTEE. THANK YOU, MR. PRESIDENT. [LB577]

SPEAKER HADLEY: AS THE CLERK STATED, THERE ARE AMENDMENTS FROM THE GOVERNMENT, MILITARY AND VETERANS AFFAIRS COMMITTEE. SENATOR MURANTE, AS CHAIR OF THE COMMITTEE, YOU'RE RECOGNIZED TO OPEN ON THE AMENDMENTS. SENATOR MURANTE WAIVES OPENING. SEEING NO ONE IN THE QUEUE, YOU'RE RECOGNIZED TO CLOSE. SENATOR MURANTE WAIVES CLOSING. THE QUESTION IS THE ADOPTION OF THE COMMITTEE AMENDMENTS. ALL IN FAVOR VOTE AYE; ALL OPPOSED VOTE NAY. HAVE ALL VOTED? RECORD, MR. CLERK. [LB577]

ASSISTANT CLERK: 33 AYES, 0 NAYS ON THE ADOPTION OF COMMITTEE AMENDMENTS. [LB577]

SPEAKER HADLEY: THE COMMITTEE AMENDMENT IS ADOPTED. SENATOR BLOOMFIELD, YOU'RE RECOGNIZED. [LB577]

SENATOR BLOOMFIELD: THANK YOU, MR. PRESIDENT. COLLEAGUES, YOU'LL NOTICE THAT I WAS PRESENT AND NOT VOTING ON THIS BILL. I'M STILL NOT COMFORTABLE WITH WHAT IT DOES TO THE OUTLYING COUNTIES, SO I'LL NOT BE VOTING FOR IT. I THINK YOU OUGHT TO TAKE A LITTLE CLOSER LOOK AT IT ON SELECT FILE THAN WE ARE THIS MORNING. I'M NOT GOING TO SPEND ANY TIME ON IT. THANK YOU. [LB577]

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SPEAKER HADLEY: SENATOR SCHUMACHER, YOU'RE RECOGNIZED. [LB577]

SENATOR SCHUMACHER: THANK YOU, MR. SPEAKER. WOULD SENATOR MURANTE YIELD TO A COUPLE QUESTIONS? [LB577]

SPEAKER HADLEY: SENATOR MURANTE, WILL YOU YIELD? [LB577]

SENATOR MURANTE: YES. [LB577]

SENATOR SCHUMACHER: SENATOR MURANTE, WHAT'S THE RANGE OF PENALTIES FOR VIOLATION OF THE COUNTY ORDINANCE IF IT WOULD ADOPT ONE? [LB577]

SENATOR MURANTE: THERE'S NOTHING SPECIFIC IN THE BILL WHICH AUTHORIZES A PENALTY. I CAN GO INTO THE ORDINANCE STATUTES AND SEE...WELL, I'VE GOT IT RIGHT HERE: "FOR THE ENFORCEMENT OF ANY ORDINANCE AUTHORIZED BY THIS SECTION, A COUNTY MAY IMPOSE FINES, FORFEITURES, OR PENALTIES AND PROVIDE FOR THE RECOVERY, COLLECTION, AND ENFORCEMENT OF SUCH FINES, FORFEITURES, OR PENALTIES. A COUNTY MAY ALSO AUTHORIZE SUCH OTHER MEASURES FOR THE ENFORCEMENT OF ORDINANCES AS MAY BE NECESSARY AND PROPER. A FINE ENACTED PURSUANT TO THIS SECTION SHALL NOT EXCEED FIVE HUNDRED DOLLARS FOR EACH OFFENSE." [LB577]

SENATOR SCHUMACHER: SO BASICALLY, THAT'S \$0 to \$500 IS WHAT THEY CAN... [LB577]

SENATOR MURANTE: THAT'S HOW I WOULD INTERPRET THAT. [LB577]

SENATOR SCHUMACHER: AND THAT WOULD GO THROUGH THE ORDINARY JUDICIAL PROCESS OF THE COUNTY ATTORNEY CHARGING THEM AND... [LB577]

SENATOR MURANTE: RIGHT. [LB577]

SENATOR SCHUMACHER: ...SOME TYPE OF A FINE BY THE COURT. THANK YOU, SENATOR MURANTE. I HAVE NO FURTHER QUESTIONS. [LB577]

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SPEAKER HADLEY: SEEING NO ONE IN THE QUEUE, SENATOR MURANTE YOU'RE RECOGNIZED TO WAIVE. SENATOR MURANTE WAIVES CLOSING. THE QUESTION FOR THE BODY IS THE ADOPTION OF LB577. ALL IN FAVOR VOTE AYE; OPPOSED VOTE NAY. HAVE ALL VOTED? RECORD, MR. CLERK. [LB577]

ASSISTANT CLERK: 32 AYES, 0 NAYS ON THE ADVANCEMENT OF LB577, MR. PRESIDENT. [LB577]

SPEAKER HADLEY: LB577 ADVANCES TO E&R INITIAL. MR. CLERK. [LB577]

ASSISTANT CLERK: MR. PRESIDENT, NEXT BILL, LB581, INTRODUCED BY SENATOR NORDQUIST. (READ TITLE.) THE BILL WAS INTRODUCED ON JANUARY 21 OF THIS YEAR, WAS REFERRED TO THE NATURAL RESOURCES COMMITTEE. THAT COMMITTEE PLACED THE BILL ON GENERAL FILE WITH COMMITTEE AMENDMENTS. (AM935, LEGISLATIVE JOURNAL PAGE 949.) [LB581]

SPEAKER HADLEY: SENATOR NORDQUIST, YOU'RE RECOGNIZED TO OPEN ON YOUR BILL. [LB581]

SENATOR NORDQUIST: THANK YOU, MR. PRESIDENT AND MEMBERS. GOOD MORNING. AS WE ENTER A NEW ERA OF AMERICAN ENERGY, ONE THAT PROMOTES AN ECONOMY FUELED BY HOMEGROWN AND ALTERNATIVE ENERGY SOURCES THAT ARE DESIGNED AND PRODUCED BY AMERICAN WORKERS, IT BECOMES EVIDENT THAT CNG AND PROPANE AND ETHANOL OFFER SIGNIFICANT ADVANTAGES OVER GASOLINE. CNG IS CONSIDERABLY CHEAPER, BURNS CLEANER, AND GOES A LONG WAY TOWARD OUR GOAL OF BECOMING AN ENERGY-INDEPENDENT NATION. THAT'S WHY EVERY YEAR THAT I'VE BEEN IN THE LEGISLATURE I'VE BEEN INTRODUCING LEGISLATION TO ADVANCE THE CAUSE OF ALTERNATIVE ENERGY LIKE CNG, LIKE PROPANE. LAST YEAR WE PASSED A SIGNIFICANT STEP TO PUT CNG ON AN EQUITABLE TAX FOOTING AS GASOLINE. SINCE 2008, OIL AND NATURAL GAS PRODUCTION IN THE UNITED STATES HAS INCREASED EACH YEAR, WHILE IMPORTS OF FOREIGN OIL HAVE DECREASED. IN 2011, U.S. NATURAL GAS PRODUCTION GREW TO ITS LARGEST YEAR-OVER-YEAR VOLUMETRIC INCREASE IN HISTORY. LB581 WILL CREATE A REBATE PROGRAM IN NEBRASKA STATE ENERGY OFFICE TO PROMOTE CONVERSION OF VEHICLES TO QUALIFY TO CLEAN-BURNING FUELS. UNDER THE BILL, A QUALIFIED CLEAN-BURNING FUEL INCLUDES: COMPRESSED NATURAL GAS, CNG; HYDROGEN FUEL CELL; LIQUEFIED NATURAL GAS; OR LIQUEFIED PETROLEUM GAS. SENATOR FRIESEN WILL BE BRINGING AN AMENDMENT THAT I

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CONSIDER A FRIENDLY AMENDMENT TO INCLUDE ETHANOL WITH A CONTENT OF...GASOLINE WITH GREATER THAN 15 PERCENT ETHANOL IN THE DEFINITION OF CLEAN-BURNING FUEL. UNDER THE BILL, THERE ARE TWO TIERS OF REBATES. THE FIRST IS FOR MOTOR VEHICLES WITH A MODEL YEAR OF 2012 OR LATER THAT ARE CONVERTED OR ORIGINALLY EQUIPPED FOR QUALIFIED CLEAN-BURNING FUEL. THESE VEHICLES WOULD BE ELIGIBLE FOR THE LESSER OF A 15 PERCENT...OR 50 PERCENT OF THE COST OR \$4,500 PER VEHICLE, SO A MAXIMUM OF \$4,500 PER VEHICLE. THE SECOND TIER IS FOR NEW PROPERTY THAT DIRECTLY RELATES TO THE COMPRESSION AND DELIVERY OF NATURAL GAS FROM A PRIVATE HOME OR RESIDENCE FOR NONCOMMERCIAL PURPOSES INTO A FUEL TANK OF A MOTOR VEHICLE PROPELLED BY NATURAL GAS. FOR THIS TYPE OF PROPERTY, A REBATE OF...IT'S 50 PERCENT OF THE COST OR \$2,500 IS AVAILABLE, SO FOR THE CONVERSION OF A VEHICLE, A MAX REBATE OF \$4,500 FOR PROPERTY; TO COMPRESS AND DISPENSE, A MAX OF \$2,500. INITIALLY, WE SOUGHT A ONE-TIME GENERAL FUND TRANSFER OF \$1 MILLION TO KICK-START THIS PROGRAM. IN SENATOR FRIESEN'S AMENDMENT, I INITIALLY...WE JUST INCLUDED IT IN HIS FOR SIMPLICITY PURPOSES, BUT WE WILL TAKE THAT DOWN TO \$500,000 TO KICK-START THE REBATE PROGRAM. AND AGAIN, IT'S ONE TIME AND THE LEGISLATURE CAN ASSESS AT THAT POINT WHETHER WE ARE ACHIEVING THE GOALS WITH THAT INVESTMENT. THERE ARE OVER 30 STATES THAT OFFER SOME FORM OF INCENTIVE FOR CNG CONVERSION. SO WHILE THIS WOULD BE A NEW PROGRAM IN NEBRASKA, SIMILAR PROGRAMS ARE OCCURRING ALL ACROSS THE COUNTRY. CNG IS A SIGNIFICANT COMPONENT OF AN ALL-OF-THE-ABOVE ENERGY STRATEGY, AND THAT CERTAINLY IS AN APPROACH THAT I'VE TAKEN TO ENERGY POLICY, THAT WE DO NEED AN ALL-OF-THE-ABOVE, DIVERSIFIED ENERGY PORTFOLIO. CNG, PROPANE, AND ETHANOL ARE ALL COMPONENTS OF THAT, AND LB581 WILL GO A LONG WAY TO HELP MOVE US FORWARD IN THAT...ON THAT GOAL. THANK YOU, MR. PRESIDENT. [LB581]

SPEAKER HADLEY: AS THE CLERK STATED, THERE ARE AMENDMENTS FROM THE NATURAL RESOURCES COMMITTEE. SENATOR SCHILZ, AS CHAIR OF THE COMMITTEE, YOU'RE RECOGNIZED TO OPEN ON THE AMENDMENTS. [LB581]

SENATOR SCHILZ: THANK YOU, MR. PRESIDENT. GOOD MORNING, BODY, AND WELCOME BACK FROM THE LONG MEMORIAL DAY WEEKEND. LB581, THE COMMITTEE AMENDMENT, AM935, MAKES SOME SIMPLE CLARIFICATIONS TO THE LANGUAGE. FIRST, IT CHANGES THE REFERENCE "CERTIFIED MECHANIC" TO "CERTIFIED INSTALLER," TO DESCRIBE THE PERSON QUALIFIED TO INSTALL QUALIFIED CLEAN-BURNING MOTOR VEHICLE FUEL EQUIPMENT. THIS IS THE

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PROPER TERM TO DESCRIBE THOSE INDIVIDUALS, ACCORDING TO THE NATURAL GAS INDUSTRY. SECOND, THE AMENDMENT REMOVES THE REQUIRED MODEL YEAR OF 2012 TO AVOID UNINTENTIONALLY ELIMINATING SOME QUALIFIED MOTOR VEHICLES AND, INSTEAD, REFERS TO VEHICLES REGISTERED UNDER THE MOTOR VEHICLE REGISTRATION ACT. THIRD, THE AMENDMENT ENSURES THAT THOSE WHO GET LOW-INTEREST LOANS THROUGH THE ENERGY OFFICE FOR QUALIFIED VEHICLES WOULD STILL BE ELIGIBLE FOR REBATES UNDER THIS BILL BY STRIKING THE WORD "INCENTIVES" FROM THE SECTION THAT PROHIBITS ONE FROM RECEIVING A REBATE UNDER THIS BILL IF ONE HAS RECEIVED OTHER REBATES OR INCENTIVES. IT IS NOT THE INTENTION OF THE BILL TO EXCLUDE THOSE WHO HAVE RECEIVED LOW-INTEREST LOANS, SO THE COMMITTEE REMOVED THE LANGUAGE THAT MAY HAVE EXCLUDED THOSE INDIVIDUALS. THERE WERE NO OPPONENTS TO THE BILL, AND THE COMMITTEE ADVANCED THE BILL AS AMENDED TO GENERAL FILE ON A 6-2 VOTE. AND I WOULD ASK FOR YOUR SUPPORT ON THE AMENDMENT AND THE UNDERLYING BILL. THANK YOU, MR. PRESIDENT. [LB581]

SPEAKER HADLEY: THANK YOU, SENATOR SCHILZ. SENATOR KINTNER, YOU'RE RECOGNIZED. [LB581]

SENATOR KINTNER: WELL, THANK YOU, MR. PRESIDENT. IF IT'S ALL RIGHT, I'D LIKE TO SEE IF SENATOR NORDQUIST WILL YIELD TO A QUESTION OR TWO. [LB581]

SPEAKER HADLEY: SENATOR NORDQUIST, WILL YOU YIELD? [LB581]

SENATOR NORDQUIST: YES. [LB581]

SENATOR KINTNER: I'M CERTAINLY A SUPPORTER OF CNG. I'M NOT A SUPPORTER OF SPENDING ANY MORE TAX DOLLARS THIS SESSION. BUT WHAT IS THE GOVERNMENT'S ROLE IN COMPRESSED NATURAL GAS? [LB581]

SENATOR NORDQUIST: IT IS WHAT WE SAY IT IS. THE FEDERAL GOVERNMENT... [LB581]

SENATOR KINTNER: WELL, LET ME REPHRASE THAT. IN ORDER TO MAKE...TO HELP CNG BECOME A RELIABLE FUEL, IS THERE A NEED...I GUESS, WITH YOUR BILL, YOU'RE SAYING IT IS. [LB581]

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SENATOR NORDQUIST: YEAH. [LB581]

SENATOR KINTNER: BUT IS THERE A NEED? AND WHY IS THERE A NEED FOR THE GOVERNMENT TO BE INVOLVED? WHY CAN'T IT HAPPEN ON ITS OWN? [LB581]

SENATOR NORDQUIST: I THINK IT'S KIND OF AN ISSUE OF...VERY MUCH A CHICKEN-AND-AN-EGG ISSUE HERE, AND IT'S BEEN SLOW IN COMING. I'VE BEEN WORKING ON THIS SINCE 2009, WHEN I FIRST GOT ELECTED, AND WE'VE LOOKED AT DIFFERENT APPROACHES. INITIALLY, WE LOOKED AT LET'S BUILD SOME...LET'S SET SOME GRANT MONEY UP FOR INFRASTRUCTURE. IT LOOKS LIKE THE PRIVATE SECTOR IS STARTING TO MOVE FORWARD THERE, BUT THAT'S SLOW BECAUSE THE DEMAND SIDE ISN'T THERE. SO IF WE HELP, LARGELY, MOST LIKELY, IT WILL BE FLEETS THAT WILL UTILIZE THIS. IF WE HELP MOVE THAT ALONG, THEN THE PRODUCTION SIDE OR THE INFRASTRUCTURE SIDE OF HAVING FILLING STATIONS WILL COME QUICKLY. IT'S NOT MUCH DIFFERENT THAN WHAT IT TOOK TO GET ETHANOL OFF THE GROUND. IT TOOK A SIGNIFICANT INVESTMENT BY GOVERNMENTS, BOTH NATIONALLY AND AT THE STATE LEVEL, TO GET OVER THAT HURDLE. AND NOW THAT IT'S OVER, THE SUPPORT ISN'T NEEDED ANYMORE, AND I THINK THAT'S THE ISSUE WITH CNG, THAT IT TAKES A LITTLE BIT OF A JUMP-START TO BUILD THAT DEMAND AND THEN THE INFRASTRUCTURE. IT LOOKS NOW, YOU KNOW, GROUPS LIKE CLEAN...I THINK IT'S CALLED CLEAN ENERGY, WHICH IS KIND OF T. BOONE PICKENS' GROUP THAT IS DEVELOPING STATIONS. THEY'RE, YOU KNOW, SLOWLY DEVELOPING STATIONS, BUT UNTIL WE GET A BOOST IN DEMAND TO KEEP MOVING THAT FORWARD, IT'S SLOWER THAN WE WOULD LIKE BECAUSE WE SEE THE REAL POSITIVES OF THIS. THE COSTS ARE LOWER. THIS HELPS THE BUSINESSES SEE THE...BECAUSE THEY TAKE A RISK. THEY ARE TAKING A RISK BY COMMITTING TO A FUEL THAT MAYBE WILL HAVE SOME VOLATILITY IN PRICE. THIS HELPS THEM GET THE RETURN ON THEIR INVESTMENT A LITTLE BIT QUICKER AND, BECAUSE OF THAT, MORE BUSINESSES WILL MAKE THE JUMP. SO IT'S KIND OF, IF WE DON'T MOVE, IT'S GOING TO MOVE REALLY SLOW WHEN, IF WE WANT TO MOVE MORE QUICKLY TO ENERGY INDEPENDENCE AS A COUNTRY, WE NEED TO DO A LITTLE JUMP-START ON IT. [LB581]

SENATOR KINTNER: WELL, I THINK WE ARE PRETTY MUCH ENERGY INDEPENDENT RIGHT NOW. WOULDN'T THE BEST THING FOR THIS, TO GET IT MOVING, WOULD BE HIGH GAS PRICES? IF THERE'S A SHORTAGE OR SOMETHING GOES WRONG, WOULDN'T HIGH GAS PRICES MOVE THIS ALONG A LOT QUICKER? [LB581]

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SENATOR NORDQUIST: I THINK, EVEN WITH HIGH GAS PRICES BACK WHEN WE WERE DOING SOME OF THE BILLS IN '09, '10, AND '11, IT MADE PEOPLE LOOK AT IT A LOT MORE. BUT WITHOUT KIND OF...WE WERE STILL IN THE STALEMATE OF, WELL, I CAN'T REALLY COMMIT TO IT BECAUSE THE INFRASTRUCTURE'S NOT THERE; THE INFRASTRUCTURE WON'T COME IN BECAUSE WE DON'T HAVE PEOPLE COMMITTING TO IT. SO WE'VE GOT TO TRY TO NUDGE IT FORWARD IN SOME WAY AND THIS, I THINK, IS IN A MODEST APPROACH IN NEBRASKA FOR US TO GET SOME MORE CONVERSION, GET SOME FLEETS ON BOARD. AND THEN THE INFRASTRUCTURE WILL START ROLLING SIMULTANEOUSLY. [LB581]

SENATOR KINTNER: WELL, ARE WE GOING TO BE ASKED TO DO THIS FOR HYDROGEN TOO? [LB581]

SENATOR NORDQUIST: THAT'S INCLUDED AS A DEFINITION. [LB581]

SPEAKER HADLEY: ONE MINUTE. [LB581]

SENATOR NORDQUIST: SO IN THE DEFINITION IN THE BILL FOR CLEAN-BURNING FUEL, IT APPLIES TO CNG, LIQUEFIED NATURAL GAS, HYDROGEN, AND PROPANE RIGHT NOW. AND THEN SENATOR FRIESEN'S AMENDMENT WILL ALLOW UP TO 35 PERCENT OF THE MONEY TO BE USED SIMILARLY FOR 15-PERCENT-PLUS E85 VEHICLES. [LB581]

SENATOR KINTNER: WILL THIS EVER BE USED BY CONSUMERS OR WILL IT ALWAYS BE FLEETS? [LB581]

SENATOR NORDQUIST: SO THE \$2,500 CREDIT AMOUNT WHERE YOU COULD BUY A HOME FILLING STATION, THAT I THINK WOULD BE...THAT IS SPECIFICALLY FOR NONCOMMERCIAL. SO IF YOU AS A CONSUMER WENT OUT AND BOUGHT A...I THINK HONDA STILL PRODUCES OFF-THE-LINE VEHICLES THAT DO OR YOU CAN CONVERT, YOU KNOW, A GM PRODUCT OR SOMETHING. IF YOU WERE TO BUY A CHEVY MALIBU AND GET IT CONVERTED AND YOU WANTED TO PUT IN A HOME FILLING UNIT, WHICH PROBABLY RUNS \$7,000-8,000,... [LB581]

SPEAKER HADLEY: TIME, SENATORS. [LB581]

SENATOR NORDQUIST: ...YOU COULD GET A \$2,500 CREDIT. [LB581]

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SENATOR KINTNER: THANK YOU, MR. PRESIDENT. [LB581]

SPEAKER HADLEY: THANK YOU, SENATOR NORDQUIST. THANK YOU, SENATOR KINTNER. SENATOR BLOOMFIELD, YOU'RE RECOGNIZED. [LB581]

SENATOR BLOOMFIELD: THANK YOU, MR. PRESIDENT. COLLEAGUES, WE'RE LOOKING AT PICKING WINNERS AND LOSERS AGAIN. I DON'T BELIEVE THE STATE NEEDS TO GET INVOLVED IN THIS. IT'S \$500,000. THAT'S BETTER THAN THE MILLION WE WERE TALKING ABOUT, BUT IT'S STILL \$500,000 THAT WE DON'T HAVE TO SPEND. PRIVATE ENTERPRISE IS GETTING THIS DONE. IT ISN'T HAPPENING AS RAPIDLY AS SOME PEOPLE WOULD LIKE TO SEE. WALMART WOULD LOVE TO SWITCH THEIR ENTIRE FLEET TO NATURAL GAS. THEY HAVE THE MONEY TO DO IT. WE DON'T NEED TO SUBSIDIZE THEM. SO TAKE A GOOD, CLOSE LOOK AT WHAT YOU'RE DOING HERE BEFORE WE SPEND ANOTHER \$500,000 WE DON'T HAVE TO SPEND. THANK YOU, MR. PRESIDENT. [LB581]

SPEAKER HADLEY: SENATOR GROENE, YOU'RE RECOGNIZED. [LB581]

SENATOR GROENE: THANK YOU, MR. PRESIDENT. I'M...I STAND AGAINST LB581 AND I'LL TELL YOU A PERSONAL EXPERIENCE I HAVE. IN MY BUSINESS, I TRAVEL PARTS OF KANSAS, NEBRASKA, AND COLORADO. I HAVE A GOOD FRIEND THAT RUNS A TRUCKING FLEET. HE'S A LARGE FARMER ALSO IN KANSAS. HE HAS A CONTRACT TO HAUL FOR THE ETHANOL PLANT. HE SPENT \$250,000, BOUGHT HIS OWN COMPRESSOR, CONVERTED HIS TRUCKS. THE TRUCKS ARE A LOT MORE EXPENSIVE. HIS FUEL COST IS NOW 58 CENTS A GALLON. HE DID THE CASH FLOW ON IT. HE SAYS HE'LL PAY OFF HIS COMPRESSOR AND THE ADDED COST TO HIS MOTORS WITHIN FOUR YEARS. FREE MARKET, AS SENATOR BLOOMFIELD SAID, WILL HANDLE THIS, AND IT IS HANDLING THIS. HE'S LUCKY ENOUGH THAT HIS ROUND TRIPS COME RIGHT BACK TO HIS PLACE BEFORE HE NEEDS TO FUEL AGAIN. BUT THE FREE MARKET WILL HANDLE THIS. AND \$500,000 VERSUS THE \$1 MILLION IS A COST WE DO NOT NEED. IT'S ANOTHER FEEL-GOOD, LET'S-SAVE-THE-PLANET BILL. FREE MARKET IS TAKING CARE OF THIS JUST LIKE IT DID WITH THE PROPANE CONVERSIONS OF YEARS AGO. THERE'S NOT A LOT DIFFERENCE. SO I WOULD ASK YOU NOT TO VOTE FOR THIS. MANY OF YOU HAVE RECENTLY SAID YOU'RE FISCAL CONSERVATIVES. LET'S PROVE IT. THIS BILL IS NOT NECESSARY. THE FEDERAL GOVERNMENT...SENATOR FRIESEN'S AMENDMENT WILL MAKE IT A LITTLE BIT BETTER, BUT EVEN ETHANOL IS WELL COVERED BY FEDERAL MANDATES ON HOW MUCH CLEAN-AIR FUELS MUST BE ADDED TO OUR REGULATIONS, OUR REGULAR FUEL. THIS THING WILL HAPPEN

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ON ITS OWN, AND IT IS HAPPENING ON ITS OWN. NATURAL GAS COMPRESSORS ARE BECOMING MORE EFFICIENT, LESS COSTLY, AND YOU CAN SEE FLEETS OF TRUCKS STARTING TO CHANGE ALREADY. THEY WILL DO IT. TO A...JUST MY FRIEND IN KANSAS, \$500,000 IS A DROP IN A BUCKET AT THE END OF THE DAY, WHAT IT COSTS HIM TO CHANGE HIS FLEET OVER. AND HE'S NOT A LARGE TRUCKER, BUT EVEN HE SAYS THAT HE CAN...IT WILL PAY ITSELF OFF IN THREE TO FOUR YEARS. FIFTY-EIGHT CENTS A GALLON, THAT'S WHAT HE'S PAYING AT THE END OF THE DAY FOR HIS FUEL, VERSUS \$3-SOMETHING FOR DIESEL FUEL. THIS BILL WOULD HAVE PROBABLY BEEN A GOOD IDEA TEN YEARS AGO. TODAY, IT'S DOLLARS...A DAY LATE AND A DOLLAR SHORT, AND IT'S FEEL GOOD. LET'S NOT START ANOTHER GOVERNMENT PROGRAM THAT'S GOING TO BE THERE DOWN THE ROAD AND THROWING MONEY AT IT. SO I WOULD APPRECIATE YOU FISCAL CONSERVATIVES OUT THERE TO STAND UP AND SAY NO. LET'S LEAVE \$500,000 IN THE GENERAL FUND AND LET'S GIVE SOME PROPERTY TAX RELIEF IN THE FUTURE. YOU CAN'T HAVE IT BOTH WAYS. YOU CAN'T KEEP VOTING FOR THESE PROGRAMS, WELFARE EXPANSION, AS WE DID FRIDAY IN ABOUT SIX OR SEVEN BILLS, AND THEN TURN AROUND AND WRITING A PAPER THAT YOU'RE A FISCAL CONSERVATIVE--CAN'T DO IT, AT LEAST I CAN'T. WE'VE GOT TO START SAYING NO TO THESE FRIVOLOUS BILLS. THANK YOU. [LB581]

SPEAKER HADLEY: THANK YOU, SENATOR GROENE. SENATOR KINTNER, YOU'RE RECOGNIZED. [LB581]

SENATOR KINTNER: I HAVE A TRUCKING COMPANY IN MY FIRM...IN A FIRM IN MY DISTRICT, A TRUCKING COMPANY FIRM SLASH...WHAT THE HECK, THEY'RE IN MY DISTRICT. SO THEY THOUGHT, WELL, JEEZ, YOU KNOW, WE'VE GOT THESE FEDERAL TAX CREDITS, WE WILL CONVERT SOME OF OUR FLEET--AND THEY'RE CARRYING LIQUID, SO THEY CARRY A LOT OF WEIGHT--TO CNG. SO THEY GO AHEAD AND THEY OUTFIT ALL THEIR TRUCKS AND THEY HAVE THEIR NEW FUEL TANKS ON IT AND EVERYTHING AND, LO AND BEHOLD, THEIR TRUCKS WEIGH TOO MUCH, THEY'RE OVER THE FEDERAL LIMITS, AND THEY CAN'T DRIVE ON THE ROADS. SO THEY HAVE TO TAKE THREE-QUARTERS OF A LOAD. THEY CAN'T TAKE A FULL LOAD. AND SO I LOOKED INTO IT AND, YOU KNOW, WE COULD TRY TO GET THE ADMINISTRATION TO GIVE THEM A WAIVER. BUT THE FEDERAL GOVERNMENT COULD COME AND JUST OVERRIDE THAT WAIVER, AND SO YOU CAN'T DO IT. SO IT'S NOT ALWAYS AS PRETTY AS IT LOOKS. AND, YEAH, YOU KNOW, I'M NOT JUST OPPOSED TO THIS, JUST GUT OPPOSITION. THIS IS SOMETHING I REALLY WANT TO LOOK AT. I REALLY WANT CNG, HYDROGEN, ANY KIND OF NATURAL GAS THAT WE CAN USE. WE HAVE AN ABUNDANCE OF THIS IN OUR COUNTRY. I'M ONE OF THESE ALL-OF-THE-ABOVE GUYS. I THINK WE

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SHOULD DO EVERY ENERGY OPTION WE HAVE, PUSH FORWARD ON ALL OF THEM, SEE WHICH ONES WORK FOR OUR COUNTRY, AND THEN GO--YOU KNOW, DON'T PUT ALL OF OUR EGGS IN ONE BASKET. SO I'M NOT NECESSARILY OPPOSED TO THIS. WHERE I GET A LITTLE BIT STUCK IS WE'VE ALREADY SPENT A LOT OF MONEY. IN MY OPINION, WE'VE SPENT A SMALL BOATLOAD OF MONEY. AT SOME POINT, WE'VE JUST GOT TO SAY, OKAY, NO MORE MONEY THIS YEAR, IT'S TIME TO PUT THAT ON THE TOP OF THE LIST FOR NEXT YEAR. NOW I'M TORN. WE'VE GOT TO RENEW SOME OF THESE PROGRAMS THAT WE HAVE TO HELP PEOPLE. THEN I'M TOLD, WELL, WE NEED TO EXPAND SOME OF THE PROGRAMS THAT WE HAVE TO HELP PEOPLE. WE'RE HELPING SO MANY PEOPLE, WE NEED TO HELP MORE--MAYBE, MAYBE NOT. OH, AND WE NEED NEW PROGRAMS TO HELP PEOPLE. NOW WE NEED THIS, I MEAN, AND IT GOES DOWN THE LINE THAT I THINK THAT OUR...YOU KNOW, MY MOM USED TO ALWAYS TELL ME WHEN I WAS A KID...I'D WANT THE BIG, MONSTER CHOCOLATE MALT WHEN I WAS, LIKE, SIX YEARS OLD. AND MY MOM SAID, BILL, YOUR EYES ARE BIGGER THAN YOUR STOMACH. EVENTUALLY, MY STOMACH GREW TO MATCH MY EYES, BUT SHE WAS RIGHT. AND OUR APPETITE FOR SPENDING IS GREATER THAN THE TAXPAYERS' ABILITY TO FUND IT. AND AT SOME POINT, WE'VE JUST GOT TO SAY, HEY, STOP THE SPENDING. AND THIS BODY HASN'T PROVEN THAT IT CAN DO THAT TO ANY GREAT EXTENT, NOT YET THIS YEAR. THIS BODY SAYS NO TO VERY LITTLE. IF IT MAKES IT TO THE FLOOR, WE GENERALLY WILL SPEND THE MONEY, AND I JUST HAVE A PROBLEM WITH ANY ADDITIONAL SPENDING. I THINK I'D BE WILLING TO CONSIDER THIS AT A LATER TIME. AND, YOU KNOW, I HAVEN'T LOOKED INTO WHAT SENATOR GROENE SAID. MAYBE IT'S TOO LATE. MAYBE WE SHOULD HAVE DONE THIS YEARS AGO. I DON'T KNOW. MAYBE THE MARKET WILL TAKE CARE OF IT. I REALLY...TO BE HONEST WITH YOU, I'VE BEEN FOCUSED ON A LOT OF OTHER BAD BILLS THAT WE HAVE, AND I'M NOT SURE THIS IS NECESSARILY A BAD BILL. IT'S JUST ONE THAT I THINK WE'VE SPENT ENOUGH MONEY. IT'S TIME TO SAY STOP. AND I DIDN'T COME DOWN HERE TO TAKE PEOPLE'S MONEY AND FIX EVERY PROBLEM WE HAVE. AND THIS IS NOT A MAJOR PROBLEM WE'RE FIXING. WE'RE JUST TRYING TO JUMP-START SOMETHING.
[LB581]

SPEAKER HADLEY: ONE MINUTE. [LB581]

SENATOR KINTNER: AND I UNDERSTAND THAT. I KNOW THIS IS THE BEST OF INTENTIONS. MAYBE IT'S THE...ALMOST THE WORST OF TIMES BUT IT'S THE BEST OF INTENTIONS. AND I WOULD BE WILLING TO LOOK AT THIS AT A LATER TIME IF IT MADE IT TO THE TOP OF THE LIST. BUT IF WE DON'T WATCH IT, WE'RE, YOU KNOW, WE'RE GOING TO COME IN A LOT CLOSER TO 4 PERCENT SPENDING THAN

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3 PERCENT. AND AFTER THE ADVERTISED 3.1 PERCENT, I'M NOT REAL COMFORTABLE HAVING TO GO BACK AND TELL PEOPLE, WELL, NO, IT WASN'T 3.1, IT'S 3.6. I'M...I DON'T WANT TO HAVE TO TELL THEM THAT. I'D RATHER TELL THEM THAT WE HAD THE DISCIPLINE AND THE...TO NOT SPEND MONEY AND THE RESPECT FOR THE PEOPLE'S HARD-EARNED MONEY. AND SO I'D LIKE TO LOOK AT THIS IN THE FUTURE, MAYBE, BUT NOT RIGHT NOW. AND I APPRECIATE SENATOR NORDQUIST AND HIS... [LB581]

SPEAKER HADLEY: TIME, SENATOR. [LB581]

SENATOR KINTNER: ...EFFORTS HERE. THANK YOU, MR. PRESIDENT. [LB581]

SPEAKER HADLEY: THANK YOU, SENATOR KINTNER. SENATOR McCOLLISTER, YOU'RE RECOGNIZED. [LB581]

SENATOR McCOLLISTER: THANK YOU, MR. SPEAKER. AND A CHEERY GOOD MORNING, COLLEAGUES. I OPPOSE LB581 BUT SUPPORT AM935. I WAS ONE OF TWO NEGATIVE VOTES IN THE NATURAL RESOURCES COMMITTEE. AND I'M ACTUALLY FAIRLY FAMILIAR WITH THE FUEL CONVERSION PROCESS. AS A DIRECTOR AT MUD, WE HAD A GREAT MANY OF OUR TRUCKS THAT RAN ON LNG AND ENCOURAGED A NUMBER OF OUR CUSTOMERS, PARTICULARLY OUR FLEET CUSTOMERS, TO CONVERT THEIR VEHICLES AS WELL. ONE OF THE FLEETS IN OMAHA THAT DID A GREAT DEAL OF CONVERSION WAS THE TAXICAB FLEETS, AND EVEN THERE YOU'RE LOOKING AT OVER \$7,500 WORTH OF CONVERSION FEES. AND IT DOES, IN FACT, LIMIT THE TRUNK SPACE AVAILABLE FOR BAGGAGE AND EVERYTHING ELSE SINCE THE FUEL TANKS ARE SO BIG AND HEAVY. SO IT'S NOT CLEARLY A GREAT DEAL, EVEN FOR SOME OF THE LARGE FLEETS IN OMAHA. I'D LIKE TO ASK SENATOR NORDQUIST A QUESTION IF HE'S WILLING. [LB581]

SPEAKER HADLEY: SENATOR NORDQUIST, WILL YOU YIELD? [LB581]

SENATOR NORDQUIST: YES. [LB581]

SENATOR McCOLLISTER: THANK YOU, SENATOR. WHAT IS THE CURRENT FISCAL IMPACT OF THIS BILL? [LB581]

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SENATOR NORDQUIST: IF WE PASS THE A BILL, AS IT WAS INTRODUCED, WOULD BE A \$1 MILLION, ONE-TIME GRANT FUND TO THE ENERGY OFFICE. I'VE INTRODUCED AN AMENDMENT TO THE A BILL, AND IN THE STATUTORY LANGUAGE SENATOR FRIESEN'S AMENDMENT WOULD BRING THE AMOUNT DOWN TO \$500,000, ONE TIME, TO IMPLEMENT. [LB581]

SENATOR McCOLLISTER: THANK YOU, SENATOR. I GUESS WHERE I COME DOWN ON THIS, THIS PARTICULAR BILL, IS IT'S A GOVERNMENT-ORDAINED PROGRAM. IT COSTS THE STATE \$500,000. AND FOR MY MONEY, I'M WILLING TO LET CONSUMERS DECIDE WHETHER TO MAKE A CONSUMER...WHETHER TO MAKE A FUEL SWITCH AND LET THEM BEAR THEIR COST INSTEAD OF THE STATE OF NEBRASKA. THANK YOU, MR. PRESIDENT. [LB581]

SPEAKER HADLEY: THANK YOU, SENATOR McCOLLISTER. SENATOR BLOOMFIELD, YOU'RE RECOGNIZED. [LB581]

SENATOR BLOOMFIELD: THANK YOU, AGAIN, MR. PRESIDENT. I WONDER IF SENATOR NORDQUIST WOULD YIELD TO A QUESTION. [LB581]

SPEAKER HADLEY: SENATOR NORDQUIST, WILL YOU YIELD? [LB581]

SENATOR NORDQUIST: YES. [LB581]

SENATOR BLOOMFIELD: THANK YOU, SENATOR. A COUPLE WEEKS AGO, WE HAD QUITE A DISCUSSION AND A VETO OF A GAS TAX INCREASE. HOW WOULD THIS FUEL BE TAXED, AND HOW WOULD IT AFFECT OUR GAS TAX OVERALL? [LB581]

SENATOR NORDQUIST: RIGHT. SO THIS IS AN ISSUE I'VE WORKED ON QUITE A BIT THE LAST FEW YEARS. IT IS A SPECIFIC BTU EQUIVALENT IN OUR STATUTE, SO A GALLON EQUIVALENT, ENERGY EQUIVALENT OF EITHER COMPRESSED NATURAL GAS OR LIQUEFIED NATURAL GAS. COMPRESSED NATURAL GAS TYPICALLY REPLACES GASOLINE, SO IT'S AN EXACT EQUIVALENT TO HOW MUCH ENERGY COMES OUT OF A GALLON OF GASOLINE VERSUS AN ENERGY OF COMPRESSED NATURAL GAS. IT'S TAXED THE SAME, AND THEN THE SAME GOES FOR LNG COMPARED TO DIESEL. SO IT'S TAXED ON AN ENERGY...BTU ENERGY EQUIVALENT, AND THAT'S SET UP IN OUR STATUTE. [LB581]

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SENATOR BLOOMFIELD: OKAY, AND WE'RE ALSO INCENTIVIZING PEOPLE TO PUT A PUMP AND A TANK IN THEIR BACKYARD. HOW DO YOU COLLECT THE GAS TAX ON THAT WHEN IT'S OFFICIALLY SOLD TO THEM AS HOUSE FUEL? [LB581]

SENATOR NORDQUIST: YEAH, SO IT'S...SO MY UNDERSTANDING IS THERE ARE TRACKERS ON THAT, AND THEN THE UTILITY GETS EITHER...TRACKS THAT SOMEHOW. I DON'T KNOW IF IT'S ELECTRONICALLY OR IF THE UTILITY GOES OUT AND MONITORS THAT. RIGHT NOW, THERE AREN'T A HUGE NUMBER OF THEM, SO IT MAY BE A MANUAL PROCESS OF CHECKING THAT. AND THEY HAVE TO PAY...THEY HAVE TO REMIT THE TAX THEN. [LB581]

SENATOR BLOOMFIELD: OKAY, THANK YOU, SENATOR. COLLEAGUES, IT SOUNDS TO ME THAT IT WOULD BE A LOT LIKE COLLECTING TAX ON INTERNET SALES AS WE DO NOW. WE'RE SUPPOSED TO REPORT IF WE SELL SOMETHING; OR IF WE BUY SOMETHING OUT OF STATE, WE'RE SUPPOSED TO REPORT THAT AND PAY THE SALES TAX ON IT. I DON'T KNOW HOW MANY PEOPLE DO IT. I THINK WE'D HAVE THE SAME ISSUE HERE. AGAIN, I CANNOT SUPPORT THIS BILL AND WILL BE VOTING NO ON IT. BUT I WOULD YIELD THE REMAINDER OF MY TIME TO SENATOR NORDQUIST IF HE'D LIKE IT. [LB581]

SPEAKER HADLEY: SENATOR NORDQUIST, YOU'RE YIELDED 2:33. [LB581]

SENATOR NORDQUIST: THANK YOU, MR. PRESIDENT AND MEMBERS. YOU KNOW, THIS BILL SERVES A PUBLIC POLICY PURPOSE. IT HELPS ADVANCE OUR CAUSE OF BECOMING MORE ENERGY INDEPENDENT, TAKING AN ALL-OF-THE-ABOVE APPROACH. WE KNOW THAT WE HAVE TO DIVERSIFY OUR ENERGY PORTFOLIO FOR TRANSPORTATION PURPOSES, AND THIS IS AN AVENUE TO DO THAT. JUST ONE THING THAT WAS SAID, SENATOR GROENE MENTIONED HIS FRIEND IN KANSAS GETS NATURAL GAS FOR 58 CENTS A GALLON. I JUST CHECKED WITH THE NEBRASKA SUPPLIERS. I DON'T KNOW IF THERE'S THAT...WHAT THE REASON IS, BUT IN NEBRASKA IT'S \$1.95-2.00 A GALLON IS WHAT MUD AND BLACK HILLS TELL ME IT WOULD COST FOR A GALLON EQUIVALENT. SO THE DIFFERENTIAL ISN'T THAT GREAT AND THE PAYBACK TIME IS...CAN BE, YOU KNOW, AS MUCH AS TEN YEARS. AND THAT'S WHY BUSINESSES ARE HESITANT, BECAUSE OF THE POTENTIAL VOLATILITY IN THOSE PRICES VERSUS GASOLINE. YOU'RE TAKING A PRETTY BIG RISK. BUT THIS IS AN OPPORTUNITY FOR US TO HELP MOVE THIS ALONG AND MAKE IT MORE AVAILABLE BECAUSE ONCE THE INFRASTRUCTURE IS IN PLACE, THEN...AND IT TAKES FLEETS TO MAKE THE CONVERSION TO GET THE INFRASTRUCTURE IN PLACE. ONCE THAT'S IN PLACE, THEN THE POTENTIAL

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IS THERE FOR CONSUMERS TO BE ABLE TO FILL UP AT A NETWORK OF PUMPS, WHICH RIGHT NOW THOSE JUST ARE NOT IN PLACE. THANK YOU. [LB581]

SPEAKER HADLEY: SENATOR SCHUMACHER, YOU ARE RECOGNIZED. [LB581]

SENATOR SCHUMACHER: THANK YOU, MR. SPEAKER, MEMBERS OF THE BODY. WOULD SENATOR NORDQUIST YIELD TO A COUPLE QUESTIONS? [LB581]

SPEAKER HADLEY: SENATOR NORDQUIST, WILL YOU YIELD? [LB581]

SENATOR NORDQUIST: YES. [LB581]

SENATOR SCHUMACHER: SENATOR NORDQUIST, WE...UNDER THE AMENDED...PROPOSED AMENDED VERSION, WE START OUT WITH \$500,000. AND THEN THE ETHANOL INDUSTRY FOR THE BLENDER PUMPS CAN DIP INTO THAT 35 PERCENT OR \$175,000, LEAVING US WITH \$325,000 FOR...IS THAT FOR CONVERSIONS OF VEHICLES OR FOR THE PUMPS AND STORAGE THINGS? [LB581]

SENATOR NORDQUIST: SO THERE'S NO SPECIFIC...THERE'S BOTH THOSE OPTIONS. THE PUMP IS \$2,500, UP TO \$2,500, AND CONVERSIONS UP TO \$4,500. [LB581]

SENATOR SCHUMACHER: OKAY, SO LET'S JUST PRETEND FOR LOOKING AT THIS THEY WERE ALL DONE ON...FOR CONVERSIONS AND YOU GET \$4,500. SO WE HAVE \$325,000 DIVIDED BY \$4,500. WE GET ABOUT 72 VEHICLES CONVERTED. WOULD THAT BE FAIRLY ACCURATE, SOMEWHERE AROUND 75 VEHICLES? [LB581]

SENATOR NORDQUIST: ASSUMING THAT THE ETHANOL PROVISION WERE TO TAKE ALL OF IT AND ASSUMING THAT ALL OF IT IS FOR CONVERSION, THAT WOULD BE, PROBABLY ACCURATE MATH, YEAH. [LB581]

SENATOR SCHUMACHER: OKAY. IS IT A GOOD GUESSTIMATE THAT 72 ADDITIONAL VEHICLES ON THE ROAD ARE GOING TO MAKE A HILL OF BEANS' DIFFERENCE IN DECISIONS TO...HOW YOU'RE GOING OUTFIT YOUR TRUCKS AND HOW YOU'RE GOING TO OUTFIT YOUR FILLING STATIONS AND HOW YOU'RE GOING TO MARKET THIS THING? THAT DOESN'T SEEM LIKE VERY MANY VEHICLES. [LB581]

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SENATOR NORDQUIST: RIGHT. WELL, I THINK IT DEPENDS ON THE DENSITY OF THOSE VEHICLES. AND YOU KNOW, I DON'T KNOW THAT THERE ARE THAT MANY MORE THAN THAT ON THE ROAD RIGHT NOW AND WE HAVE A NUMBER OF FILLING STATIONS; SO DOUBLING THAT AMOUNT, OUTSIDE OF OMAHA'S BUS FLEET BEING...OPS HAS THE LARGEST ALL-PROPANE BUS FLEET THAT THEY CONTRACT OUT FOR, BUT THE LARGEST ALL-PROPANE BUS FLEET IN THE ENTIRE WORLD IS AT OPS. OUTSIDE OF THAT, YOU KNOW, FOR CNG VEHICLES, I DON'T KNOW THAT THERE ARE THAT MANY ON THE ROAD NOW, SO PUTTING THOSE ON THE ROAD CERTAINLY WOULD HELP. AND IF YOU GET ONE FLEET OF, YOU KNOW, 10 OR 15 VEHICLES CONVERTED IN A DENSE AREA THAT'S GOING TO USE THE SAME FILLING STATION OVER AND OVER AGAIN, THEN IT PROBABLY MAKES THE INSTALLATION OF THAT FILLING UNIT MORE FINANCIALLY.. [LB581]

SENATOR SCHUMACHER: WOULD THIS INCLUDE PROPANE GAS? [LB581]

SENATOR NORDQUIST: PROPANE IS INCLUDED AS AN OPTION. [LB581]

SENATOR SCHUMACHER: OKAY. SO GETTING BACK TO SENATOR BLOOMFIELD'S POINT, YOU HAVE A FARMER WITH A 500-GALLON PROPANE TANK, 1,000-GALLON PROPANE TANK THAT THEY USE TO HEAT THEIR HOUSE AND THE BARN AND WHATEVER ELSE OUT THERE. AND THEY'VE GOT THIS NOZZLE ON IT AND THE NOZZLE CAN CONNECT TO A PROPANE TRACTOR OR A PROPANE VEHICLE. HOW IS THAT MONITORED FOR GAS TAX? I MEAN, WHO KNOWS AND WHO SQUEALS AS TO HOW MUCH, IF AT ALL, THAT VALVE FOR THE...ON THE HOSES IS SELLING? [LB581]

SENATOR NORDQUIST: YEAH. I WOULD...I'D HAVE TO CHECK ON PROPANE. I'VE BEEN MORE ENGAGED THROUGH THE LAST COUPLE YEARS ON TAXATION OF NATURAL GAS FOR TRANSPORTATION. I'M SURE IT'S...ON SOME...THAT ONE MAY HAVE TO BE AN ON-YOUR-HONOR SYSTEM, BUT I WILL DOUBLE CHECK WITH THE SUPPLIERS OF PROPANE IF THAT'S THE CASE. [LB581]

SENATOR SCHUMACHER: THANK YOU, SENATOR NORDQUIST. I GUESS ONE OF THE THINGS THAT BOTHERS ME ABOUT SOME OF THE LEGISLATION WE'VE PASSED THIS YEAR IS IT IS...MIGHT BE A GOOD IDEA, BUT WE THROW WHAT AMOUNTS TO A TOKEN AMOUNT AT IT. AND DOES THAT TOKEN AMOUNT DO VERY MUCH GOOD? IT SEEMS TO ME THAT \$325,000 ISN'T GOING TO CHANGE THE NATURE OF OUR FUEL FOR OUR VEHICLES AT ALL. [LB581]

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SPEAKER HADLEY: ONE MINUTE, SENATOR. [LB581]

SENATOR SCHUMACHER: WAS THAT TIME, MR. SPEAKER? ONE MINUTE? OKAY. AND SO WE'VE DONE A NUMBER OF THESE THINGS, THESE PROGRAMS IN WHICH WE COME IN WITH A LITTLE HIGHER FISCAL NOTE. WE SAY, SHUCKS, WE CAN'T AFFORD THAT. WE CUT IT BACK AND WE'VE GOT SOMETHING RUNNING ON HALF POWER OR HALF ENTHUSIASM, WHICH MAY BE NOT EFFECTIVE AT ALL, AND WE REALLY HAVE NO WAY OF JUDGING WHETHER OR NOT CUTTING THE FUNDING IN HALF REDUCES THE EFFECTIVENESS BY 90 PERCENT. I GUESS THAT'S A QUESTION THAT PROBABLY WILL GO UNANSWERED. THANK YOU. [LB581]

SPEAKER HADLEY: THANK YOU, SENATOR SCHUMACHER. SENATOR BRASCH, YOU'RE RECOGNIZED. [LB581]

SENATOR BRASCH: THANK YOU, MR. SPEAKER. AND GOOD MORNING, COLLEAGUES. AS I'VE BEEN CONSIDERING WHICH DIRECTION TO VOTE ON THE BILL AND THE AMENDMENT HERE, SOME OF MY GOOD COLLEAGUES HAVE GIVEN ME SOME THINGS TO THINK ABOUT. WHENEVER WE SAY ON THE FLOOR THAT WE'RE TOO LATE, I ALSO THINK OF, IS IT BETTER TO BE LATE THAN NEVER? THAT'S SOMETHING ALSO TO CONSIDER. AND THEN WHEN WE TALK ABOUT INCENTIVES, I LOOK AT THE LIST OF PROPONENTS ON THIS BILL. I SAW THERE WERE NONE. AND LOOKING AT THAT LIST, I'M THINKING, I THINK THOSE ORGANIZATIONS ARE ALSO TAXPAYERS. THEY PAY DEARLY INTO THE SYSTEM OF TAXING. AND IF THEY ARE LOOKING AT THE OPTION OF CHANGING THEIR FLEETS TO BE MORE FUEL EFFICIENT, THAT'S SOMETHING WE SHOULD CONSIDER. HOWEVER, BACK TO SENATOR BLOOMFIELD'S QUESTIONS ABOUT THE GAS TAX THAT WE JUST IMPOSED HERE. I'M THINKING ABOUT THE STATE OF OREGON, BECAUSE HOW ARE WE GOING BE FAIR IN TAXING THE USE OF OUR ROADS? AND OREGON HAS NOW PREPARED A PROGRAM TO SWAP MILEAGE TAX FOR GAS TAX. AND IN THE ARTICLE THAT I PULLED UP THIS MORNING, IT SAYS THAT STATE OFFICIALS SAY IT'S ONLY FAIR FOR OWNERS OF GREEN VEHICLES TO BE CHARGED FOR MAINTAINING THE ROADS, JUST AS THE OWNERS OF GASOLINE VEHICLES DO. OTHER STATES ARE ALSO LOOKING AT PAY-PER-MILE AS AN ALTERNATIVE TO THE DWINDLING FUEL TAX REVENUES. SO AS WE PREPARE TO MAKE OUR VEHICLES FOR TRANSPORTATION OR FOR COMMERCIAL TRANSPORTATION, PERHAPS, AS OREGON AND OTHER STATES ARE CONSIDERING THAT THOSE WHO USE THE ROADS MAY HAVE AS MANY MILES OR MORE MILES BUT BE PAYING LESS TAXES FOR THEM--AGAIN, I BELIEVE THAT WE DO NEED TO DIVERSIFY OUR ENERGY RESOURCES--THAT WE LOOK AT THOSE WHO HAVE INVESTED DEARLY INTO OUR TAX SYSTEM, ALSO HAVE INCENTIVES THAT MAKE

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THEIR BUSINESSES GROW AS WELL. AND, COLLEAGUES, AGAIN, AS I LOOK AT THESE BILLS, I WILL CONSIDER MY VOTE VERY CAUTIOUSLY HERE. THANK YOU, MR. PRESIDENT. THANK YOU, COLLEAGUES. [LB581]

SPEAKER HADLEY: THANK YOU, SENATOR BRASCH. SENATOR McCOLLISTER, YOU'RE RECOGNIZED. [LB581]

SENATOR McCOLLISTER: THANK YOU, MR. SPEAKER, COLLEAGUES. I HADN'T QUITE REALIZED THAT THE NUMBER OF CONVERSIONS WOULD PROBABLY PEAK OUT AT ONLY 75, SO THIS IS VERY LIMITED AMOUNT OF MONEY FOR THE DOLLAR, NOT MUCH BANG FOR THE BUCK. OF COURSE, ONE OF THE BIG PROBLEMS WITH COMPRESSED NATURAL GAS, PROPANE, AND SOME OF THESE OTHER FUELS IS THAT THERE ARE JUST SO FEW FUELING STATIONS. AND UNTIL YOU HAVE MORE OPPORTUNITY TO FILL UP A VEHICLE AT A GREATER NUMBER OF STATIONS, I DOUBT THAT THIS WILL REALLY HAVE MUCH EFFECT. I REALLY WONDER IF THE STATE OF NEBRASKA IS THE PROPER BODY TO OFFER THESE DISCOUNTS AND BUILD THE STATIONS. YOU KNOW, PERHAPS WE'RE NOT GOING TO BUILD ANY STATIONS WITH STATE FUNDS, BUT WHAT... WE'RE GOING TO GIVE THE CREDITS. I THINK THOSE CREDITS SHOULD PROBABLY COME FROM THE NATURAL GAS SUPPLIERS. THEY HAVE THE MOST TO GAIN. SO LET'S KEEP THE STATE OF NEBRASKA AWAY FROM OFFERING THESE CREDITS AND LET THE MARKET DECIDE WHETHER NATURAL GAS AND PROPANE FUEL CONVERSIONS ARE WORTHWHILE. THANK YOU, MR. PRESIDENT. [LB581]

SPEAKER HADLEY: THANK YOU, SENATOR McCOLLISTER. SENATOR GROENE, YOU'RE RECOGNIZED. [LB581]

SENATOR GROENE: THANK YOU, MR. PRESIDENT. TO CLARIFY MY COMMENT ON 58 CENTS, I WENT ON A FEW WEB SITES. IT'S APPARENTLY...IT'S SAYS FROM \$2.07 A GALLON DOWN TO AS LOW AS 60 CENTS. MY FRIEND IS TIED INTO HIS...HE HAS HIS OWN COMPRESSOR. HE'S TIED INTO A NATURAL GAS LINE. HIS COST IS 58 CENTS, HE FIGURED, WITH DEPRECIATION ON THE PUMP, OVER TIME. I LOOKED AT THE WHOLESALE COST OF THE NATURAL GAS AND IT'S ANYWHERE FROM 50 CENTS TO 75 (CENTS) OR SO. SENATOR NORDQUIST, I'M ASSUMING, IS QUOTING RETAIL PRICES AT THE STATIONS THAT ARE OUT THERE IN NEBRASKA AND HE'S CORRECT ON THAT. LARGE ENTITIES ARE GOING TO COMPRESS THEIR OWN GAS, TRUCKING LINES. AND GUESS WHO PROBABLY IS GOING TO BE THE ONE FIRST IN LINE FOR THE 72 UNITS THAT'S AVAILABLE? WHO PICKS THE WINNERS AND LOSERS OF THESE 72 UNITS THAT ARE CONVERTED? AS FAR AS PROPANE, I WAS

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21 YEARS OLD, IN MANAGEMENT TRAINING. ONE OF MY JOBS WAS TO RUN OUTSIDE AND LEARN HOW TO FILL A PICKUP WITH A PROPANE TANK IN THE BACK, BACK IN THE LAST ENERGY CRISIS, THE PEOPLE WHO HAD CONVERTED TRUCKS. AND IT WAS...YOU COULD DO IT IN YOUR SHOP, CONVERT THE CARBURETOR ON YOUR MOTOR TO PROPANE. SO I'M CONCERNED WHY THAT IS INVOLVED IN THIS BILL. I HEARD PROPANE WAS ALSO PART OF THIS. THAT'S BEEN GOING ON FOR 40-50 YEARS. THE TECHNOLOGY IS THERE. AND YOU STILL SEE SOME ONCE IN AWHILE WITH A PROPANE TANK IN THE BACK OF THEIR PICKUP. NO, THE COST, LIKE I SAID, HUGE TRUCKING COMPANIES, LARGE UNITS WILL PUT THEIR OWN COMPRESSOR IN, BECAUSE THE NATURAL GAS LINES ARE THERE, AND THEY WILL TIE INTO THAT AND THEY WILL DO IT THEMSELVES. SO THE COST CAN BE AS LOW AS 58-60 CENTS. THAT'S WHOLESALE COST--PRETTY GOOD MARKUP ON THAT. I WOULD...FROM 60 CENTS TO \$2, I WOULD ASSUME THAT FREE-MARKET PRINCIPLES WOULD PLAY IN HERE AND THERE WOULD BE MORE OF THOSE FUEL STATIONS POP UP WITH THAT KIND OF MARGIN ON A GALLON. SO...AND, YES, THIS IS TOO LATE. YOU CAN BE LATE ON ANY INVESTMENT, AND GOVERNMENT SEEMS TO DO THAT. THERE'S NO REASON. THE SEED HAS BEEN PLANTED. THE CLEAN AIR LAWS, FEDERAL, ARE OUT THERE. THIS IS UNNECESSARY. THIS IS \$500,000 THAT COULD GO INTO PROPERTY TAX RELIEF NEXT YEAR OR DOWN THE ROAD. TO ME, IT'S FEEL GOOD. BUT, YES, I CAN DOCUMENT 58-60 CENTS IF ANYBODY WANTS TO TALK TO ME OFF OF THE MIKE, \$250,000 TO PUT YOUR OWN COMPRESSOR IN. THAT'S A GOOD ONE, FILL YOUR OWN TANK, AND YOU WILL SEE IT HAPPEN. IT'S PROBABLY...I WOULD GUESS IT'S...THERE ARE...SOMEWHERE IN NEBRASKA, THERE'S A FEW PEOPLE DOING THAT ALREADY. I'M NOT SURE, BUT IT'S HAPPENING IN KANSAS AND COLORADO AND PUT OUT THE INCENTIVES. THERE PROBABLY IS AN INCENTIVE DOWN THERE, DON'T QUOTE ME, BUT I KNOW MY FRIEND DID NOT TAKE ONE. SO THE FACTS ARE THERE. IF YOU WANT TO GIVE SOMEBODY A BREAK ON THEIR TAXES FOR THEIR INVESTMENT, THAT'S FINE. BUT THESE TAX CREDITS, FOLKS, ARE OUR TAXES. THERE'S A BIG DIFFERENCE BETWEEN A TAX REBATE ON YOUR OWN TAXES AND A TAX CREDIT. WE ARE DIPPING INTO EVERYBODY ELSE'S TAXES AND GIVING IT TO SOMEBODY ELSE TO ALTER THEIR BEHAVIOR. SOUNDS LIKE WELFARE TO ME. YOU WANT TO AMEND THIS BILL AND SAY THAT WE'LL GIVE THEM A TAX BREAK ON THEIR FUEL...STATE FUEL TAXES FOR TEN YEARS, FINE, LET'S DO IT. [LB581]

SPEAKER HADLEY: ONE MINUTE. [LB581]

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SENATOR GROENE: BUT TAX CREDITS ARE A WHOLE DIFFERENT ANIMAL. THERE'S ABSOLUTELY NO DIRECT RETURN TO THE TAXPAYERS OF THE STATE. IT'S ONLY USED TO CHANGE BEHAVIOR. SO THANK YOU FOR YOUR TIME. [LB581]

SPEAKER HADLEY: THANK YOU, SENATOR GROENE. SENATOR NORDQUIST, YOU'RE RECOGNIZED. [LB581]

SENATOR NORDQUIST: THANK YOU, MR. PRESIDENT AND MEMBERS. JUST TO CLARIFY, THIS IS A GRANT PROGRAM RUN BY THE ENERGY OFFICE, THE STATE ENERGY OFFICE. SO IT ISN'T NECESSARILY A TAX CREDIT BUT, RATHER, THEY GET A \$500,000 APPROPRIATION. AND THE ENERGY OFFICE WILL BE THE ONES DETERMINING WHO...THE PROCESS FOR HOW THAT \$500,000 IS DISTRIBUTED THROUGH GRANTS AFTER THE CONVERSIONS ARE DONE. THANK YOU. [LB581]

SPEAKER HADLEY: SEEING NO ONE IN THE QUEUE, SENATOR SCHILZ, YOU'RE RECOGNIZED TO CLOSE ON THE COMMITTEE AMENDMENT. [LB581]

SENATOR SCHILZ: THANK YOU, MR. PRESIDENT, MEMBERS OF THE BODY. YOU KNOW, THROUGHOUT HISTORY, THROUGHOUT THE STATE'S HISTORY, WE HAVE LOOKED AT THESE TYPES OF PROGRAMS, WHETHER IT'S FOR ETHANOL, WHETHER IT'S FOR NATURAL GAS CONVERSIONS, OR ANYTHING LIKE THAT. AND, YOU KNOW, WHEN WE TALK ABOUT THIS STUFF...AND I UNDERSTAND WHAT FOLKS ARE SAYING ABOUT YOU DON'T WANT TO JUST GIVE STUFF AWAY. BUT NEBRASKA IS IN THE CENTER OF THE UNITED STATES LOGISTICALLY. AND WHAT THAT DOES FOR US IS THAT GIVES US OPPORTUNITIES WITH LOGISTICS COMPANIES. AND THOSE COMPANIES, IF THEY SEE ADVANTAGES HERE AND THEY SEE THE OPPORTUNITIES TO BE ABLE TO USE THE NATURAL GAS ALTERNATIVES AND FIND THE PLACES TO FILL UP AND HAVE THOSE AROUND, I BELIEVE THAT WE'LL HAVE MORE LOGISTICS COMPANIES, TRUCKING COMPANIES LOCATE HERE IN NEBRASKA, WHICH OVER TIME, WITH THAT DEVELOPMENT AND GROWTH, WILL REDUCE OUR TAXES. I'VE LEARNED THIS IN MY SIX YEARS IN THE LEGISLATURE SO FAR. THIS TAX PROBLEM IS NOT A QUICK FIX. IT'S GOING TO TAKE TIME. AND WHAT'S GOING TO BEST ADDRESS THAT ISSUE IS GROWTH IN ALL SECTORS OF THE ECONOMY. NOW I CAN UNDERSTAND IF YOU DON'T BELIEVE IN GIVING AWAY TAX CREDITS AND THINGS LIKE THAT FOR THESE TYPES OF THINGS. BUT ON THE OTHER SIDE OF THAT, FOR ECONOMIC DEVELOPMENT HERE IN THE STATE, WE'VE BEEN DOING IT FOR YEARS. LB775, NEBRASKA ADVANTAGE, SUPER ADVANTAGE, HAVE ALL DONE THIS. AND IF YOU BELIEVE FORMER GOVERNOR HEINEMAN AND YOU BELIEVE GOVERNOR

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RICKETTS, THOSE PROGRAMS WORK; THOSE PROGRAMS BRING DEVELOPMENT AND JOBS TO THIS STATE. SO WITH THAT, I HOPE YOU'LL SUPPORT AM935. THANK YOU, MR. PRESIDENT. [LB581]

SPEAKER HADLEY: THE QUESTION FOR THE BODY IS THE ADOPTION OF THE AMENDMENT. ALL IN FAVOR VOTE AYE; ALL OPPOSED VOTE NAY. RECORD, MR. CLERK. [LB581]

ASSISTANT CLERK: 27 AYES, 0 NAYS ON THE ADOPTION OF COMMITTEE AMENDMENTS. [LB581]

SPEAKER HADLEY: THE COMMITTEE AMENDMENT IS ADOPTED. MR. CLERK. [LB581]

ASSISTANT CLERK: MR. PRESIDENT, THE NEXT AMENDMENT I HAVE FROM SENATOR NORDQUIST, AM1660. (LEGISLATIVE JOURNAL PAGE 1678.) [LB581]

SPEAKER HADLEY: SENATOR NORDQUIST, YOU'RE RECOGNIZED TO OPEN ON YOUR AMENDMENT. [LB581]

SENATOR NORDQUIST: THANK YOU, MR. PRESIDENT. THIS WAS INITIALLY THE APPROPRIATION LANGUAGE FOR THE INITIAL REQUEST OF \$1 MILLION, BUT THIS HAS BEEN INCLUDED IN SENATOR FRIESEN'S SUBSTITUTE AMENDMENTS, SO I WILL WITHDRAW AM1660. [LB581]

SPEAKER HADLEY: THE AMENDMENT IS WITHDRAWN. MR. CLERK. [LB581]

ASSISTANT CLERK: NEXT AMENDMENT, MR. PRESIDENT, FROM SENATOR FRIESEN, AM1666, BUT A NOTE TO WITHDRAW THAT ONE, SENATOR. [LB581]

SENATOR FRIESEN: THANK YOU, MR. PRESIDENT. YES, I'D LIKE TO WITHDRAW THAT ONE AND SUBSTITUTE. [LB581]

SPEAKER HADLEY: IT IS WITHDRAWN. MR. CLERK. [LB581]

ASSISTANT CLERK: IN THAT CASE, SENATOR FRIESEN WOULD OFFER AM1743. (LEGISLATIVE JOURNAL PAGES 1863-1864.) [LB581]

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SPEAKER HADLEY: SENATOR FRIESEN, YOU'RE RECOGNIZED TO OPEN ON YOUR AMENDMENT. [LB581]

SENATOR FRIESEN: THANK YOU, MR. PRESIDENT. AND GOOD MORNING, COLLEAGUES. AS YOU CAN SEE FROM THE ORIGINAL COMMITTEE MEETING THAT I WAS ONE OF THE VOTES THAT OPPOSED BRINGING LB581 OUT OF COMMITTEE, AS I HAVE NOT BELIEVED THAT NATURAL GAS SHOULD BE USED AS A TRANSPORTATION FUEL, MORE AN INDUSTRIAL FUEL. WHAT MY AMENDMENT DOES, BASICALLY, THOUGH IS MAKE IT MORE PALATABLE. WHEN I LOOKED AT THE CLEAN-BURNING FUELS LISTED IN THE ORIGINAL BILL, I NOTICED THE ABSENCE OF ETHANOL, WHICH IS ONE OF OUR HOMEGROWN FUELS THAT WE PRODUCE RIGHT HERE IN THE STATE WITH A TREMENDOUS ECONOMIC IMPACT. AND IT ALSO IS A CLEAN-BURNING FUEL WHICH REPLACES A LOT OF THE CARCINOGENIC ADDITIVES THAT ARE IN GASOLINE, SO IT IS A TRUE CLEAN-BURNING FUEL THAT HELPS CLEAN UP OUR AIR. AND AS EVERYONE IS AWARE OF, PROBABLY, BUT NEBRASKA IS RANKED SECOND NATIONALLY IN ETHANOL PRODUCTION, WITH 25 PLANTS CURRENTLY IN PRODUCTION AND OUR CAPACITY TO PRODUCE 2.1 BILLION GALLONS OF FUEL WHEN AT FULL PRODUCTION. NEBRASKA'S VALUE OF PRODUCTION FOR ETHANOL AND DRIED DISTILLER'S GRAINS WITH SOLUBLES RANGE FROM SLIGHTLY LESS THAN \$4 BILLION TO MORE THAN \$6.6 BILLION WITH THE LAST THREE YEARS AVERAGING APPROXIMATELY \$5 BILLION PER YEAR. NEBRASKA'S ETHANOL PRODUCTION RESULTS IN 96 PERCENT, WHICH IS 1.8 BILLION GALLONS BEING SHIPPED OUT OF STATE, WHICH MAKES NEBRASKA ONE OF THE LARGEST EXPORTERS OF BIOENERGY. IN ADDITION, 58 PERCENT OF THE DISTILLER'S GRAINS PRODUCED IN 2014 WERE EXPORTED OUT OF STATE. IN 2014, THERE WERE 1,301 FULL-TIME EMPLOYEES FOR NEBRASKA'S 24 ETHANOL PLANTS. THE PREVAILING WAGES, SALARY, AND BENEFIT INFORMATION INDICATES THERE WAS \$71 MILLION ASSOCIATED WITH THOSE JOBS. THE ETHANOL INDUSTRY CREATES A SUBSTANTIAL ANNUAL IMPACT ON NEBRASKA LABOR MARKET BY SUPPORTING APPROXIMATELY 4,500 JOBS WITH AVERAGE ANNUAL EARNINGS, WAGES, BENEFITS OF \$72,000. AVERAGE EARNINGS INCLUDE DIRECT JOBS IN ETHANOL INDUSTRY, AS WELL AS JOBS THROUGHOUT THE STATE WHICH ARE PRIMARILY CREATED IN NONMETROPOLITAN NEBRASKA. NEARLY 90 PERCENT OF THE GASOLINE SOLD IN NEBRASKA CONTAINS ETHANOL. NEBRASKA CONSUMERS RETAINED MORE THAN \$70 MILLION IN 2014 BECAUSE THEY PURCHASED FUEL CONTAINING ETHANOL RATHER THAN GASOLINE IMPORTED INTO THE STATE. THE ADDITION OF ETHANOL INTO GASOLINE REDUCES THE VOLUME OF TOXIC, CANCER-CAUSING CHEMICALS VIA DILUTION AND REDUCED EMISSIONS OF BENZINE. MOST GASOLINE RETAILERS OPERATE UNDER BRAND AGREEMENTS

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IMPOSED BY MAJOR OIL COMPANIES. THE BRAND AGREEMENTS OFTEN DICTATE THE PRODUCTS THE RETAILER MAY OFFER CONSUMERS. THIS GASOLINE MANDATE IMPEDES THE SALE OF ETHANOL FUELS AND UNDERMINES A CONSUMER'S RIGHT TO CHOOSE OTHER FUEL OPTIONS. ETHANOL FUELS TYPICALLY ARE LOWER IN COST THAN GASOLINE AND OFTEN PROVIDE ADDITIONAL OCTANE AND BETTER PERFORMANCE WHILE REDUCING THE TOXICITY OF THE FUEL. FLEX FUEL OR BLENDER PUMPS ARE DESIGNED TO OFFER SEVERAL FUEL OPTIONS, INCLUDING ETHANOL BLENDS FROM 10-85 PERCENT. THESE DISPENSERS INCLUDE INTERNAL MECHANICAL AND SOFTWARE COMPONENTS THAT SLIGHTLY INCREASE THE COST OF THE DISPENSERS BUT PROVIDE A MORE DIVERSE CHOICE OF FUEL OPTIONS. FLEX FUEL OR BLENDER PUMPS CAN EXPAND THE FUEL OPTIONS AT RETAIL FUELING LOCATIONS AND PROVIDE...PROVIDED THE OIL COMPANY BRAND AGREEMENTS DO NOT PROHIBIT THESE ETHANOL CHOICES. SO BASICALLY WHAT I AM LOOKING FOR IN THIS AMENDMENT IS THE OPTION OF PROVIDING A LITTLE BIT OF A REBATE IN THOSE RETAILERS WHO WISH TO SWITCH OVER AND OFFER DIFFERENT FUEL CHOICES. AND SO IT WOULD JUST BE OFFERED ON EQUIPMENT THAT WOULD BE INSTALLED AT THE RETAILER'S. IT WOULD NOT OFFER AN INCENTIVE TO PURCHASE A VEHICLE. CURRENTLY, FLEX-FUEL VEHICLES, THERE'S...I FORGET HOW MANY ARE IN THE STATE, BUT THERE IS A LARGE NUMBER OF FLEX-FUEL VEHICLES IN THE STATE WHICH COULD TAKE ADVANTAGE OF DIFFERENT BLENDS OF ETHANOL. CURRENTLY, I THINK, THE LAST TIME I SAW SOME FIGURES, A FLEX-FUEL VEHICLE, THE EQUIPMENT OPTION WOULD BE AROUND \$150 AT THE MANUFACTURER. SO ON THE VEHICLES ITSELF, WE DO NOT SEE A NEED FOR RETROFITTING ANY EQUIPMENT OR ANYTHING LIKE THAT. IT'S JUST THE RETAILERS CURRENTLY WHO HAVE TO UNDERTAKE QUITE AN EXPENSE WHEN THEY ARE CONVERTING THEIR SYSTEM OVER TO A FLEX-FUEL PUMP. TYPICALLY, THE PUMP ITSELF, YOU'RE LOOKING AT A \$4,500 COST PER PUMP; AND IF THEY PUT IN TWO PUMPS, YOU'VE GOT ABOUT A \$9,000 BILL THERE. CURRENTLY, THE NEBRASKA CORN BOARD HAS A COST-SHARE PROGRAM WITH RETAILERS ALSO THAT HELPS WITH THESE COSTS, BUT THOSE FUNDS ARE LIMITED. THE AVERAGE COST OF A CONVERSION THAT WE HAVE SEEN IN THE PAST FEW YEARS IS AROUND \$125,000. SO OBVIOUSLY, WHEN YOU SEE A CONVERSION, IT'S RELATIVELY CHEAP COMPARED TO PUTTING IN A NATURAL GAS FUELING STATION, BUT IT'S STILL A SUBSTANTIAL SUM OF MONEY. AND RIGHT NOW, OUR ABILITY TO MOVE LIKE E15 OR ANY PRODUCT IN BETWEEN THAT E15 TO E85 RANGE IS LIMITED BY THE NUMBER OF PUMPS THAT ARE AVAILABLE TO CONSUMERS. AND WE'VE SLOWLY BEEN WORKING ON GETTING THIS NETWORK EXPANDED. BUT LIKE WITH ANY OTHER ENERGY SOURCE THAT NEEDS CHANGES, FUELING STATIONS AND RETAIL STATIONS ARE RELUCTANT TO

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SPEND THAT KIND OF MONEY UNLESS THEY'RE DOING A MAJOR RENOVATION IN THE FIRST PLACE. SO WHAT THIS BILL...IT MAKES BASICALLY LB581 A LITTLE MORE PALATABLE TO ME. I'M STILL...QUESTION THE VALIDITY OF OFFERING NATURAL GAS AS A TRANSPORTATION FUEL, BUT WE'LL LET THE BODY DECIDE ON THAT. AND I HOPE FOR A GREEN LIGHT ON MY AMENDMENT, AM1743. THANK YOU, MR. PRESIDENT. [LB581]

SPEAKER HADLEY: SENATOR KRIST, YOU ARE RECOGNIZED FOR AN ANNOUNCEMENT.

SENATOR KRIST: THANK YOU, SPEAKER. GOOD MORNING, COLLEAGUES, AND GOOD MORNING, NEBRASKA. THIS ANNOUNCEMENT, SENATORS, IS FOR YOU AND FOR YOUR STAFFS. AS WE FALL INTO THE LAST FOUR DAYS OF THE LEGISLATIVE SESSION, WE HAVE REFERENCED OVER 120 LRS FOR INTERIM STUDIES TO THE APPROPRIATE COMMITTEES. OUR ISSUE TODAY AND WHAT I WOULD ASK YOU TO DO IS IF YOUR LR, IN PROPOSING A STUDY DURING THE INTERIM PERIOD, REQUIRES A COMPOSITION OF A SPECIAL COMMITTEE TO LOOK INTO ANYTHING, WE NEED TO KNOW THAT. MY STAFF HAS BEEN PORING OVER THE STUDIES TO MAKE SURE WE DON'T MISS ANYBODY. BUT I ASK YOU TO TAKE A LOOK AT YOUR LR. IF, INDEED, IT WOULD REQUIRE A SPECIAL COMMITTEE TO BE FORMED AND IT'S NOT GOING TO GO TO A STANDING COMMITTEE OR THERE'S SOME ADJUNCT TO THAT COMMITTEE, PLEASE, HAVE YOUR STAFF CALL MY STAFF AND SO WE CAN GET THOSE ASSIGNED IN THE LAST FOUR DAYS. IF WE DON'T DO THAT IN THE LAST FOUR DAYS, IT WILL HOLD UP THE BEGINNING OF SAID STUDY. SO PAY PARTICULAR ATTENTION TO THAT, IF YOU WOULD, PLEASE. THANK YOU. THANK YOU, MR. SPEAKER.

SPEAKER HADLEY: THOSE IN THE QUEUE ARE: NORDQUIST, JOHNSON, AND BLOOMFIELD. SENATOR NORDQUIST, YOU'RE RECOGNIZED. [LB581]

SENATOR NORDQUIST: THANK YOU, MR. PRESIDENT AND MEMBERS. I RISE IN SUPPORT OF AM1743 FROM SENATOR FRIESEN. I APPRECIATE HIM COMING TO ME AND TALKING ABOUT THIS AND US WORKING TOGETHER TO FIND A THOUGHTFUL APPROACH TO INCLUDING BLENDER PUMPS IN THIS. OBVIOUSLY, AS SENATOR FRIESEN MENTIONED IN ALL THE STATISTICS, THE IMPORTANCE OF ETHANOL IS A DRIVER IN NEBRASKA'S ECONOMY. AND I CERTAINLY WANT TO DO WHAT I CAN TO CONTINUE TO EXPAND THE UTILIZATION OF ETHANOL IN OUR TRANSPORTATION FUEL. IT HELPS, AGAIN, DIVERSIFY. IT HELPS STRENGTHEN OUR ENERGY INDEPENDENCE. AND THE AMENDMENT WOULD

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LIMIT IT TO 35 PERCENT OF THE FUNDS APPROPRIATED TO THE ENERGY OFFICE. THE BLENDER PUMPS ARE REALLY THE NEXT MARKET INNOVATION TO REALLY PUSH FORWARD GREATER UTILIZATION OF ETHANOL. AND I THINK THIS IS A GOOD WAY TO HELP JUMP-START THAT, AS WELL, SO IT FITS IN PERFECTLY WITH LB581. AND I WOULD ENCOURAGE YOU TO SUPPORT AM1743. THANK YOU.
[LB581]

SPEAKER HADLEY: SENATOR JOHNSON, YOU ARE RECOGNIZED. [LB581]

SENATOR JOHNSON: THANK YOU, MR. PRESIDENT. AS MOST OF YOU KNOW, I'M SOMEWHAT INVOLVED IN THE ETHANOL INDUSTRY AND I HAVE FILED A CONFLICT OF INTEREST. I'M NOT AN INVESTOR IN IT, BUT I DO HAVE INTEREST IN IT AND I DO SERVE ON A BOARD. I TOTALLY SUPPORT SENATOR FRIESEN'S AMENDMENT. HE'S DONE A GREAT JOB OF TALKING ABOUT THE VALUE OF ETHANOL. ONE OF THE THINGS THAT PROMOTING...OR BURNING ETHANOL VERSUS OTHER FUELS, PROPANE, NATURAL GAS, THE GAS TAX ISSUE IS TOTALLY SOLVED. BECAUSE IT GOES THROUGH THE PUMPS, THE FULL VALUE OF THE GAS TAX IS INCLUDED IN THE PRICE. SO WE DON'T HAVE THAT ISSUE TO ADDRESS. I GO BACK TO THE YEARS THAT SENATOR GROENE TALKED ABOUT LEARNING HOW TO FILL A PROPANE TANK IN THE BACK OF A PICKUP. I ALSO...IT'S KIND OF THE SAME SETUP, BUT A LOT OF PROPANE TRACTORS, AND YOU DON'T SEE MUCH...MANY OF THEM ANYMORE. SO I JUST...I THINK WE'VE TRIED THAT FOR OTHER USES, OTHER THAN HEATING. I THINK THE PROPANE WORKS WELL ON A STATIONARY ENGINE. A LOT OF THEM ON THE PROPANE ARE ON IRRIGATION WELLS. BUT FOR TRANSPORTATION, IT'S JUST NOT BEEN THAT EFFECTIVE. I DID HAVE SOME CONCERNS IN THE COMMITTEE WITH THE AMOUNT THAT WAS GOING TO NATURAL GAS, BUT I TOTALLY APPRECIATE SENATOR FRIESEN'S AM1743. THANK YOU, MR. PRESIDENT. [LB581]

SPEAKER HADLEY: SENATOR BLOOMFIELD, YOU'RE RECOGNIZED. [LB581]

SENATOR BLOOMFIELD: THANK YOU, MR. PRESIDENT. I GUESS MY PROBLEM EVEN WITH THIS LATEST AMENDMENT GOES BACK TO THE IDEA OF GOVERNMENT GETTING INVOLVED. THROUGHOUT MY DISTRICT AND THROUGHOUT THE STATE, PRIVATE ENTERPRISE HAS BEEN PUTTING IN THESE BLENDER PUMPS. THE PEOPLE THAT HAVE MADE THE INVESTMENT OUT OF THEIR OWN POCKET ARE NOW SUDDENLY GOING TO BE COMPETING WITH PEOPLE THAT GOT A BREAK FROM THE GOVERNMENT TO PUT IN THE SAME

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EQUIPMENT. IT DOESN'T SEEM QUITE RIGHT TO ME. BUT I WONDER IF SENATOR FRIESEN WOULD YIELD TO A QUESTION. [LB581]

SPEAKER HADLEY: SENATOR FRIESEN, WILL YOU YIELD TO A QUESTION? [LB581]

SENATOR FRIESEN: YES, I WOULD. [LB581]

SENATOR BLOOMFIELD: THANK YOU, SENATOR. JUST SO I'M PERFECTLY CLEAR ON YOUR AMENDMENT, AND I THINK I AM, WE'VE ELIMINATED VIRTUALLY ALL OF THE ORIGINAL BILL AND WE'VE DONE AWAY WITH ALL THE TAX CREDITS FOR CNG AND EVERYTHING ELSE? AM I RIGHT THERE OR HAVE WE NOT DONE THAT? [LB581]

SENATOR FRIESEN: NO, YOU'RE NOT RIGHT. [LB581]

SENATOR BLOOMFIELD: I WAS AFRAID OF THAT. (LAUGH) [LB581]

SENATOR FRIESEN: BASICALLY, WHAT MY AMENDMENT DOES IS IT DOES CUT THE FUNDING OF THE BILL DOWN FROM \$1 MILLION TO \$500,000. AND WHAT THIS NOW DOES IS ALLOW 35 PERCENT OF THAT \$500,000 TO BE USED FOR BLENDER PUMPS. THE REMAINDER OF THAT AMOUNT WOULD STILL BE USED FOR THE NATURAL GAS CONVERSION. [LB581]

SENATOR BLOOMFIELD: SO IT WOULD STILL BE USED TO CONVERT CARS AND FLEET VEHICLES, SUCH AS WALMART, AND WE'D STILL HAVE THE TAXING ISSUES WE TALKED ABOUT ALREADY WITHIN THE BILL. [LB581]

SENATOR FRIESEN: THAT'S CORRECT. THAT'S CORRECT. [LB581]

SENATOR BLOOMFIELD: I THINK MAYBE FURTHER AMENDMENT IS NEEDED, BUT THANK YOU. THANK YOU, MR. PRESIDENT. [LB581]

SPEAKER HADLEY: SENATOR GROENE, YOU'RE RECOGNIZED. [LB581]

SENATOR GROENE: THANK YOU, MR. PRESIDENT. I ADMIRE SENATOR FRIESEN FOR NOTICING THIS AND ADDING AN AMENDMENT THAT TAKES CARE OF THE NATURAL RESOURCES THAT NEBRASKA PRODUCES. BUT AGAIN, WE'RE TALKING

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\$175,000. I'M NOT SURE YOU COULD BURY A TANK TO JUST PUT ETHANOL IN IT AT ONE GAS STATION FOR THAT. BUT I UNDERSTAND...AND AS FAR AS TAX INCENTIVES, AS SENATOR SCHILZ...I WILL REITERATE. WHEN YOU'RE TALKING ETHANOL, YOU'RE TALKING PRODUCERS. YOU'RE TALKING PEOPLE WHO SUPPLY TO FARMERS. YOU'RE TALKING ABOUT A FEDERAL MANDATE THAT ETHANOL IS USED. YOU'RE TALKING END PRODUCT, THE HOMINY THAT'S PRODUCED, FED TO CATTLE. YOU'RE TALKING ABOUT THE TRUCKING INDUSTRY. YOU'RE TALKING ABOUT THE FERTILIZER INDUSTRY, THE CHEMICAL INDUSTRY. ETHANOL MADE SENSE IN NEBRASKA. WE DON'T PRODUCE NATURAL GAS HERE. AND, YES, NATURAL GAS IN THE FUTURE WILL...A LOT OF VEHICLES WILL PROBABLY BE RUNNING ON IT, AND THAT GOES BACK TO COAL. AS I SAID ONE TIME, YOU CAN'T RUN A CAR ON COAL, BUT YOU CAN SURE CREATE ENERGY WITH IT. NATURAL GAS SHOULD BE KEPT FOR THESE KIND OF PURPOSES, AND THEY WILL IN THE FUTURE, BECAUSE YOU CAN HEAT YOUR HOME, YOU CAN RUN A VEHICLE. BUT LET'S NOT ELIMINATE COAL, NATIONALLY OR IN THIS STATE, BY REPLACING IT WITH WIND. BY THE WAY, DID ANYBODY SEE THE NOTICE FROM THE LANCASTER COUNTY COMMISSIONERS THAT THEY OUTLAWED WINDMILLS IN LANCASTER COUNTY BECAUSE OF THE NOISE? THAT'S ONE OF THE POINTS I MADE. I DON'T WANT THEM EITHER. BUT ANYWAY, ENERGY IS ALL TIED TOGETHER. BUT ETHANOL CREATED A LOT OF ECONOMIC ACTIVITY IN THIS STATE. WE'RE NOT TALKING THE SAME SITUATION HERE WITH NATURAL GAS OR SOME OF THE OTHER TAX INCENTIVES THEY'RE TALKING ABOUT FOR OTHER TYPES OF ENERGY PRODUCTION. EVERYTHING IS DIFFERENT. EVERY SITUATION IS DIFFERENT. AND TO COMPARE ANY OF THESE SIDEBARS TO ETHANOL PRODUCTION AND WHAT IT DID FOR THIS STATE, IT'S NOT IN THE SAME BALL GAME, NOT ON THE SAME PLAYING FIELD. AND ETHANOL, I BELIEVE, THE INCENTIVES HAVE GONE AWAY BECAUSE IT HAS PROVEN NOW, BECAUSE OF THE FEDERAL MANDATE, THAT WE DO NEED TO PRODUCE SO MUCH TO FILL THE NEED, THAT WE DON'T NEED AN INCENTIVE ANYMORE, DON'T NEED AN INCENTIVE PLUS A FEDERAL MANDATE. BUT THIS BILL IS MINOR. BUT IT'S JUST ANOTHER SYMPTOM OF PILING ON ADDED COSTS TO THE TAXPAYER: \$500,000 HERE; \$1.5 MILLION HERE; \$100,000 HERE, \$3, \$6, OR \$7 MILLION IN WELFARE EXPANSION LAST FRIDAY, WHICH WE VOTED ON. A LOT OF FISCAL CONSERVATIVES VOTED YES ON THAT TOO. WHERE DOES IT END? WHERE'S THE BILLS THAT TAKE AWAY A GOVERNMENT PROGRAM, THAT ELIMINATE...SENATOR GLOOR DID IT. I SHOULDN'T SAY, "WHERE?" HE DID ONE BUT HE TRANSFERRED IT SOMEWHERE ELSE BUT HE GOT RID OF ONE. THAT AMAZED ME: A BILL WAS PASSED AND NEVER USED. IN OUR WISDOM OF SENATORS, WE OVERTHINK OURSELVES. LET THE FREE MARKET DECIDE ON THESE ISSUES. AND NATURAL GAS IS ONE OF THOSE, AS A FUEL, VEHICLE FUEL WE'RE...THE FREE MARKET IS

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PLAYING INTO IT. I TOLD YOU WHAT THE MARGINS WERE. THAT WILL BRING PLAYERS. THAT WILL BRING TRUCKING FIRMS THAT WILL INVEST IN THIS TECHNOLOGY. BUT IT IS A WARM-SEASON FUEL MOSTLY, BECAUSE OF THE COMPRESSION OF IT. SO I ADMIRE SENATOR... [LB581]

SPEAKER HADLEY: ONE MINUTE. [LB581]

SENATOR GROENE: ...FRIESEN PROTECTING AGRICULTURE AND LOOKING AT THAT AND SAYING, HEY, WHERE'S OUR PIECE OF THE PIE? BUT \$175,000 IS NOT GOING TO BURY A TANK OR TWO AT A GAS STATION OR BUY A PUMP. IT'S THE LONG-RANGE EFFECT OF THIS WHERE APPROPRIATIONS COULD KEEP THROWING MONEY AT IT IF THE RIGHT LOBBYISTS TALK TO THE RIGHT PEOPLE. WE NEED TO SAY NO. LET'S STOP. WE'VE EXPANDED GOVERNMENT ENOUGH THIS SESSION. FOR FIVE MORE DAYS LETS'S JUST STOP IT. THANK YOU. [LB581]

SPEAKER HADLEY: (DOCTOR OF THE DAY INTRODUCED.) SENATOR HUGHES, YOU'RE RECOGNIZED. [LB581]

SENATOR HUGHES: THANK YOU, MR. PRESIDENT. GOOD MORNING, COLLEAGUES. AS A MEMBER OF THE NATURAL RESOURCES COMMITTEE, I WAS ONE WHO VOTED THIS BILL OUT OF COMMITTEE. I WASN'T REAL EXCITED ABOUT IT AND AS A FRESHMAN MISTAKE I DID LET IT OUT OF COMMITTEE. I WANTED TO HEAR THE DEBATE ON THE FLOOR FROM MY COLLEAGUES AND I GUESS WHAT I'M HEARING IS MY POSITION, THAT I DO NOT THINK THIS IS A GOOD BILL. THIS IS GOVERNMENT INTERFERING IN THE FREE-MARKET SYSTEM. I DO LIKE AM1743 FROM SENATOR FRIESEN, BUT THAT DOES NOT MAKE IT...FIX IT ENOUGH FOR ME TO SUPPORT THE OVERALL BILL. THE PROBLEM WE HAVE IS A MATTER OF PRACTICALITY. WE DID LEARN THIS LESSON WITH PROPANE, THAT THE GASEOUS FUELS WE HAVE DO NOT CONTAIN THE BTU_s THAT WE GET FROM DIESEL AND GASOLINE, PLUS THE STRUCTURE IN ORDER TO CONTAIN THOSE GASES FOR VEHICLES MAKES THEM TOO HEAVY AND IT'S NOT A PRACTICAL FUEL FOR US. CURRENTLY, THE PRICE OF NATURAL GAS IS EXTREMELY LOW. WE HAVE FOUND VAST RESERVES OF NATURAL GAS IN THE UNITED STATES DUE TO THE FRACKING PROCESS AND THAT'S...YOU KNOW, IT HAS DRIVEN THE PRICE DOWN. BUT IF YOU LOOK AT ALL OF THE USES OF NATURAL GAS--AND BEING IN THE AGRICULTURE INDUSTRY, THEY MAKE ANHYDROUS AMMONIA, WHICH IS OUR CHEAPEST FORM OF NITROGEN FOR PRODUCTION FROM NATURAL GAS--YOU ALSO LOOK AT THE AMOUNT OF COGENERATION FACILITIES OR ELECTRICAL GENERATION FACILITIES THAT ARE BEING BUILT, POWERED BY NATURAL GAS, IN ORDER TO

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ELIMINATE COAL-FIRED POWER PLANTS. AND IF YOU LOOK...PLUS, BILLS LIKE THIS THAT ARE CAUSING THE TRANSPORTATION INDUSTRY TO BEGIN TAPPING INTO THAT SUPPLY, IT MAY LOOK GOOD NOW BUT, WITH ALL THINGS, SUPPLY AND DEMAND IS THE ULTIMATE DETERMINANT OR SHOULD BE THE ULTIMATE DETERMINANT OF PRICE. AND WE HAVE AN INCREDIBLE SUPPLY NOW AND DEMAND IS SLOWLY CATCHING UP TO THAT POINT. AND ONCE WE HIT THAT EQUILIBRIUM, HOPEFULLY, IT IS AN EQUILIBRIUM AND DOESN'T..THE PENDULUM DOESN'T SWING TOO FAR THE OTHER WAY THAT WE HAVE A LARGE OR A MASSIVE INCREASE IN NATURAL GAS. THE ECONOMICS OF USING IT AS A TRANSPORTATION FUEL WILL EVAPORATE QUITE RAPIDLY. SO DUE TO A LOT OF THOSE FACTORS, I DO NOT THINK THIS IS PROBABLY A GOOD IDEA. I DID HAVE A CONVERSATION WITH SENATOR MELLO THAT IF WE DID NOT EXPEND THESE FUNDS, WHAT WOULD HAPPEN TO THOSE, AND HE ASSURED ME THAT THEY WOULD EITHER BE APPROPRIATED TO A DIFFERENT FUNDING BILL LATER IN THIS SESSION OR COULD BE CARRIED OVER FOR ADDITIONAL FUNDING DURING THE NEXT SESSION. THOSE WERE ALL RIGHT ANSWERS. I GUESS THE ANSWER I WAS HOPING FOR THAT THEY WOULD NOT BE SPENT AND WOULD BE PUT TO THE RESERVE, BUT THAT'S A DECISION THAT WE AS A BODY NEED TO MAKE. BUT I WILL NOT BE SUPPORTING LB581. THANK YOU, MR. PRESIDENT. [LB581]

SPEAKER HADLEY: THANK YOU, SENATOR HUGHES. SENATOR SCHEER. [LB581]

SENATOR SCHEER: MR. SPEAKER, I RISE FOR A MOMENT OF PERSONAL PRIVILEGE. THIS LAST WEEK, AN OFFICER IN NEBRASKA LOST HER LIFE, OFFICER OROZCO. LOOKING UP AT THE CLOCK, HER SERVICES ARE ABOUT TO BEGIN, I BELIEVE, AND I WOULD ASK YOU TO JOIN ME IN STANDING FOR A MOMENT OF SILENCE TO HER MEMORY AND FOR HER FAMILY.

SPEAKER HADLEY: THANK YOU, SENATOR SCHEER. SEEING NO ONE ELSE IN THE QUEUE, SENATOR FRIESEN, YOU'RE RECOGNIZED TO CLOSE ON YOUR AMENDMENT. [LB581]

SENATOR FRIESEN: THANK YOU, MR. PRESIDENT. WHEN YOU LOOK AT THE ECONOMIC IMPACT THAT ETHANOL HAS HAD ON THIS STATE, IT DID START WITH A GOOD SUBSIDY PROGRAM AND THERE WERE SOME TAX DOLLARS INVOLVED, BUT THERE WAS ALSO A LOT OF MONEY Poured INTO THIS FUND THROUGH A CORN CHECKOFF THAT WAS...HELPEd FUND THE EPIC FUND AT THE TIME AND TO GET ETHANOL STARTED. WHEN I LOOK AT THE AMOUNT OF FUEL THAT'S EXPORTED FROM THIS STATE THAT WE COULD BE BURNING HERE AND SAVING

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US CONSIDERABLE MONEY AND KEEPING THOSE REVENUE STREAMS IN THE STATE, WHICH HELPS CREATE MORE JOBS AND ADDS BENEFITS TO OUR ECONOMY, I LOOK AT THIS AND IF WE CAN EXPAND OUR NETWORK OF FUELING STATIONS AND WE CAN START TO BURN E-15 OR E-30 OR E-85 AT HIGHER LEVELS, WE CAN CONSUME A LOT MORE OF WHAT ARE HOMEGROWN FUEL THAT WE HAVE AVAILABLE, INSTEAD OF EXPORTING IT. ANY TIME YOU CAN BURN IT AT HOME AND NOT IMPORT GASOLINE INTO THIS STATE, IT IS OBVIOUSLY A HIGHER BENEFIT THAN WHEN WE EXPORT. SO I ASK YOU FOR YOUR SUPPORT IN AM1743. THANK YOU, MR. PRESIDENT. [LB581]

SPEAKER HADLEY: YOU'VE HEARD THE CLOSING ON THE AMENDMENT. ALL IN FAVOR VOTE AYE; ALL OPPOSED VOTE NAY. HAVE ALL VOTED? RECORD, MR. CLERK. [LB581]

ASSISTANT CLERK: 30 AYES, 0 NAYS ON THE ADOPTION OF SENATOR FRIESEN'S AMENDMENT. [LB581]

SPEAKER HADLEY: WE ARE NOW BACK TO THE ORIGINAL BILL, AS AMENDED. SEEING NO ONE IN THE QUEUE, SENATOR NORDQUIST, YOU'RE RECOGNIZED TO CLOSE ON YOUR BILL. [LB581]

SENATOR NORDQUIST: THANK YOU, MR. PRESIDENT AND MEMBERS. I THANK THE MEMBERS FOR A THOUGHTFUL DISCUSSION ON THIS. I APPRECIATE WORKING WITH SENATOR FRIESEN AND MEMBERS OF THE NATURAL RESOURCES COMMITTEE. THIS IS A BILL THAT WILL HELP JUMP-START ACCESS TO CLEAN-ENERGY MOTOR VEHICLE FUELS IN OUR STATE, A CROSS-SECTION OF FUELS THAT WILL HELP DIVERSIFY OUR ENERGY PORTFOLIO. IT'S CERTAINLY THE DIRECTION WE NEED TO GO AS A STATE AND AS A NATION. AND I THINK THAT THE MODEST FISCAL APPROACH THAT WE WILL BE TAKING ALLOWS US TO EVALUATE IT AND SEE THE IMPACT ON THE INDUSTRY AND WHETHER OR NOT IT IS SOMETHING THAT WE NEED TO CONTINUE IN THE FUTURE OR IF THE ONE-TIME FUNDING IS ENOUGH OF A SHOT IN THE ARM TO GET THE BALL ROLLING. THANK YOU. [LB581]

SPEAKER HADLEY: THE QUESTION FOR THE BODY IS THE ADVANCEMENT OF LB581. ALL IN FAVOR VOTE AYE; OPPOSED VOTE NAY. SENATOR NORDQUIST. [LB581]

SENATOR NORDQUIST: COULD I GET CALL OF THE HOUSE, PLEASE. [LB581]

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SPEAKER HADLEY: THERE'S BEEN A REQUEST TO PLACE THE HOUSE UNDER CALL. ALL IN FAVOR VOTE AYE; ALL OPPOSED VOTE NAY. RECORD, MR. CLERK. [LB581]

ASSISTANT CLERK: 30 AYES, 0 NAYS, MR. PRESIDENT, ON GOING UNDER CALL. [LB581]

SPEAKER HADLEY: THE HOUSE IS UNDER CALL. SENATORS, PLEASE RECORD YOUR PRESENCE. THOSE UNEXCUSED SENATORS OUTSIDE THE CHAMBER PLEASE RETURN TO THE CHAMBER AND RECORD YOUR PRESENCE. ALL UNAUTHORIZED PERSONNEL PLEASE LEAVE THE FLOOR. THE HOUSE IS UNDER CALL. SENATOR WATERMEIER, SENATOR HANSEN, SENATOR HOWARD, SENATOR KRIST, SENATOR KOLOWSKI, SENATOR LINDSTROM, SENATOR MURANTE, SENATOR CHAMBERS, SENATOR GROENE, SENATOR KINTNER, SENATOR GARRETT, THE HOUSE IS UNDER CALL. PLEASE RETURN TO THE CHAMBER. SENATORS LINDSTROM, SENATOR GARRETT, SENATOR KINTNER, SENATOR MURANTE, SENATOR KRIST, THE HOUSE IS UNDER CALL. SENATOR GARRETT, SENATOR LINDSTROM, THE HOUSE IS UNDER CALL. SENATOR NORDQUIST, HOW WOULD YOU LIKE TO PROCEED? [LB581]

SENATOR NORDQUIST: WE GET ROLL CALL VOTE IN REGULAR ORDER, PLEASE. [LB581]

SPEAKER HADLEY: THERE HAS BEEN A REQUEST FOR A ROLL CALL VOTE IN REGULAR ORDER, MR. CLERK. [LB581]

ASSISTANT CLERK: (ROLL CALL VOTE TAKEN, LEGISLATIVE JOURNAL PAGES 1864-1865.) VOTE IS 27 AYES, 13 NAYS, MR. PRESIDENT. [LB581]

SPEAKER HADLEY: LB581 ADVANCES TO E&R INITIAL. I RAISE THE CALL. MR. CLERK. [LB581]

ASSISTANT CLERK: MR. PRESIDENT, LB581A, INTRODUCED BY SENATOR NORDQUIST. (READ TITLE.) [LB581A]

SPEAKER HADLEY: SENATOR NORDQUIST, YOU'RE RECOGNIZED TO OPEN ON YOUR BILL. [LB581A]

Transcript Prepared By the Clerk of the Legislature
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SENATOR NORDQUIST: MR. PRESIDENT, CAN WE PROCEED TO THE AMENDMENT TO THE A BILL? [LB581A]

ASSISTANT CLERK: MR. PRESIDENT, SENATOR NORDQUIST WOULD OFFER AM1742. (LEGISLATIVE JOURNAL PAGE 1865.) [LB581A]

SPEAKER HADLEY: YOU'RE RECOGNIZED TO OPEN ON YOUR AMENDMENT. [LB581A]

SENATOR NORDQUIST: THANK YOU, MR. PRESIDENT. AM1742 WOULD REDUCE THE GENERAL FUND...ONE-TIME GENERAL FUND APPROPRIATION FROM \$1 MILLION TO \$500,000. AND ONCE THOSE FUNDS ARE EXPENDED, THE LEGISLATURE OBVIOUSLY CAN REVIEW THIS PROGRAM AND DETERMINE WHAT PATH TO TAKE AT THAT POINT. I'D APPRECIATE YOUR SUPPORT OF AM1742 AND LB581A. THANK YOU. [LB581A]

SPEAKER HADLEY: SEEING NO ONE IN THE QUEUE, YOU'RE RECOGNIZED TO OPEN...OR TO CLOSE. SENATOR NORDQUIST WAIVES CLOSING. THE QUESTION IS THE ADOPTION OF THE AMENDMENT. ALL IN FAVOR VOTE AYE; ALL OPPOSED VOTE NAY. HAVE ALL VOTED? RECORD, MR. CLERK. [LB581A]

ASSISTANT CLERK: 27 AYES, 4 NAYS ON THE ADOPTION OF THE AMENDMENT, MR. PRESIDENT. [LB581A]

SPEAKER HADLEY: THE AMENDMENT IS ADOPTED. SENATOR NORDQUIST, YOU'RE RECOGNIZED...SEEING NO ONE IN THE QUEUE, YOU'RE RECOGNIZED TO CLOSE ON YOUR BILL. SENATOR NORDQUIST WAIVES CLOSING. THE QUESTION IS THE ADOPTION OF THE BILL AND ADVANCEMENT TO E&R INITIAL. ALL IN FAVOR VOTE AYE; ALL OPPOSED VOTE NAY. HAVE ALL VOTED? RECORD, MR. CLERK. [LB581A]

ASSISTANT CLERK: 25 AYES, 8 NAYS ON THE ADVANCEMENT OF THE BILL, MR. PRESIDENT. [LB581A]

SPEAKER HADLEY: LB581A ADVANCES TO E&R INITIAL. MR. CLERK. SOME ITEMS, MR. CLERK? [LB581A]

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ASSISTANT CLERK: MR. PRESIDENT, LB468, LB468A WERE PRESENTED TO THE GOVERNOR AT 9:28 THIS MORNING. AMENDMENT TO BE PRINTED: SENATOR CRAWFORD TO LB28. AND CONFIRMATION REPORTS FROM THE TRANSPORTATION AND TELECOMMUNICATIONS COMMITTEE. (LEGISLATIVE JOURNAL PAGES 1865-1866.) [LB468 LB468A LB28]

MR. PRESIDENT, LB176 WAS INTRODUCED BY SENATOR SCHILZ. (READ TITLE.) BILL WAS INTRODUCED ON JANUARY 12 OF THIS YEAR, REFERRED TO THE AGRICULTURAL COMMITTEE AND THAT COMMITTEE PLACED THE BILL ON GENERAL FILE WITH COMMITTEE AMENDMENTS. (AM495, LEGISLATIVE JOURNAL PAGE 651.) [LB176]

SPEAKER HADLEY: SENATOR SCHILZ, YOU'RE RECOGNIZED TO OPEN ON YOUR BILL. [LB176]

SENATOR SCHILZ: THANK YOU, MR. PRESIDENT AND MEMBERS OF THE BODY, GOOD MORNING AGAIN. AND TODAY I BRING YOU LB176. IT'S A BILL THAT I'VE INTRODUCED IN THE PAST, AND THIS IS THE FIRST TIME THAT WE'VE BEEN ABLE TO GET IT TO THE FLOOR FOR YOUR CONSIDERATION, AND I THANK YOU FOR THAT. NEARLY EVERY STATE THAT SURROUNDS US ARE SEEING SIGNIFICANT GROWTH IN THEIR HOG INDUSTRIES. NEBRASKA IS NOT KEEPING PACE WITH THOSE LEADING HOG-PRODUCING STATES. THIS IS WHY I INTRODUCED LB176 AS ONE STEP TO ADDRESS THAT ISSUE. LB176, IF GRANTED, IF PUT INTO PLACE, WILL ONCE AGAIN ALLOW HOG PROCESSORS TO OWN HOGS AND CONTRACT WITH PRODUCERS TO CARE FOR AND RAISE HOGS UNDER CUSTOM FEEDING AGREEMENTS AND PRODUCTION CONTRACTS. IN 1998, LB835 WAS PASSED BY THE NEBRASKA UNICAMERAL, WHICH STRICTLY PROHIBITED NEBRASKA PROCESSORS FROM OWNING OR KEEPING OF LIVESTOCK, WHETHER DIRECTLY OR INDIRECTLY. AND "INDIRECTLY" IS A HUGE ISSUE HERE AND I'LL GET BACK TO THAT IN A LITTLE BIT. THIS RESTRICTION WAS PLACED ON BOTH CATTLE AND HOGS, AND HAS BEEN IN FORCE EVER SINCE. LB176 DIFFERENTIATES HOGS FROM CATTLE. DURING THE DEBATE ON THE FLOOR, INITIATIVE 300 WAS CITED AS THE REASON FOR WHY THIS LAW WAS PUT INTO PLACE. SENATORS ON THE FLOOR AND IN THE COMMITTEE COMMENTED THAT THIS WAS A CODIFICATION OF I-300 AND IT WOULD KEEP CERTAIN ENTITIES FROM OWNING HOGS. I-300 SAID THAT A CORPORATION COULD NOT BE INVOLVED IN THE BUSINESS OF FARMING OR RANCHING OR OWNING AG LAND. LB835 SAID THAT PROCESSORS COULD NOT OWN OR KEEP LIVESTOCK, EXCEPT FOR A CERTAIN NUMBER OF DAYS INCIDENTAL TO SLAUGHTER. AS WE ALL MAY KNOW, I-300 WAS FOUND TO BE UNCONSTITUTIONAL. AND OTHER LAWS SIMILAR TO LB835 HAVE BEEN STRUCK

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DOWN OR NOT ENFORCED IN OUR SURROUNDING STATES. I BELIEVE THAT OUR AG PRODUCERS SHOULD HAVE ALL THE TOOLS OF BUSINESS AT THEIR DISPOSAL. I BELIEVE THAT FARMERS AND RANCHERS SHOULD HAVE THE FREEDOM TO MAKE THE TYPE OF BUSINESS ARRANGEMENTS THAT FIT THEIR OPERATION. AT THE TIME WHEN LB835 WAS PASSED, THE PERCENTAGE OF HOGS THAT WERE FED UNDER SOME FORM OF CONTRACT PRODUCTION WAS ABOUT 40 PERCENT NATIONWIDE. THAT PERCENTAGE HAS SHOT UP SINCE THE INDUSTRY HAS EVOLVED OVER THE YEARS. NEBRASKA MUST REALIZE THAT IF WE DO NOT RESPOND TO THESE CHANGES, WE WILL CONTINUE TO LOSE MARKET SHARE WHEN IT COMES TO HOG FEEDING AND PROCESSING HERE IN NEBRASKA. WE MUST ALSO KEEP IN MIND THERE ARE THREE PROCESSORS HERE IN THE STATE AS WELL WHO KEEP AROUND 5,000 PEOPLE GAINFULLY EMPLOYED. IF HOG NUMBERS CONTINUE TO DROP, THOSE PROCESSING JOBS AND REVENUE THOSE FACILITIES BRING TO THE PEOPLE, OUR COMMUNITIES, AND THE STATE COULD BE LOST. SOME OF THESE PLANTS WERE DESIGNED TO RUN TWO SHIFTS AND ARE ONLY OPERATING ONE AT THIS POINT. NEBRASKA TODAY EXPORTS ONE-THIRD OF ALL OF OUR FEEDER PIGS OUT OF STATE TO BE FED, AND THEN WE IMPORT THOSE MARKET-READY HOGS BACK TO THE STATE TO OUR PROCESSORS. WE ALSO EXPORT 40 PERCENT OF OUR CORN CROP AS WELL. WE NEED TO UNDERSTAND THAT WHEN YOU SHIP OR TRANSPORT HOGS OUT OF THE STATE, IT COSTS PRODUCERS OF BOTH HOGS AND CORN MORE IN FREIGHT THAT MUST BE PAID. THOSE SAME HOGS THAT WE EXPORT AS FEEDER PIGS, LIKE I SAID, COME RIGHT BACK INTO OUR STATE TO BE PROCESSED BECAUSE THERE ARE NOT ENOUGH MARKET-READY HOGS AVAILABLE IN NEBRASKA. IN THE HEARING, WE HEARD THAT MANY YOUNG, FIRST-TIME YOUNG FARMERS FIND THIS OPTION VERY APPEALING TO BE ABLE TO CONTRACT WITH PROCESSORS. FINDING THE CAPITAL TO BUY OR SECURE LAND, ERECT FACILITIES, AND PURCHASING HOGS TO FEED BECOMES A VERY REAL BARRIER TO ENTRY FOR MOST FIRST-TIME SMALL FARMERS. THIS BILL WOULD GIVE THEM THE OPPORTUNITY, IF THEY SO DESIRE, TO CUSTOM FEED OR CONTRACT WITH A PROCESSOR. WE HEARD FROM YOUNG FARMERS AND OTHER MEMBERS OF THEIR FAMILIES WHO STATED, WITHOUT THE OPPORTUNITY TO CONTRACT, THEIR SON OR DAUGHTER WOULD NOT BE ABLE TO COME BACK TO THE FARM. AND I KNOW THIS: WHEN YOU LOOK AT THE AMOUNT OF POPULATION DECLINE THAT WE HAVE EXPERIENCED IN RURAL NEBRASKA, WE NEED ALL THE YOUNG PEOPLE WE CAN GET. MEDIAN AGE OF FARMERS OUT THERE IS APPROACHING MID-60s TO 70 YEARS OLD. WE NEED YOUNG FOLKS TO COME BACK TO THE FARM. WE NEED YOUNG FOLKS TO COME BACK AND DO THESE TYPES OF THINGS. THERE'S BEEN QUESTIONS ON WHAT THESE CONTRACTS WOULD LOOK LIKE, AND THEY DIFFER FROM PROCESSOR TO PROCESSOR AND FROM PRODUCER TO PRODUCER. AND EACH

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ONE OF THESE CONTRACTS IS NEGOTIATED BETWEEN THE PROCESSOR AND THE PRODUCER. AND WITHIN THAT, EACH ONE OF THESE CONTRACTS, IF A PRODUCER TAKES THEM ON, SHOULD BE SHARED AND SHOWN TO THEIR LEGAL COUNSEL AS WELL AS THEIR BANKER AND ANYBODY ELSE THAT THEY FEEL FIT TO HAVE A LOOK AT THESE CONTRACTS. THAT SHOULD ALWAYS BE THE CASE AND I WOULD NEVER SUPPORT SOMETHING THAT DIDN'T ALLOW SOMEBODY TO SHOW THEIR CONTRACT TO WHOMEVER THEY WANTED TO. WE CONTRACT...WHEN I RAN OUR FEEDYARD FOR ABOUT 20 YEARS, WE CONTRACTED MANY THINGS, WHETHER IT WAS MEDICINE OR VACCINES FOR THE CATTLE, WHETHER IT WAS THE CATTLE THEMSELVES. IN FACT, AT ONE POINT, RIGHT BEFORE LB835 WAS PASSED, WE WERE FEEDING FOR A COMPANY CALLED MORTON MEATS, WHO WAS CONNECTED TO THE EXCEL CORPORATION. ONCE LB835 WENT INTO EFFECT, WE WERE NO LONGER ABLE TO FEED THOSE CATTLE. THOSE CATTLE MOVED 50 MILES WEST INTO COLORADO. THEY WERE FED THERE, FATTENED THERE, PROBABLY USED SOME NEBRASKA CORN, AND THEN BROUGHT BACK TO THE PACKING PLANTS HERE IN NEBRASKA. SO I'VE WITNESSED PERSONALLY HOW THIS CAN AFFECT EVERYTHING THAT GOES ON. I THINK IT'S INTERESTING AND I WILL MOVE FORWARD NOW TO TELL YOU EXACTLY WHAT'S IN THE BILL AND HOW IT WORKS. FIRST OF ALL, THE BILL GIVES DEFINITIONS OF A CONTRACT SWINE OPERATION AS A LIVESTOCK OPERATION IN WHICH SWINE OWNED OR CONTROLLED BY A PACKER ARE PRODUCED ACCORDING TO AN AGREEMENT BETWEEN THE PACKER AND A PERSON OTHER THAN THE PACKER. A LIVESTOCK OPERATION IS A LOCATION, BUILDINGS, LAND, LOTS, CORRALS, AND IMPROVEMENT. SECOND, IT SETS UP THE EXEMPTION FOR THE PROCESSORS TO FEED HOGS AND KEEPS PROTECTIONS IN PLACE FOR CATTLE, AND IT EXCLUDES PACKERS OR PROCESSORS FROM OWNING FACILITIES AND LAND. IT ALLOWS FOR A PROCESSOR TO OWN LIVESTOCK FOR A CERTAIN AMOUNT OF TIME INCIDENTAL TO SLAUGHTER FOR CATTLE. THIS IS IMPORTANT, BECAUSE IF YOU HAVE A BLIZZARD OR IF YOU HAVE A FLOOD THAT TAKES OUT ROADS, PEOPLE NEED TO HAVE TIME IN ORDER TO DELIVER THEIR CATTLE TO THE PROCESSORS. MANY TIMES WHAT HAPPENS IS THAT WE WILL BRING...YOU'LL BRING CATTLE UP OR HOGS...OR CATTLE. LET'S TALK ABOUT BECAUSE THAT'S WHAT I UNDERSTAND MOST. YOU BRING CATTLE UP. YOU WEIGH THEM. AND THEN IF THE PROCESSOR CAN'T TAKE THEM, YOU PUT THEM BACK ON FEED. AT THAT POINT, THE PACKER, FOR ALL INTENTS AND PURPOSES, OWNS THOSE LIVESTOCK. AND IF YOU DO NOT HAVE A PERIOD OF TIME SUBSEQUENT TO TAKE CARE OF THAT, THE PRODUCER IS THEN IN THE WRONG. SO WHEN WE PUT IN THERE 14 DAYS, WE ARE THINKING ABOUT THOSE PRODUCERS AND THINKING OF THEIR BEST INTERESTS. IT SETS OUT THE PARAMETERS FOR INDIRECT OWNERSHIP AND CONTROL OR OPERATE A

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LIVESTOCK OPERATION. INDIRECT OWNERSHIP IS A BIG DEAL, FOLKS. WHEN WE TALK ABOUT FORWARD CONTRACTING, WHICH IS SOMETHING... [LB176]

SENATOR SCHEER PRESIDING

SENATOR SCHEER: ONE MINUTE. [LB176]

SENATOR SCHILZ: ...THAT WE DO EVERY DAY...THANK YOU...FORWARD CONTRACTING TELLS YOU THAT YOU WILL SHIP THESE NUMBER OF CATTLE TO THIS PACKER, POSSIBLY ON THIS DAY. IN THE CURRENT LAW, INDIRECT OWNERSHIP IS NOT DEFINED. THIS SECTION OF THE BILL LOOKS TO DEFINE INDIRECT OWNERSHIP, ONCE AGAIN TO PROTECT THE PRODUCER AND THEIR TOOLS THAT THEY USE EVERY DAY TO SELL LIVESTOCK TO PROCESSORS. ONE OF THE THINGS THAT IS INDIRECT THAT WE WOULD SAY IS NOT INDIRECT OWNERSHIP IS RECEIVING...OR INDIRECT, EXCUSE ME. LET ME START OVER. INDIRECT OWNERSHIP WOULD BE RECEIVING NET REVENUES OF THE OPERATION. INDIRECT OWNERSHIP WOULD ALSO BE OBTAINING A BENEFIT OF PRODUCTION ASSOCIATED WITH FEEDING RISKS, ASSUMING THE MORBIDITY AND MORTALITY RISKS AS WELL; LOANING MONEY OR GUARANTEES, ACTING AS A SURETY FOR OR OTHERWISE FINANCING A LIVESTOCK... [LB176]

SENATOR SCHEER: TIME, SENATOR. [LB176]

SENATOR SCHILZ: THANK YOU VERY MUCH. [LB176]

SENATOR SCHEER: THANK YOU, SENATOR SCHILZ. (VISITORS INTRODUCED.) MR. CLERK. [LB176]

ASSISTANT CLERK: MR. PRESIDENT, I DO HAVE A PRIORITY MOTION. SENATOR McCOY WOULD MOVE TO BRACKET LB176. BUT I UNDERSTAND HE WISHES TO WITHDRAW THAT. IN THAT CASE, MR. PRESIDENT, THERE ARE COMMITTEE AMENDMENTS FROM THE AGRICULTURAL COMMITTEE. [LB176]

SENATOR SCHEER: THANK YOU, MR. CLERK. AS THE CLERK STATED, THERE ARE AMENDMENTS FROM THE AGRICULTURAL COMMITTEE. SENATOR JOHNSON, AS CHAIR OF THE COMMITTEE, YOU'RE RECOGNIZED TO OPEN ON THE AMENDMENT. [LB176]

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SENATOR JOHNSON: THANK YOU, MR. PRESIDENT. GOOD MORNING, COLLEAGUES. THE COMMITTEE AMENDMENT, AM495, STRIKES THE ORIGINAL SECTION 2 OF THE BILL AND SUBSTITUTES A REVISED SECTION 2. SECTION 2, SUBDIVISION (1) DEFINES THE GENERAL RESTRICTIONS OF PROCESSORS ENGAGING DIRECTLY OR INDIRECTLY IN PRODUCTION PHASES OF AGRICULTURE BY THE ELEMENTS OF BOTH OWNERSHIP OF ANIMALS AND OWNERSHIP OF PRODUCTION FACILITIES. SUBDIVISION (2) DEFINES THE EXEMPTION TO THE SEVERAL RESTRICTIONS OF OWNERSHIP OF SWINE. AND SUBSECTION (3) PROVIDES A DEFINITION OF ACTIVITIES THAT ARE PROHIBITED AS INDIRECT VIOLATIONS TO THE GENERAL PROHIBITION. REVISIONS TO THIS SECTION ARE MADE BY THIS AMENDMENT. I'LL GO THROUGH THAT. AS INTRODUCED, SECTION (1) CONTINUES THE EXEMPTION IN CURRENT LAW THAT THE OWNERSHIP OF LIVESTOCK FOR AN INCIDENTAL PERIOD OF FIVE DAYS FOR SLAUGHTER IS NOT PROHIBITED. THE AMENDMENT WOULD EXTEND THIS INCIDENTAL PERIOD TO 14 DAYS. SUBSECTION (2) PROVIDES FOR A NEW EXEMPTION EXCEPTION TO THE GENERAL OBLIGATION OR "PROHIBITATION" AGAINST PACKERS ENGAGING IN LIVESTOCK PRODUCTION BY AUTHORIZING PACKER OWNERSHIP AND FEEDING OF SWINE AT SWINE OPERATIONS. IT IS INTENDED THAT THIS EXCEPTION TO SUBSECTION (2) APPLY ONLY TO THE OWNERSHIP OF SWINE, NOT OWNERSHIP OF SWINE FACILITIES. ALTHOUGH THE MANNER IN WHICH SWINE OPERATION IS DEFINED WOULD IMPLY THAT THE EXEMPTION IS LIMITED JUST TO OWNERSHIP OF HOGS, THE AMENDMENT REINFORCES THAT THE EXEMPTION APPLIES ONLY TO SECTION (1)(B), NOT THE ENTIRE SUBSECTION (1). THE COMMITTEE AMENDMENT ALSO MAKES A CLARIFICATION IN SUBSECTION (3) THAT THE ACTIVITIES LISTED IN THAT SECTION INCLUDED AS INDIRECT VIOLATIONS OF A PACKER PROHIBITION APPLY TO BOTH ELEMENTS OF THE RESTRICTION, BOTH ENGAGING IN LIVESTOCK AND LIVESTOCK OPERATIONS. AS INTRODUCED, THE BILL AMENDED ONLY OWNERSHIP AND CONTROL OF LIVESTOCK OPERATIONS. SUBSECTION (3) POINTS OUT THREE ELEMENTS THAT ARE INCLUDED AS INDIRECTLY ENGAGING IN THE OWNERSHIP OF SWINE OR SWINE PRODUCTION FACILITIES. THESE INCLUDE: (A) RECEIVING OR SHARING THE NET REVENUE ATTRIBUTED TO LIVESTOCK PRODUCTION; (B) OBTAINING A BENEFIT OR PRODUCTION...OR PRODUCTION OR ASSUMING A MORBIDITY RISK FOR LIVESTOCK; AND (C) LOANING MONEY TO, ACTING AS A SURETY, OR OTHERWISE FINANCING A LIVESTOCK OPERATION. THE COMMITTEE AMENDMENT IN SUBSECTION (3) INSERTS CLARIFICATION THAT THE ELEMENTS OF THE INDIRECT OWNERSHIP OF SWINE AND SWINE FACILITIES DOES NOT PRECLUDE INCIDENTAL ARM'S-LENGTH TRANSACTIONS WHERE THE PACKER IS NOT INVOLVED IN THE MANAGEMENT OF THE OPERATION. THE AMENDMENT ALSO STRIKES AN AMBIGUOUS PHRASE THAT INDIRECT OWNERSHIP INCLUDED OBTAINING A

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BENEFIT OF LIVESTOCK PRODUCTION. AS ALL PROCUREMENT RELATIONSHIPS A PACKER ENTERS INTO WITH A PRODUCER, INCLUDING FORWARD MARKETING CONTRACTS NOT PRECLUDED BY...ARE NOT PRECLUDED BY LAW OR BY LB176, THEY WOULD BE EXPECTED TO CONFER BENEFITS TO THE CONTRACTING PARTIES, BOTH THE PACKER AND THE LIVESTOCK PRODUCER. IT WAS NOT INTENDED THAT MARKETING CONTRACT ARRANGEMENTS THAT ARE ENGAGED...THAT PEOPLE ARE ENGAGED IN TODAY AND ARE NOT CURRENTLY PROHIBITED ARE INDIRECT VIOLATIONS, BECAUSE THE PACKER GAINS A BENEFIT, SUCH AS SURETY OF SUPPLY AND RISK MANAGEMENT. THESE ARE CLARIFICATIONS TO THE BILL. FINALLY, THE BILL AS INTRODUCED PROVIDES EXCEPTIONS FOR MARKETING CONTRACT ARRANGEMENTS THAT MIGHT OTHERWISE BE CONSIDERED INDIRECT OWNERSHIP OF LIVESTOCK OR CONTROL OF LIVESTOCK OPERATIONS AS FORMS OF FINANCING LIVESTOCK PRODUCTION. THE BILL AS INTRODUCED EXCLUDED COMMON FORWARD MARKETING RELATIONSHIPS THAT PROVIDED FOR CERTAIN UNSECURED LEDGER BALANCE SHEET ARRANGEMENTS FOR FEED PURCHASES THAT ARE ACCOUNTED FOR WHEN NEGOTIATING NET PAYMENTS WHEN FINISHED MARKET HOGS ARE DELIVERED, PROVIDED SUCH ADVANCE DOES NOT EXCEED \$250,000. THE COMMITTEE AMENDMENT ADDS CLARIFICATION THAT UNSECURED ADVANCES OR LEDGER SHEET MEANS UNSECURED BY THE COLLATERAL OF THE DEBTOR AND INCREASES THE UNSECURED AMOUNT ADVANCE PAYMENT TO \$1 MILLION. THAT CONCLUDES THE INTRODUCTION OF AM495 TO LB176. I ASK FOR YOUR SUPPORT OF THIS AMENDMENT AND THE BILL TO STRENGTHEN NEBRASKA'S PORK INDUSTRY AND HELP CREATE JOBS FOR NEBRASKA'S YOUNG FARMERS AND RETAIN THE LIVESTOCK INDUSTRY IN NEBRASKA. THANK YOU, MR. PRESIDENT. [LB176]

SENATOR SCHEER: THANK YOU, SENATOR JOHNSON. MR. CLERK. [LB176]

ASSISTANT CLERK: MR. PRESIDENT, PRIORITY MOTION: SENATOR BLOOMFIELD WOULD MOVE TO BRACKET THE BILL UNTIL APRIL 15, 2016. [LB176]

SENATOR SCHEER: SENATOR BLOOMFIELD, YOU'RE WELCOME TO OPEN ON YOUR AMENDMENT. [LB176]

SENATOR BLOOMFIELD: THANK YOU, MR. PRESIDENT. COLLEAGUES, SENATOR McCOY WAS UNABLE TO BE HERE RIGHT NOW. HE HAD TO LEAVE, SO HIS AMENDMENT WAS PULLED, OR HIS BRACKET MOTION. SO I HASTILY DREW UP ANOTHER ONE. THIS BILL IS NOT GOOD FOR SMALL NEBRASKA PRODUCERS. THE

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INDEPENDENCE OF THE NEBRASKA FARMER IS RENOWN. THIS BILL, IF PASSED, ELIMINATES THAT INDEPENDENCE. WHEN YOU TIE INTO A CONTRACT, SUCH AS ARE OFFERED HERE, IT IS A LIFE-CHANGING COMMITMENT. THERE'S NO RENOUNCING THE CONTRACT ON THE YOUNG PRODUCER'S PART. HE'S LOCKED IN HIS ENTIRE FAMILY INTO A CONTRACT YOU CAN'T GET OUT OF EVEN BY DYING. COLLEAGUES, THIS...THE IDEA THAT THE PACKERS ARE GOING TO OWN THE HOGS WILL PUT A GREAT NUMBER OF NEBRASKA PRODUCERS OUT OF BUSINESS. THE IDEA THAT WE'RE GOING TO INCREASE THE NUMBER OF HOGS, WELL-INTENDED AND MAYBE TRUE, I'M MORE CONCERNED WITH THE NUMBER OF PRODUCERS WE'RE ABLE TO SUSTAIN IN NEBRASKA. AS WE LOOK AROUND NOW AT THE LARGE FLOCKS OF POULTRY AND THE AVIAN BIRD FLU, IMAGINE WHAT IT DOES TO OUR FOOD SUPPLY IF WE HAD THE SAME DISASTER HITTING LARGE FLOCKS...HERDS OF HOGS THAT WE WOULD NOW BE DEALING WITH. DISEASE SPREADS MORE RAPIDLY IN CONFINED SETUPS, PARTICULARLY LARGE CONFINED SETUPS. YOU KNOW, IF YOU GET A DISEASE ON A GUY THAT'S FARROWING AND FINISHING SEVERAL HUNDRED HEAD A YEAR, IT DOESN'T COMPARE TO WHAT YOU GET WHEN YOU HAVE MULTIPLE THOUSANDS OF HEAD A YEAR COMING OUT OF THE ONE PRODUCER OR, WITH PACKER OWNERSHIP, MILLIONS OF HEAD A YEAR IF WE GET A DISEASE THAT WE'VE NEVER HEARD OF YET MOVING THROUGH THE HOG POPULATION. AND IN LOOKING AT THIS BILL, I'VE TRIED FOR FOUR YEARS TO WRAP MY HEAD AROUND IT. IT'S A VERY COMPLICATED PIECE OF LEGISLATION. THERE'S A LOT OF WORK TO BE DONE ON IT YET. THERE WAS SUPPOSED TO BE A STUDY ON ALL OF THIS LAST YEAR WITH A REPORT BACK. IT DOESN'T SEEM LIKE THAT HAPPENED. SO I DID NOT SUPPORT THIS IN COMMITTEE. I CANNOT SUPPORT IT ON THE FLOOR. AND I THINK THE BEST THING WE COULD DO TO THIS IS PUT IT OFF UNTIL WE HAVE SOME MORE ANSWERS. THANK YOU, MR. PRESIDENT. [LB176]

SENATOR SCHEER: THANK YOU, SENATOR BLOOMFIELD. THOSE WAITING IN THE QUEUE ARE SENATOR SCHILZ, RIEPE, BOLZ, STINNER, AND OTHERS. SENATOR SCHILZ, YOU'RE RECOGNIZED. [LB176]

SENATOR SCHILZ: THANK YOU, MR. PRESIDENT, MEMBERS OF THE BODY. SENATOR BLOOMFIELD TALKS ABOUT ANSWERS TO WHAT'S GOING ON. I WANT TO LET EVERYBODY KNOW THAT FROM 1997 TO 2007, NEBRASKA LOST 63 PERCENT OF OUR HOG PRODUCERS IN THE STATE. THE BAN WAS IN PLACE. HOW DOES THAT HELP THE INDUSTRY, FOLKS? BUT LET'S GET BACK TO WHAT THE BILL ACTUALLY DOES AND GET WAY FROM THE FEARMONGERING AND ALL THAT. YES, DISEASE CAN BE A PROBLEM AND, YES, IT HAPPENS ONCE IN A WHILE. BUT I CAN TELL YOU THIS. OUR HOG PRODUCERS, OUR CATTLE

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PRODUCERS, OUR LIVESTOCK PRODUCERS HERE IN THE STATE, ALONG WITH THE DEPARTMENT OF AGRICULTURE AND EVERYBODY ELSE WORK DILIGENTLY TO MAKE SURE THAT DOESN'T HAPPEN. GO VISIT A HOG FACILITY. A LOT OF TIMES IT'S SHOWER IN/SHOWER OUT, AND YOU CAN'T GET IN THERE UNLESS YOU DO THIS. SO THERE ARE PRECAUTIONS IN PLACE TO MAKE SURE THAT WE DON'T SPREAD DISEASE FROM BARN TO BARN AND THINGS LIKE THAT. LET ME GET BACK TO WHAT THE BILL ACTUALLY DOES. THE BILL TAKES OUT THE ORIGINAL PACKER BAN IN WHICH A PACKER IS ACTUALLY DEFINED AS A PROCESSOR WHO PROCESSES CATTLE WITHIN THE STATE. WELL, IF THAT'S THE CASE, THEN ANY PROCESSOR THAT'S OUTSIDE OF THE STATE TODAY, UNDER EXISTING LAW, COULD CONTRACT AS MANY HOGS, AND OWN THEM, AS THEY WANT TO. THE CURRENT LAW IS FLAWED IN THIS FASHION. AND FINALLY, THERE'S INTENT LANGUAGE IN THERE TO FIX THE FEDERAL PREEMPTION OF THE MANDATORY REPORTING ACT, BECAUSE, AS PEOPLE MAY NOT UNDERSTAND, MANDATORY REPORTING IS IN PLACE UNLESS THE FEDERAL GOVERNMENT DECIDES NOT TO DO IT. THIS BILL INSTRUCTS THE DEPARTMENT OF AGRICULTURE TO MAKE SURE THAT WE HAVE A PROGRAM IN PLACE TO CONTINUE THAT MANDATORY PRICE REPORTING IF THE FEDS EVER DECIDE NOT TO. IF YOU GET A CHANCE, GO ASK THE PRODUCERS IN THE STATE OF NEBRASKA WHETHER THEY LIKE MANDATORY PRICE REPORTING AND SEE IF THEY THINK THAT'S IMPORTANT. EVEN THE OPPONENTS OF THIS BILL, ASK THEM THAT, SEE WHAT THEY THINK. I THINK IT'S IMPORTANT TO UNDERSTAND, AS SENATOR GROENE SAID WHEN HE WAS STANDING UP THERE, HEY, WHERE'S THE BILLS TO TAKE AWAY GOVERNMENT OVERREACH AND REGULATIONS. WELL, FOLKS, THIS IS ONE OF THOSE BILLS. WHEN WE TALK ABOUT MAKING BUSINESS WORK BETTER, WHEN WE TALK ABOUT GIVING BUSINESS PEOPLE...AND REMEMBER, FOLKS, AGRICULTURE IS A BUSINESS, AND IT'S A BIG BUSINESS HERE IN NEBRASKA, AND IT'S MADE UP OF ALL SORTS OF DIFFERENT SIZES AND DIFFERENT KINDS OF PRODUCERS. WE NEED TO SUPPORT EVERY ONE OF THEM. IF WE WANT TO TALK ABOUT PROPERTY TAXES, HAVING NEW FACILITIES BUILT AND HOGS THAT ARE COMING IN AND BEING FED IS NOT A BAD THING. WE HAVE AGENCIES IN PLACE, LIKE DEQ, TO MAKE SURE THAT WE HAVE POLLUTION FIXES SO THAT WE DON'T HAVE TO WORRY ABOUT GROUNDWATER GETTING CONTAMINATED. THE OTHER NICE THING, IF YOU LOOK AT THE DIFFERENCES BETWEEN IOWA AND NEBRASKA, ESPECIALLY THE WESTERN THIRD OF NEBRASKA, IS HOW MUCH LESS RAIN WE RECEIVE EVERY YEAR AND HOW THAT MAKES A HUGE DIFFERENCE IN POLLUTION POTENTIAL. I THINK IT'S IMPORTANT TO UNDERSTAND THAT THIS BILL IS MANY FACETED. IT DOES A NUMBER OF THINGS. AND AS SENATOR BLOOMFIELD SAID, THERE ARE SOME PARTS OF IT THAT LOOK COMPLICATED, ESPECIALLY IN SECTION (3) WHERE WE TALK ABOUT

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INDIRECT OWNERSHIP. AND THERE'S A REASON WHY NOBODY WANTED TO ADDRESS THAT BEFORE AND I BELIEVE THAT REASON IS THAT NOBODY REALLY UNDERSTOOD HOW TO APPLY INDIRECT OWNERSHIP TO ANYTHING. [LB176]

SENATOR SCHEER: ONE MINUTE. [LB176]

SENATOR SCHILZ: INDIRECT OWNERSHIP CAN COME BACK AND BITE PRODUCERS RIGHT IN THE BEHIND IF WE'RE NOT CAREFUL. BECAUSE IF SOMEBODY SAYS, HEY, THIS FORWARD CONTRACT IS INDIRECT, GUESS WHO'S GOING TO HAVE TO GO TO COURT AND FIGHT THAT. NOT THE PACKER. NO, IT'S GOING TO BE THE PRODUCER. SO THINK ABOUT THAT WHEN YOU LOOK AT THE AMENDMENTS THAT ARE COMING UP. IT'S IMPORTANT TO UNDERSTAND. THIS BILL IS NOT LOOKING TO TAKE ANYBODY OUT OF THE INDUSTRY. THIS BILL IS NOT LOOKING TO CAUSE LARGE PROCESSORS TO OWN EVERYTHING. THIS BILL IS GIVING FOLKS, REAL PEOPLE, REAL BUSINESS PEOPLE THE OPPORTUNITY TO OPERATE THEIR BUSINESS AS THEY SEE FIT, TO MAKE AGREEMENTS AND ARRANGEMENTS WITH THE FOLKS THAT THEY WANT TO DO BUSINESS WITH. [LB176]

SENATOR SCHEER: TIME, SENATOR. [LB176]

SENATOR SCHILZ: THANK YOU VERY MUCH. [LB176]

SENATOR SCHEER: THANK YOU, SENATOR SCHILZ. SENATOR RIEPE, YOU'RE RECOGNIZED. [LB176]

SENATOR RIEPE: MR. PRESIDENT, MEMBERS OF THE SENATE AND NEBRASKA VIEWERS, I SPEAK TO YOU TODAY AS A FORMER MEMBER OF THE PORK INDUSTRY. YOU SEE, AT THE AGE OF 16, I HAD A 4-H PIG. SHE WAS A SPOTTED POLAND CHINA NAMED FLOP. SO THIS BILL IS VERY CLOSE TO MY HEART. I WAS PRESENT, NOT VOTING FOR THE COMMITTEE VOTE. AT THE HEARING, I LISTENED TO THE PROPONENTS AND THE OPPONENTS, AND I FOUND MYSELF WITH CONCERNS AS TO THE POTENTIAL NEGATIVE IMPACT OF ALLOWING PACKERS TO OWN THE HOGS AND THE LEVERAGE OF VERTICAL INTEGRATION. I AM CONCERNED ABOUT THE PRODUCERS HAVING THE ABILITY TO NEGOTIATE FAIR CONTRACTS. A LOT OF THESE CONTRACTS INCLUDE SECRECY AND CONFIDENTIALITY CLAUSES. I AM CONCERNED ABOUT THE MARKET, DEBT BURDENS OF THE PRODUCERS, AND THE POTENTIAL OF DEPOPULATION OF RURAL NEBRASKA DUE TO LIFTING THE PACKER BAN. AND I THINK THAT IF WE

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ARE GOING TO PASS LB176, WE NEED TO MAKE IT THE BEST BILL POSSIBLE. THEREFORE, SENATOR SCHILZ, WILL YOU YIELD TO A QUESTION? [LB176]

SENATOR SCHEER: SENATOR SCHILZ, WILL YOU YIELD, PLEASE? [LB176]

SENATOR SCHILZ: YES. [LB176]

SENATOR RIEPE: THANK YOU. I RECEIVED MANY CALLS, LETTERS, E-MAILS, AND PHONE CALLS REGARDING THE BILL. IF THIS BILL ADVANCES TO SELECT, WOULD YOU BE WILLING TO WORK ON AN AMENDMENT THAT WOULD ADDRESS THE CONCERNS REGARDING PRODUCERS' RIGHTS AND ALLOW FOR ADDITIONAL OBLIGATIONS FROM THE PACKERS? [LB176]

SENATOR SCHILZ: SENATOR RIEPE, THANK YOU FOR THE QUESTION. AND I AM ALWAYS WILLING TO SIT DOWN AND TALK ABOUT WHAT'S IN THE BEST INTERESTS OF OUR PRODUCERS, ALWAYS. AND I'M GLAD YOU BROUGHT UP THE IDEA OF CONFIDENTIALITY AND WHAT GOES ON. AND IN THE STATE OF IOWA WHEN THEY CAME TO THIS...AND I SHOULD...I DON'T WANT TO TAKE UP YOUR TIME. [LB176]

SENATOR RIEPE: THAT'S OKAY. [LB176]

SENATOR SCHILZ: BUT IN THE STATE OF IOWA THEY SET IT UP SO THAT A PANEL, A TASK FORCE OF PRODUCERS THEMSELVES, PRODUCERS, PROCESSORS, AND OTHER INTERESTED PARTIES CAME TOGETHER TO TALK ABOUT WHAT SHOULD BE AND SHOULD NOT BE CONSIDERED IN CONTRACTS. I'M ALL FOR THAT. AND IF WE WANT TO AMEND THIS BILL TO BE ABLE TO LOOK AT THAT AND DO SOME OF THOSE THINGS AND LET THE DEPARTMENT OF AG OR THE ATTORNEY GENERAL'S OFFICE COME TOGETHER WITH SOME FOLKS TO COME UP WITH THAT, I'M MORE THAN WILLING TO LOOK AT THAT. I'M ALSO IN FAVOR OF SENATOR DAVIS' AMENDMENT TO TAKE AWAY THE CONFIDENTIALITY THING LIKE YOU TALKED ABOUT, WHICH THERE NEVER WAS ANYWAY. BUT IF WE WANT TO STATE IT IN LAW THAT YOU CAN SHOW THAT CONTRACT TO ANYONE, I'M MORE THAN PLEASED TO DO THAT BECAUSE I THINK THESE THINGS HAVE TO BE OPEN, HAVE TO BE ABLE TO BE SCRUTINIZED BY VARIOUS FOLKS BECAUSE, REMEMBER, LIKE I SAID, AGRICULTURE IS A BUSINESS. WE DEAL WITH BANKERS. WE DEAL WITH LAWYERS. WE DEAL WITH OTHER CUSTOMERS. WE DEAL WITH PEOPLE EVERY DAY, SUPPLIERS AND EVERYTHING ELSE, TO MAKE SURE THAT OUR BUSINESS IS RUN AS EFFICIENTLY AS POSSIBLE. [LB176]

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SENATOR RIEPE: THANK YOU, SENATOR SCHILZ. IT'S MY UNDERSTANDING THAT, IN ADDITION TO--AND I BELIEVE YOUR WORDS WERE DISCUSSED, IT WAS DISCUSSED WITH THE IOWA PRODUCERS--IT'S ALSO MY UNDERSTANDING THAT THERE IS SPECIFIC LANGUAGE IN THERE THAT DOES PROVIDE A PROTECTION FOR THE PRODUCERS IN THE IOWA LANGUAGE. IS THAT TO YOUR UNDERSTANDING AS WELL? [LB176]

SENATOR SCHILZ: I BELIEVE THAT'S RIGHT, YES. [LB176]

SENATOR RIEPE: AND YOU'RE AGREEABLE TO THAT? [LB176]

SENATOR SCHILZ: LIKE I SAID, I'M AGREEABLE TO SIT DOWN AND TALK ABOUT ALL THOSE THINGS IF THEY ARE IN THE BEST INTERESTS OF THE PRODUCERS, YES. [LB176]

SENATOR RIEPE: OKAY. THANK YOU. WE WILL, BETWEEN NOW AND SELECT FILE, WE WILL SIT DOWN WITH YOU AND SEE IF WE CAN FIND SOME COMMON GROUND ON THIS. [LB176]

SENATOR SCHILZ: THANK YOU, SENATOR RIEPE. [LB176]

SENATOR RIEPE: THANK YOU. [LB176]

SENATOR SCHEER: THANK YOU, SENATOR RIEPE AND SENATOR SCHILZ. SENATOR BOLZ, YOU'RE RECOGNIZED. [LB176]

SENATOR BOLZ: THANK YOU, MR. PRESIDENT. I REPRESENT SOUTH LINCOLN. IN HEARING ABOUT THIS BILL, I WONDERED WHAT MY CONSTITUENTS MIGHT THINK ABOUT IT. MY FIRST REACTION WAS THAT THEY PROBABLY WOULDN'T THINK ABOUT IT VERY MUCH AT ALL. AND THE ANSWER WASN'T APPARENT AND I WAS HESITANT TO ENGAGE ON AN ISSUE THAT I THINK AFFECTS RURAL NEBRASKA TO A GREAT DEAL. BUT THE MORE THAT I DID MY RESEARCH, THE MORE I FELT CONCERNED ABOUT THIS POLICY AND THE STRATEGY. AND THE REASON I AM CONCERNED RELATES TO SOMETHING THAT IMPACTS OUR EVERYDAY LIVES, AND THAT IS WATER QUALITY. DES MOINES' WATER UTILITY SERVES HALF A MILLION PEOPLE, AND THEY RECENTLY FILED A NOTICE OF INTENT TO SUE FARMERS IN THREE COUNTIES, POPULATED BY 1.2 MILLION HOGS AND 1 MILLION TURKEYS, BECAUSE IT MUST RUN WATER SOURCED FROM

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TWO CENTRAL IOWA RIVERS THROUGH A COSTLY SYSTEM TO STRIP OUT NITRATE, WHICH AT LEVELS ABOVE A CERTAIN LIMIT CAN REDUCE THE AMOUNT OF OXYGEN CARRIED IN THE BLOOD OF YOUNG CHILDREN UNDER SIX. IN ARTICLES, THIS IS REFERRED TO AS A BLUE BABY ALERT. URBAN COLLEAGUES, I HOPE THAT YOU'LL ENGAGE FROM THIS PERSPECTIVE. NOBODY WANTS A BLUE BABY ALERT IN THEIR DISTRICT AND NO ONE WANTS TO WORRY ABOUT TURNING ON THE WATER FAUCET AND BEING AFRAID OF THE WATER THAT THEY MIGHT BE ABLE TO DRINK. A DRIVING FORCE BEHIND SOME OF THIS PRODUCTION IS, IN IOWA, IS THE LARGE-SCALE HOG FARMS, MURPHY-BROWN LLC, WHICH BECAME A PART OF THE WORLD'S LARGEST PORK PRODUCER WHEN WH GROUP BOUGHT SMITHFIELD FOODS. AND SO ALL OF THESE INTERESTS THAT WE'RE SEEING IN IOWA ARE INTERESTS I'M HEARING FROM IN NEBRASKA AS WELL. AND I DO THINK THAT A LINK CAN BE MADE BETWEEN VERTICAL INTEGRATION AND ENVIRONMENTAL CONCERNS. TED GENOWAYS IS A LOCAL AUTHOR, AND IN HIS RECENT BOOK, THE CHAIN, HE OUTLINES HOW STATE VERTICAL INTEGRATION POLICY WAS A MAJOR FACTOR IN RAPIDLY EXPANDING HOG PRODUCTION. AND NOW THE STATE IS SEEING AN ALARMING IMPACT ON WATER. STUDIES SHOW HIGH LEVEL OF NITRATES. THERE IS ALSO CONCERN ABOUT THE RISE OF ANTIBIOTIC-RESISTANT INFECTIONS RELATED TO THEIR CONCENTRATION IN THE WATER SUPPLY. SO AS A LINCOLN SENATOR, I'M CONCERNED BECAUSE OUR WATER SUPPLY COMES FROM THE PLATTE AND FROM THE ASHLAND AREA. AND IF HOG PRODUCTION IS BUILT UPSTREAM FROM LINCOLN, WE'LL HAVE A WATER CONCERN TO BE DEALING WITH. AND WHY DO I THINK THAT MIGHT HAPPEN? ONE OF THE REASONS IS THAT FARMS IN THAT AREA ARE ALREADY LOOKING FOR OPPORTUNITIES TO EXPAND. AND BECAUSE IT ONLY MAKES BUSINESS SENSE TO HAVE HOG PRODUCTION LOCATED CLOSE TO PACKING PLANTS. AND THERE'S A PACKING PLANT IN NORTH LINCOLN AND A PACKING PLANT IN FREMONT. SO I THINK I HAVE GOOD REASON TO BE CONCERNED ABOUT OUR UPSTREAM WATER SUPPLY. MY OTHER REASON IS THAT DURING MY TIME IN THE BODY, WE MADE AN INITIAL \$21 MILLION INVESTMENT IN OUR STATE'S WATER AND AN ONGOING \$11 MILLION INVESTMENT IN WATER QUALITY. DOES THIS POLICY PROTECT OUR INVESTMENT? AT THE END OF THE DAY, I SUPPORT LOCAL COMMUNITIES TO MAKE THEIR DECISIONS ABOUT ANIMAL PRODUCTION. I WANT TO SEE OUR RURAL ECONOMY GROW. I DON'T WANT TO STAND IN THE WAY OF THAT. BUT I THINK IT'S INCUMBENT UPON THE SUPPORTERS OF THIS BILL TO PROVE TO ME THAT ENVIRONMENTAL AND WATER QUALITY WILL BE PROTECTED AND THAT THAT WILL BE THE HIGHEST PRIORITY IN THIS TYPE OF EXPANSION. SENATOR SCHILZ, I HEAR YOU TALKING ABOUT THE DEPARTMENT OF ENVIRONMENTAL QUALITY AND THEIR ROLE. AND I HEAR YOU TALKING ABOUT STAKEHOLDERS COMING TOGETHER. [LB176]

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SENATOR SCHEER: ONE MINUTE. [LB176]

SENATOR BOLZ: I WOULD LIKE TO KNOW FOR CERTAIN, AND I WOULD LIKE TO KNOW IN SPECIFIC DETAIL ALL OF THE WAYS THAT WE ARE IMPLEMENTING BEST ENVIRONMENTAL PRACTICES SO THAT IF WE ACTUALLY GET WHAT WE WANT, WHICH IS BOOMING HOG PRODUCTION, THAT THE NATURAL CONSEQUENCES OF THAT BOOMING HOG PRODUCTION, WHICH, MY FRIENDS, IS BOOMING MANURE PRODUCTION, DOESN'T RESULT IN BAD WATER IN MY TAP IN SOUTH LINCOLN. ARE WE LIMITING RELEASES? ARE WE CREATING BUFFER ZONES? YOU MENTIONED THE DEPARTMENT OF ENVIRONMENTAL QUALITY. DO THEY HAVE POLICIES IN PLACE THAT...TO ADDRESS NOT JUST THE WAY THE STATUS QUO IS NOW, BUT THE CHANGES THAT WILL HAPPEN WITH THIS GROWING AND EXPANDING HOG PRODUCTION? COLLEAGUES, I DON'T NECESSARILY HAVE A STRONG OPINION ABOUT THE WAY THAT HOG PRODUCTION SHOULD HAPPEN IN DISTRICTS THAT ARE NOT MY OWN. BUT I DO HOPE DURING THIS DEBATE AND THROUGH ANY OTHER INFORMATION AVAILABLE... [LB176]

SENATOR SCHEER: TIME, SENATOR. [LB176]

SENATOR BOLZ: THANK YOU, MR. PRESIDENT. [LB176]

SENATOR SCHEER: THANK YOU, SENATOR BOLZ. THOSE WAITING IN THE QUEUE: SENATORS STINNER, KOLTERMAN, SCHNOOR, SULLIVAN, AND OTHERS. SENATOR STINNER, YOU'RE RECOGNIZED. [LB176]

SENATOR STINNER: THANK YOU, MR. PRESIDENT. MEMBERS OF THE LEGISLATURE, I STAND IN SUPPORT OF LB176. I WANT TO THANK SENATOR SCHILZ FOR BRINGING THIS BILL, AS I THINK IT GIVES RURAL NEBRASKA ANOTHER ARROW IN ITS ECONOMIC DEVELOPMENT QUIVER. THE BILL ALSO PUTS US, THE STATE OF NEBRASKA, ON EQUAL FOOTING WITH OUR NEIGHBORING STATES. BUT I WOULD LIKE TO TAKE A LITTLE DIFFERENT TACTIC IN ANALYZING THIS BILL. AND I HAVE PASSED OUT A MAP THAT ANALYZES POPULATION GROWTH OR DEPOPULATION. NOW, I WANT YOU TO REFLECT ON THIS MAP AND SEE IN THE DARK PURPLE HOW FAST AND HOW MANY PLACES IN RURAL NEBRASKA ARE DEPOPULATING. AND WE TALK ABOUT OUT-MIGRATION-- WE HAVEN'T TALKED ABOUT IT A LOT HERE--BUT OUT-MIGRATION PUTS TREMENDOUS STRAIN ON THE INFRASTRUCTURE: THE SCHOOLS, THE CITIES, THE COUNTIES, THE SERVICES. IT ALSO PUTS TREMENDOUS STRAIN ON MAIN

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STREET AND MAIN STREET BUSINESSES. WE CONTINUE TO SEE GROCERY STORES, WE CONTINUE TO SEE RESTAURANTS, WE CONTINUE TO SEE DIFFERENT SERVICES ON OUR MAIN STREET SHUTTERING BECAUSE THEY LACK THE VOLUME, PROFITABILITY, AND MANY TIMES JUST SOMEBODY ELSE TO RUN THOSE BUSINESSES. SO I BELIEVE THIS BILL WILL HELP STABILIZE AND PROVIDE A CATALYST FOR GROWTH IN OUR COMMUNITIES. I'D ALSO LIKE TO INTRODUCE AND PRESENT THIS AS A BEGINNING FARMER BILL. NOW PICTURE WITH ME, AND YOU'LL HAVE TO COME INSIDE MY BANK TO PICTURE THIS, BUT THIS YOUNG FARMER WHO IS OUT THERE TODAY IN PROBABLY A FAMILY BUSINESS THAT HAS 80 ACRES, OWES \$1,000 AN ACRE AGAINST IT, BUT IT'S BEEN APPRAISED FOR \$5,000 AN ACRE. WHAT HE IS SEEKING OR SHE IS SEEKING IS YEAR-ROUND INCOME, A WAY TO BUILD EQUITY, AND A PLACE TO MARKET THEIR PRODUCT. SO THEY ARE PRESENTING A PROPOSAL TO THE BANKER FOR \$500,000 TO BUILD A HOG FACILITY THAT WILL GIVE THEM ALL OF THOSE ELEMENTS. NOW, DO THEY QUALIFY? WELL, THE FARM WAS APPRAISED FOR \$5,000 AN ACRE OR \$400,000. AT 80 PERCENT LOAN TO VALUE, THAT GIVES THEM SOME LEVEL OF EQUITY. SO IF YOU SUBTRACT THE \$80,000 OFF OF THAT, YOU'LL HAVE \$320,000 OF EQUITY, WHICH IS MORE THAN SUFFICIENT TO PROVIDE THE 20 PERCENT ON AN 80 PERCENT LOAN TO VALUE THAT I CAN PRESENT TO THE USDA OR SBA. THIS IS HOW IT REALLY HAPPENS IN LIFE, FOLKS. THE OTHER PIECE OF THE MISSING ELEMENT IS THE COMMODITY RISK ASSOCIATED WITH HOG PRODUCTION. THEY COME IN WITH THAT CONTRACT AND THE CLINCHER FOR THAT LOAN IS THAT I HAVE A RECOGNIZABLE, STABLE SOURCE FOR HOGS AND FOR INCOME. SO THEY HAVE PRESENTED A PRIMARY SOURCE OF REPAYMENT, EQUITY IN A LOAN. I HAVE A GUARANTEE. THAT PERSON LEAVES THE BANK, CAN GET INTO THIS TYPE OF PRODUCTION, SATISFYING YEAR-ROUND INCOME, A PLACE TO MARKET THE PRODUCT, AND FURTHER STABILITY. I JUST WANT TO TALK A LITTLE BIT, IF THE FAMILY FARM GETS INTO THIS DISCUSSION, I KNOW IT HAS BEEN FROM MANY TIMES, I WILL TELL YOU THAT THE FAMILY FARM HAS NOW MORPHED INTO THOUSANDS OF ACRES OF PRODUCTION, HIGHLY TECHNICAL TECHNOLOGY HAS BEEN INCORPORATED THROUGHOUT THEIR ORGANIZATION. AND MANY TIMES THESE FAMILY FARMS AND FARMS HAVE NOW MORPHED INTO TRUCKING ORGANIZATIONS, CATTLE FEEDING, HOG PRODUCTION, AND SO ON. SO THEY ARE LOOKING FOR WAYS TO CONTINUE TO DIVERSIFY, CONTINUE TO EXPAND, AND CONTINUE TO BUILD. I BELIEVE THAT THIS BILL WILL HELP PROMOTE ADDITIONAL STABILITY, PROFITABILITY, AND PROVIDES A LONG-TERM CATALYST... [LB176]

SENATOR SCHEER: ONE MINUTE. [LB176]

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SENATOR STINNER: ...FOR JOBS. I WOULD LIKE TO YIELD THE REST OF MY TIME TO SENATOR SCHILZ. [LB176]

SENATOR SCHEER: SENATOR SCHILZ, YOU'RE RECOGNIZED WITH 45 SECONDS. [LB176]

SENATOR SCHILZ: THANK YOU. I'D JUST LIKE TO SAY THANK YOU TO SENATOR STINNER. I THINK THAT WE NEED TO UNDERSTAND THAT WHEN SENATOR BOLZ TALKED ABOUT ALL OF THESE REGULATIONS AND STUFF IN PLACE, WE HAVE DEQ, WE HAVE LOCAL ZONING, WE HAVE A PROTECTION IN THE BILL ITSELF THAT SAYS THAT THESE PROCESSORS CAN'T OWN LAND AND CAN'T OWN FACILITIES. AND I'LL TELL YOU THIS RIGHT NOW: IF NOT FOR THAT HERE, AND IF THIS WOULD BE BROUGHT TO COURT UNDER THE CURRENT LAW, ALL THAT GOES OUT THE WINDOW, POSSIBLY, BECAUSE YOU CAN'T DIFFERENTIATE AND YOU CAN'T FORCE ONE ENTITY OR ONE KIND OF BUSINESS PERSON TO DO THINGS DIFFERENTLY THAN ANOTHER ONE, UNDERNEATH THE U.S. CONSTITUTION. WE NEED TO THINK ABOUT EQUAL PROTECTION. [LB176]

SENATOR SCHEER: TIME, SENATOR. [LB176]

SENATOR SCHILZ: THANK YOU. [LB176]

SENATOR SCHEER: THANK YOU, SENATORS STINNER AND SCHILZ. SENATOR KOLTERMAN, YOU'RE RECOGNIZED. [LB176]

SENATOR KOLTERMAN: THANK YOU, MR. PRESIDENT. COLLEAGUES, GOOD MORNING. I RISE IN SUPPORT OF LB176 AND AM495. SERVING ON THE AG COMMITTEE, WE LISTENED FIRSHTHAND TO THE TESTIMONY OF MANY PEOPLE, BOTH PRO AND CON. I WANT TO GIVE YOU A LIST OF THE PEOPLE THAT CAME AND SUPPORTED THIS BILL, AND THEN I WANT TO TALK ABOUT WHY I'M IN SUPPORT. WHEN YOU LOOK AT THE LIST, IT'S NEBRASKA PORK PRODUCERS, THE NEBRASKA DEPARTMENT OF AGRICULTURE, THE NEBRASKA CORN GROWERS, NEBRASKA BANKERS ASSOCIATION, NEBRASKA SOYBEAN ASSOCIATION, NEBRASKA FARM BUREAU, NEBRASKA STATE CHAMBER, FARM CREDIT SERVICES OF AMERICA, AND THAT'S JUST TO NAME A FEW. AND THEN IN ADDITION TO THAT, WE HAD A FATHER AND SON COME OVER FROM IOWA, TOM AND NATHAN HUNTLEY, WHO TALKED ABOUT THE FACT THAT HAD THIS NOT BEEN AVAILABLE IN THEIR STATE, THEY WOULD...THE SON WOULD NOT BE IN THE BUSINESS OF AGRICULTURE TODAY. LIVING IN AN AGRICULTURAL AREA

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AND DERIVING MOST OF MY INCOME FROM AGRICULTURE OVER THE YEARS, I FOUND THAT FATHERS AND SONS AND FAMILIES WANT TO COME BACK AND SONS DO WANT TO FARM OR BE INVOLVED, OR SON-IN-LAWS, WITH THE FAMILY FARM. BUT I CAN ALSO TELL YOU THAT WHEN YOU'RE LOOKING AT, IN MY DISTRICT, \$10,000 AN ACRE LAND, UP TO...WE'VE HAD ACTUALLY...HAD LAND SELL FOR \$16,000 AN ACRE, IT'S VIRTUALLY IMPOSSIBLE TO ACQUIRE LAND SO THAT YOU COULD CONTINUE TO FARM. SO UNLESS DAD OR THE FAMILY OWNS A TREMENDOUS AMOUNT OF LAND ALREADY, WE'RE NOT GOING TO BE ABLE TO FACILITATE THE FUTURE RIGHT AWAY BECAUSE IT TAKES A LOT OF LAND TO MAKE A BUSINESS GO. SO WHAT TOM AND NATHAN HUNTLEY, FATHER AND SON, CAME AND TALKED TO US ABOUT WAS THE FACT THAT DAD, I BELIEVE, OWNED ABOUT 600 ACRES OF LAND AND COULDN'T ACQUIRE ANY MORE LAND IN IOWA. ON THE OTHER HAND, SON WANTED TO FARM. SO WHAT THIS TYPE OF LEGISLATION DID FOR THEM IN IOWA, IT ALLOWED THE SON TO COME BACK AND LEVERAGE THE FARM OPERATION TO THE POINT THAT HE COULD BORROW MONEY AGAINST THE FACILITY. HIS LABOR WOULD BE PAID FROM SWEAT EQUITY, AND HE KNEW THAT HE'D HAVE A STABLE INCOME FROM WHAT HE WAS PRODUCING FOR THE PEOPLE THAT OWNED THE PORK, THE HOGS. THE OTHER THING THAT WE TALKED A LITTLE BIT ABOUT, HAVING INSURED A LOT OF THESE TYPES OF FACILITIES, NONE QUITE AS LARGE AS THIS, BUT OVER THE YEARS, FOR THE LAST 25 OR 30 YEARS, I'VE HAD THE PLEASURE OF INSURING SOME HOG PRODUCING UNITS. AND I WILL TELL YOU, FROM A DISEASE PERSPECTIVE, YOU DON'T GO INTO THESE FACILITIES AS A SALESMAN GOING FROM FARM TO FARM. AND IF YOU DID WANT TO GET INTO ONE OF THESE, YOU'D HAVE TO SHOWER BEFORE YOU WENT IN, YOU'D HAVE TO CHANGE YOUR CLOTHES. AND THE DISEASE IS VERY HIGHLY CONTROLLED, DISEASE POTENTIAL. SO I RISE IN SUPPORT OF THIS PRIMARILY FROM THE PERSPECTIVE OF WE NEED THIS TO CONTINUE TO BRING OUR YOUNG PEOPLE BACK TO THE FARM. WE NEED THIS TO KEEP THEM STRONG FINANCIALLY. AND WOULD ENCOURAGE YOU TO SUPPORT BOTH THE BILL ITSELF AND THE AMENDMENT, AND VOTE AGAINST THE BRACKET. IT'S GOOD FOR AGRICULTURE. IT'S GOOD FOR THE CONSUMER BECAUSE PRICES WILL BE CONTROLLED IRREGARDLESS WHAT YOU'RE GOING TO HEAR. AND JUST ENCOURAGE YOU TO SUPPORT THIS BILL. THANK YOU.
[LB176]

SENATOR SCHEER: THANK YOU, SENATOR KOLTERMAN. SENATOR SCHNOOR, YOU'RE RECOGNIZED. [LB176]

SENATOR SCHNOOR: THANK YOU, MR. PRESIDENT. I AM A FARMER. I'M A CATTLE FEEDER. I DO OWN A COMMERCIAL CATTLE-FEEDING OPERATION. AND I

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REALIZED, WITH SOME QUESTIONS THAT WERE ASKED OF ME BY SENATOR CRAWFORD, THAT I NEED TO TAKE THIS TIME TO EDUCATE SOME OF MY FELLOW SENATORS ON HOW IT WORKS FOR ME. AND I WILL DO THAT FOR THE NEXT EIGHT HOURS IF SO BE IT, BECAUSE I AM 100 PERCENT OPPOSED TO LB176. SENATOR SCHILZ, WILL YOU YIELD TO A QUESTION, PLEASE? [LB176]

SENATOR SCHEER: SENATOR SCHILZ, WILL YOU YIELD? [LB176]

SENATOR SCHILZ: YES, I WILL. [LB176]

SENATOR SCHNOOR: SENATOR SCHILZ, I OWN TWO HOG BARNES. I CURRENTLY RENT THEM OUT TO A NEIGHBOR. BUT IF I WANT TO PUT HOGS IN THERE AND FEED THEM AND OWN THEM MYSELF, THE BILL THAT YOU HAVE PRESENTED, THAT STILL ALLOWS ME TO DO THAT. IS THAT CORRECT? [LB176]

SENATOR SCHILZ: ABSOLUTELY. [LB176]

SENATOR SCHNOOR: OKAY. WHERE AM I GOING TO SELL THEM? [LB176]

SENATOR SCHILZ: WELL, I'LL TELL YOU WHAT, I KNOW THIS, THAT PACKERS ALL AROUND...HERE IN THE STATE OF NEBRASKA, CONSIDERING THAT WE HAVE THREE PLANTS THAT ARE ONLY RUNNING ONE SHIFT INSTEAD OF TWO, WE HAVE ANOTHER SHIFT ON THREE PLANTS, AND I DON'T KNOW HOW MANY...I DON'T KNOW HOW MANY HOGS THEY PROCESS PER DAY, BUT THERE'S A LOT OF ROOM THERE TO DO THAT. THE OTHER THING IS, IS THAT THERE'S ALSO MANY OTHER PROGRAMS OUT THERE THAT ALLOW YOU TO DO THIS: OTHER SMALLER MARKETS THAT ARE AVAILABLE, NIMAN RANCH IS ONE. I USED TO FEED FOR COLEMAN NATURAL MEATS THAT ALLOWS YOU TO FEED HOGS ON A DIFFERENT KIND OF MARKETING SYSTEM THAN WHAT A PRODUCTION CONTRACT WOULD BE. AND I KNOW THIS, THAT QUITE A FEW... [LB176]

SENATOR SCHNOOR: SENATOR SCHILZ? [LB176]

SENATOR SCHILZ: YES, SIR. [LB176]

SENATOR SCHNOOR: CAN I INTERRUPT YOU BECAUSE...? [LB176]

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SENATOR SCHILZ: IT'S YOUR TIME. [LB176]

SENATOR SCHNOOR: YES. YEAH. THANK YOU. ALSO, YOU, LAST YEAR, YOU WERE THE CHAIRMAN OF THE EDUCATION COMMITTEE, CORRECT? [LB176]

SENATOR SCHILZ: THAT IS FALSE. [LB176]

SENATOR SCHNOOR: THAT IS WHAT? [LB176]

SENATOR SCHILZ: FALSE. I WAS CHAIR OF THE AGRICULTURE COMMITTEE. [LB176]

SENATOR SCHNOOR: THAT'S WHAT I SAID. [LB176]

SENATOR SCHILZ: EDUCATION IS WHAT YOU SAID. [LB176]

SENATOR SCHNOOR: OH, I'M SORRY. [LB176]

SENATOR SCHILZ: THAT'S OKAY. (LAUGHTER) [LB176]

SENATOR SCHNOOR: ALL RIGHT. LET ME REPHRASE THAT. YOU WERE CHAIRMAN OF THE AGRICULTURE COMMITTEE. [LB176]

SENATOR SCHILZ: YES, SIR. [LB176]

SENATOR SCHNOOR: OKAY. THANK YOU. THAT'S WHAT I MEANT TO SAY, BUT OBVIOUSLY I DIDN'T. YOU SUBMITTED A RESOLUTION, LR563, TO STUDY THIS. IS THAT CORRECT? [LB176]

SENATOR SCHILZ: YES, I DID. [LB176]

SENATOR SCHNOOR: OKAY. WE TRIED TO FIND RESULTS TO THAT BUT WE WERE UNABLE. CAN YOU TELL US...? [LB176]

SENATOR SCHILZ: WELL, HERE'S WHAT I WOULD TELL YOU, THAT IF YOU WOULD HAVE GONE DOWN TO THE OFFICE OF THE AG CHAIR AND ASKED SENATOR

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JOHNSON AND/OR RICK LEONARD, HE WOULD HAVE GIVEN YOU BINDERS UPON BINDERS OF ALL THE INFORMATION THAT WAS GATHERED ABOUT THAT. DID WE DO AN OFFICIAL REPORT? NO, WE DID NOT, BUT ALL THE INFORMATION IS THERE. IT WAS ALL COMPILED. IT'S ALL THERE AND ANYBODY IS WELCOME TO GO TAKE A LOOK AT WHAT WAS SAID. AND WE WORKED WITH THE...I'M SORRY. I DON'T WANT TO TAKE UP YOUR TIME. BUT IT IS THERE. [LB176]

SENATOR SCHNOOR: OKAY. ALL RIGHT. THANKS, SENATOR SCHILZ. MY POINT BEING IS THE HOG BUSINESS IS COMPLETELY DIFFERENT THAN CATTLE. AT PRESENT TIME, IT IS VERY DIFFICULT FOR HOG PRODUCERS TO SELL HOGS. IF YOU DON'T HAVE THEM CONTRACTED, IF YOU CAN'T PROMISE ONE SEMILOAD A WEEK, THEY DON'T EVEN WANT TO TALK TO YOU. AND IF LB176 GETS ENACTED, FAMILY FARMING FOR HOG OPERATIONS, AS WE KNOW IT, WILL DISAPPEAR. [LB176]

SENATOR SCHEER: ONE MINUTE. [LB176]

SENATOR SCHNOOR: THANK YOU. IF AN INDEPENDENT PRODUCER WANTS TO RAISE HOGS, IT WILL BE IMPOSSIBLE BECAUSE THERE WILL BE NO PLACE TO SELL THEM, BECAUSE THE PACKER WILL CONTROL THE MARKET, BECAUSE THIS BILL IS NOT FOR FAMILY FARMERS. THIS BILL IS FOR CORPORATE FARMING. IT'S FOR CORPORATE AGRICULTURE. IT'S TO MAKE THESE HOG PRODUCTION FACILITIES JUST GET BIGGER, BECAUSE THE PACKER CONTROLS EVERYTHING. IT ISN'T THE FAMILY FARMER; IT'S THE PACKER. AND THIS HURTS MUCH MORE. THERE'S A LOT OF OTHER THINGS I WANT TO TALK ABOUT THAT WE WILL GET INTO AS TIME ALLOWS, WHICH WE'LL PROBABLY HAVE PLENTY OF THAT. BUT EVERYBODY JUST NEEDS TO KNOW THIS IS NOT IN FAVOR OF FAMILY FARMING. THIS IS IN FAVOR OF... [LB176]

SENATOR SCHEER: TIME, SENATOR. [LB176]

SENATOR SCHNOOR: THANK YOU. [LB176]

SENATOR SCHEER: THANK YOU, SENATOR SCHNOOR. THOSE WAITING IN THE QUEUE: SENATOR SULLIVAN, DAVIS, GROENE, HUGHES, AND OTHERS. SENATOR SULLIVAN, YOU'RE RECOGNIZED. [LB176]

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SENATOR SULLIVAN: THANK YOU, MR. PRESIDENT. GOOD MORNING, COLLEAGUES. AND I STAND TOTALLY AGAINST LB176, AND IN FULL SUPPORT OF THE BRACKET MOTION. AS MUCH AS I DON'T LIKE RURAL SENATORS DISAGREEING WITH EACH OTHER, THE FACT REMAINS THAT IT'S IMPORTANT THAT THOSE OF US WHO ARE OPPOSED TO THIS STATE OUR OPINION. IN MY ESTIMATION, LB176 IS JUST YET ANOTHER STRIKE AGAINST COMPETITIVE AND FAIR MARKETING OF LIVESTOCK IN NEBRASKA. WHO ARE WE REALLY TRYING TO HELP HERE? THE PRODUCER, THE CASE IS MADE. WELL, I WOULD SUGGEST TO YOU THAT THIS BILL MAKES THOSE PRODUCERS NOTHING MORE THAN SERFS. YES, THEY MIGHT OWN, AND I FULLY AGREE, OWNERSHIP IS SOMETHING. OWNERSHIP IS QUITE A LOT, OWNERSHIP OF THE LAND, TAKING THE RISK TO BUILD THAT FACILITY. BUT IF YOU DON'T OWN THE LIVESTOCK, WHAT DO YOU PUT IN THOSE FACILITIES? YOU ARE TOTALLY BEHOLDEN TO THE INDIVIDUAL OR THE CORPORATE ENTITY THAT OWNS THAT LIVESTOCK. AND SO LET'S DRILL DOWN ON THAT AT LITTLE BIT MORE. THE CORPORATE ENTITIES IN MANY CASES HERE IN NEBRASKA IS A CORPORATION OWNED IN PART BY A CORPORATION IN CHINA AND THE CHINESE GOVERNMENT. DO THEY CARE ABOUT WHAT HAPPENS TO THE RURAL POPULATION, TO THE RURAL ENVIRONMENT IN NEBRASKA? THEY ARE CONCERNED ABOUT THE CONTRACT TO GET THOSE HOGS, THAT LIVESTOCK, INTO THE FACILITY THAT THEY OWN. NOW ADMITTEDLY, WE ARE UP AGAINST THE BIG GUYS HERE. IN THE HOG MARKET TODAY, ONLY 3 PERCENT OF THE PORK MARKET OPERATES ON THE CASH MARKET. WE'RE TRYING TO PRESERVE INDEPENDENCE FOR LIVESTOCK PRODUCERS HERE IN NEBRASKA. NEBRASKA HAS MORE INDEPENDENT LIVESTOCK PRODUCERS PER CAPITA THAN ANY OTHER MAJOR LIVESTOCK PRODUCING STATE. I DON'T WANT TO CHANGE THAT. I WANT TO PRESERVE THAT. ADMITTEDLY, WE HAVE TO BE CONCERNED ABOUT FEEDING THE WORLD'S POPULATION. BUT IT REALLY DISTURBS ME WHEN WE, YES, WE MAKE A FAIR ADMITTANCE TO LET'S INCREASE THE RURAL POPULATION, BUT WE'RE MORE CONCERNED ABOUT THE NUMBERS OF HOGS THAN WE ARE THE NUMBERS OF PEOPLE IN THESE RURAL COMMUNITIES. AND I AM QUITE DISTURBED BY THAT. AND I DON'T MEAN TO HARKEN BACK TO THE GOOD OLD DAYS, SO TO SPEAK. AND WHEN SENATOR SCHNOOR MADE THE COMPARISON TO CATTLE PRODUCTION, IF WE OPEN THE DOOR MORE IN THIS RESPECT TO HOG PRODUCTION, DON'T BE SO DENIABLE TO THE FACT THAT WE MIGHT BE LOOKING AT WHAT WILL HAPPEN TO CATTLE PRODUCTION AS WELL. MY FAMILY STARTED SHIPPING LIVESTOCK OR CATTLE TO THE OMAHA STOCKYARDS BY TRAIN AND THEN WE TRUCKED THEM THERE. WE HAD A COMMISSIONED COMPANY THAT HELPED MY FATHER AND MY GRANDFATHER MARKET THOSE CATTLE AS THEY WALKED AROUND THE CATWALK AT THE LIVESTOCK EXCHANGE BUILDING, WHICH IS LONG GONE NOW. AND I

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REMEMBER A MEMBER OF THE COMMISSIONED COMPANY THAT HELPED MY FAMILY MARKET THOSE CATTLE AND HE SAID, NO ORDER BUYER REPRESENTING A PACKER EVER WENT TO THE COUNTRY TO PAY MORE. AND I MAKE THAT ANALOGY BECAUSE THAT'S, TO A CERTAIN EXTENT, WHAT WE'RE LOOKING AT HERE. YOU CAN SAY ALL YOU WANT ABOUT A CONTRACT, BUT IT'S NOT FOR THE BENEFIT OF THE PRODUCER. IT IS FOR THE BENEFIT OF THAT PACKER WHO OWNS THE LIVESTOCK. AND THAT'S WHAT WE NEED TO BE CONCERNED ABOUT HERE, WHAT WE ARE GIVING UP BY SO-CALLED ENSURING THAT THAT PRODUCER WILL HAVE THIS CONTRACT THAT MIGHT BE... [LB176]

SENATOR SCHEER: ONE MINUTE. [LB176]

SENATOR SULLIVAN: ...PULLED OUT FROM THEM AT ANY TIME, LEAVING THEM AT RISK FOR THE LOAN THAT THEY PROCURED FOR BUILDING THAT FACILITY THAT THEY NOW CANNOT POPULATE WITH ANY HOGS BECAUSE THEY AREN'T MEETING THE DEMANDS OF THAT CONTRACT. SO AS MUCH AS I, AS I SAID, I HATE TO SEE RURAL SENATORS DISAGREEING WITH EACH OTHER, I CAN'T ABIDE BY THE DETAILS OF LB176. I DO NOT THINK IT IS RIGHT FOR RURAL NEBRASKA. AND I THINK IT WAS TELLING TO KNOW THAT IN THE TESTIMONY IN THE COMMITTEE THERE ARE TWO LARGE PORK PRODUCERS, SOME OF WHICH ARE PRESENT IN MY DISTRICT, PILLEN AND MASCHHOFF, THAT WERE NOT ANYWHERE NEAR THIS COMMITTEE HEARING. AND THAT, I THINK, IS TELLING AS WELL. THANK YOU, MR. PRESIDENT. [LB176]

SENATOR SCHEER: THANK YOU, SENATOR SULLIVAN. SENATOR DAVIS, YOU'RE RECOGNIZED. [LB176]

SENATOR DAVIS: THANK YOU, MR. PRESIDENT. LIKE SENATOR SULLIVAN, I RISE IN OPPOSITION TO THE BILL AND FOR THE BRACKET MOTION FOR MANY OF THE SAME REASONS THAT YOU'VE ALREADY HEARD AND FROM OTHER RURAL CONSTITUENTS, OUR COLLEAGUES ON THE FLOOR, WHO ARE CONCERNED ABOUT WHERE WE ARE GOING WITH THIS BILL AND WHAT IT DOES. AND I APPRECIATE A LOT OF THE THINGS THAT SENATOR SCHILZ HAS TOLD ME OVER THE PAST FEW DAYS. I HAVE PUT QUITE A BIT OF THOUGHT INTO SOME OF THE POINTS THAT HE MADE. BUT ULTIMATELY, I CAN'T COME DOWN ON THE SIDE OF THE BILL THAT THIS IS GOOD PUBLIC POLICY FOR NEBRASKA. SO SENATOR SCHILZ TALKS ABOUT HOW THE INDUSTRY HAS EVOLVED, AND IT CERTAINLY HAS. AND SO LET ME TAKE YOU BACK INTO THE FARM CRISIS PERIOD IN THE '90S. YEARS AGO PEOPLE RAISED HOGS AND THEY ALWAYS KIND OF REFERRED

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TO THAT AS THE MORTGAGE BURNER, BECAUSE THERE WAS A LITTLE BIT OF EXTRA INCOME THAT CAME IN OFF THOSE HOGS THAT YOU RAISED. AND YOU TOOK THAT PAYMENT AND YOU APPLIED IT TOWARDS YOUR MORTGAGE AND YOU, OVER TIME, BUILT YOUR WAY OUT OF DEBT. THEN A PERIOD OF OVERSUPPLY CAME ALONG AND THERE WERE ENTITIES IN THE STATE OF NEBRASKA WHO HAD CONTRACTS WITH BIG PORK PRODUCERS AND THERE WERE A LOT OF PEOPLE WHO WERE DEPENDENT ON THE MARKET FOR MARKETING THOSE HOGS. SO I REMEMBER THE JOKE THAT CIRCULATED AROUND THE TIME WHEN HOGS GOT DOWN TO AROUND \$5. YOU COULD BUY THE WHOLE HOG FOR 5 BUCKS. AND SO IT WAS ONE OF THOSE RURAL JOKES WITH A LOT OF PAIN TO IT, BUT SOMEONE PUT THEIR HOGS OUT ALONG THE ROAD IN A SET OF PANELS AND SAID TO THE...THERE WAS A SIGN PUT UP THERE--FREE. AND WHEN THEY CAME BACK, THE PANELS WERE GONE BUT THE HOGS WERE STILL THERE. THAT'S HOW BAD IT GOT. AND SO WHAT CAME AFTER THAT WAS THE CONCENTRATION INDUSTRY THAT WE'VE SEEN TODAY. AND I HANDED OUT A PIECE FROM "FOOD AND WATER WATCH" TO EVERYBODY HERE. ON THE FRONT PAGE IT SHOWS YOU A GRAPH OF THE NUMBER OF HOG OPERATIONS FROM 1980 TO 2008. AND YOU'LL SEE THAT WE WENT FROM 680,000 OR 700,000, NEARLY 700,000 DOWN TO AROUND 100,000 IN 2008. I HAVEN'T SEEN WHAT CAME AFTER THAT, BUT I'M GUESSING THAT WE'RE STILL IN THE CONSOLIDATION MODE WHERE PEOPLE...WHERE ENTITIES ARE GETTING BIGGER AND BIGGER AND BIGGER, AND FEWER AND FEWER PEOPLE ARE DOING IT. SENATOR SCHILZ MADE A COMMENT EARLIER THAT THE CURRENT LAW WAS FLAWED WITH REGARD TO THE PORK AND BEEF INDUSTRIES AND THAT CONCENTRATION COULD ALREADY BE TAKING PLACE AND THESE CONTRACTS COULD BE ENTERED INTO. AND SO MY QUESTION REALLY IS THIS. I'M NOT ASKING THIS FOR SENATOR SCHILZ BUT I'D ASK THE BODY TO CONSIDER THIS. IF THAT REALLY IS TRULY THE CASE, WHY AREN'T THOSE PACKERS ENTERING INTO CONTRACTS WITH PEOPLE AND BUILDING BARNS? YOU KNOW, OBVIOUSLY, THEY HAVE SOME FEAR OF WHAT THIS PRIOR LEGISLATION SAYS OR THEY WOULD BE DOING THAT ALREADY. SO I THINK THAT'S A LITTLE BIT OF A PAPER TIGER ARGUMENT. AND WHEN YOU READ THE COMMITTEE STATEMENT, THERE ARE A NUMBER OF THINGS THAT REALLY STAND OUT AT YOU, I THINK, NOT THE COMMITTEE STATEMENT BUT THE COMMITTEE TESTIMONY. ON PAGE 49, ONE OF THE PROPONENTS IS TALKING AND IS BEING QUESTIONED ABOUT WHAT HE SUPPLIES. AND THE QUESTION LEADS THROUGH, WELL, THE PACKER SUPPLIES THE FEED AND THE PACKER SUPPLIES THE MEDICINE, THE PACKER SUPPLIES THIS IS AND THE PACKER SUPPLIES THAT; AND I PROVIDE THE LABOR. THAT'S WHAT THIS IS REALLY ALL ABOUT. IT'S NOT AN AGREEMENT THAT IS ON AN EVEN PLAYING FIELD. SO YOU'VE GOT A YOUNG FARMER THAT WANTS TO GET

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INTO THE HOG BUSINESS. HE SIGNS A CONTRACT WITH THE PACKER. ULTIMATELY, HE'S GOT TO GET FINANCING TO BUILD THAT BARN. WELL, WHO IS THAT BANK LOOKING TO? THEY'RE NOT LOOKING TO HIM TO PAY IT OFF. THEY'RE LOOKING FOR THE... [LB176]

SENATOR SCHEER: ONE MINUTE. [LB176]

SENATOR DAVIS: THANK YOU, MR. PRESIDENT. THEY ARE LOOKING TO THAT BANK FOR THE SOURCE. AND SENATOR CHAMBERS, IN HIS CLASSIC WAY, MENTIONED TO ONE OF THE TESTIFIERS: SO IT'S SORT OF A SHARECROPPER ARRANGEMENT. WELL, YOU KNOW, THERE WAS SOME DEBATE IN THE COMMITTEE ABOUT WHAT THAT WORD REALLY MEANT, IS THAT A GOOD, APPROPRIATE WORD OR NOT. BUT ULTIMATELY, IN MANY RESPECTS THAT IS WHAT THIS IS, A SHARECROPPER ARRANGEMENT. SENATOR KOLTERMAN TALKED A LITTLE BIT ABOUT SOME OF THE TESTIFIERS. I CAN'T REALLY FIND THOSE PEOPLE ON MY GADGET HERE. BUT I WILL TALK ABOUT SOME OF THEM. THERE WERE THREE PEOPLE FROM IOWA THAT CAME AND TESTIFIED AS TO WHY THIS WAS GOOD. I DIDN'T SEE ANY NEBRASKANS THERE TO TALK ABOUT IT. RABO BANK CAME TO TALK ABOUT IT, AND WHO ARE THEY? THAT'S A DUTCH-OWNED BANK THAT IS NOT AN AMERICAN BANK. IT HAS HEADQUARTERS IN CALIFORNIA. FARM BUREAU TESTIFIED. WELL, I HAPPENED TO BE AT THE FARM BUREAU CONVENTION IN 2014 WHEN THAT DEBATE CAME UP AND I REMEMBER THE FIRST VOTE. THEY WERE USING CLICKERS... [LB176]

SENATOR SCHEER: TIME, SENATOR. [LB176]

SENATOR DAVIS: THANK YOU, MR. PRESIDENT. [LB176]

SENATOR SCHEER: THANK YOU, SENATOR DAVIS. SENATOR GROENE, YOU'RE RECOGNIZED. [LB176]

SENATOR GROENE: THANK YOU, MR. PRESIDENT. I STAND IN SUPPORT OF THE BRACKET MOTION AND AGAINST LB176. A COMMENT HAS BEEN MADE THAT I'M FREE MARKET. LET ME EXPLAIN TO YOU WHAT FREE MARKET IS. FREE MARKETS HAVE CHECKS AND BALANCES. SUPPLY IS DICTATED BY THE PRODUCER AND ALSO THE QUALITY. THE INDIVIDUAL PRODUCER TRIES TO MAKE HIS QUALITY BEST SO HE GETS THE BEST PRICE. DEMAND IS SET BY THE PROCESSOR AND THE CONSUMER. THAT'S THE TWO SIDES OF A FREE MARKET. THIS BILL ELIMINATES THE FREE MARKET, CRADLE TO GRAVE, ON HOG PRODUCTION. QUALITY IS WHAT

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YOU CAN MAKE, QUICK AS YOU CAN MAKE IT, PUSH IT THROUGH THE PLANT, AND PUT IT ON THE SHELF. THERE'S NOT ANY PERSONAL RESPONSIBILITY, PERSONAL PRIDE THAT YOUR PRODUCT, AS MY DAD DID, SAT AT THE KITCHEN TABLE AFTER WE SWITCHED TO HOGS AND TOOK US OUT OF THE BANKRUPTCY BASICALLY IN THE '70s WHEN HOGS WENT FROM 8 CENTS TO 40 CENTS IN ABOUT THREE YEARS. QUITE FRANKLY, HOGS IS NOT HARD TO GET INTO. BUY A FEW SOWS, YOU START, THEY PRODUCE A COUPLE LITTERS A YEAR. I FIND IT DISINGENUOUS THAT WE'RE HIDING BEHIND SMALL YOUNG FARMERS. THE BIG PRODUCERS ARE FOR THIS. IS THERE ANYTHING IN THIS BILL THAT THE PRODUCERS THAT ARE OUT THERE NOW WITH HUNDREDS OF FACILITIES CANNOT JUST CALL SMITHFIELD AND SAY, I WANT A CONTRACT 20 FACILITIES WITH YOU? THERE'S NOTHING IN THIS BILL THAT SAYS YOU CAN'T DO THAT. I HAD MY AIDE JUST CALL THE BIGGEST PRODUCER OUT WEST. HE'S FOR IT. THEY'RE FOR IT. HOG FACILITIES ARE POPPING UP ALL OVER OUT THERE. PRIVATE ENTERPRISE, PRIVATE COMPANY DOING IT, CONTRACTING WITH THE CHINESE-OWNED SMITHFIELDS AND THE REST. MY FOREFATHERS LEFT GERMANY AND IRELAND BECAUSE OF SHARECROPPING, BECAUSE OF CENTRAL PRODUCTION. THIS IS SHARECROPPING. THIS IS WHAT THIS IS. AND HOW...THESE ARE THE SAME PEOPLE, FOLKS, THAT WE HAD AN IMMIGRATION BILL ON DRIVER'S LICENSE, THESE ARE THE SAME PEOPLE WHO BROKE THE UNIONS IN OUR PACKING PLANTS AND BROUGHT THE ILLEGAL IMMIGRANTS HERE. WHO DO YOU THINK WILL BE HIRED TO RUN...WORK IN THESE FACILITIES? WHO DO YOU THINK WILL BE HIRED? I'VE SEEN IT WHEN I LIVED IN COLORADO FOR TEN YEARS. PRIVATE COMPANY CAME IN AND PUT FACILITIES IN, HIRED ALL THE LOCAL PEOPLE. THEY EXPECTED A BETTER STANDARD OF LIVING. THAT WAS THE PROMISE MADE. FIVE YEARS LATER THEY WERE FIRED, THEY WERE LAID OFF, THEY WERE AND REPLACED BY IMMIGRANTS. WHY WOULD YOU TRUST AN INDUSTRY THAT BROKE THE UNIONS? WHEN I WAS IN THE HIGH SCHOOL IN 1973, I HAD A CHOICE TO MAKE: TO GO TO IBP AND MAKE \$13 AN HOUR, OR GO TO COLLEGE AND LIVE BEHIND A VET CLINIC AND LIVE OFF MACARONI AND CHEESE. I WENT TO COLLEGE. MY FRIENDS WERE BUYING BRAND-NEW CARS WITHIN A YEAR. THESE PEOPLE, NOW CHINESE-OWNED, NOT EVEN AMERICAN-OWNED, BROKE THOSE UNIONS. MY PROGRESSIVE FRIENDS, WHERE DO YOU STAND ON THIS? THIS IS THE BACKGROUND OF THE INDUSTRY WE'RE TALKING ABOUT. WE'RE FIFTH IN HOG PRODUCTION, ONE IN CATTLE. YOU CAN DRIVE THE COUNTRY ROADS WITHOUT SEEING A LOT OF SIGNS--STAY OFF MY PROPERTY--FOR DISEASE CONTROL. IT'S INDIVIDUALS WHO OWN THOSE FACILITIES. YES, THEY CONTRACT A LOT WITH ANOTHER AMERICAN-OWNED,... [LB176]

SENATOR SCHEER: ONE MINUTE. [LB176]

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SENATOR GROENE: ...NEBRASKA-OWNED ENTITY. THERE'S TWO OR THREE BIG ONES IN NEBRASKA. IT'S WORKING. YOUNG FARMERS. WHERE'S OUR BANKERS? WHY DID THEY USED TO LOAN MONEY TO A YOUNG FARMER STARTING UP? YES, CATTLE IS EXPENSIVE TO GET INTO. HOGS, YOU CAN DO IT PRETTY REASONABLY AND YOU CAN BE CREATING WEALTH AND SELL WITHIN A YEAR, IN LESS THAN A YEAR IF YOU WANT TO DO IT. BUT THIS IDEA THAT THIS IS FOR YOUNG FARMERS AND HELPING RURAL POPULATIONS? BUNK. YOU'LL HELP RURAL BUT YOU'LL HAVE ENGLISH AS A SECOND LANGUAGE IN YOUR SCHOOLS. THERE'S NOTHING WRONG WITH IT IF THEY'RE LEGAL, BUT THAT ISN'T WHAT HAPPENS. THAT ISN'T WHAT THE HISTORY OF THIS INDUSTRY IS. THIS IS ABOUT EXISTING FACILITIES WANTING TO CONTRACT WITH THE PACKER, TAKE THE MIDDLEMAN OUT OF IT. DISEASE CONTROL? QUALITY? IT'S OUT THE WINDOW. IT'S ON THE SHELF. [LB176]

SENATOR SCHEER: TIME, SENATOR. [LB176]

SENATOR GROENE: THANK YOU. [LB176]

SENATOR SCHEER: THANK YOU, SENATOR GROENE. SENATOR HUGHES, YOU'RE RECOGNIZED. [LB176]

SENATOR HUGHES: THANK YOU, MR. PRESIDENT. COLLEAGUES, I'D LIKE TO START AT THE GROUND LEVEL AND WORK UP TO THAT 30,000 LEVEL, IF YOU'LL BEAR WITH ME. THERE'S A REASON WHY, IF YOU WANT TO GET INTO FARMING, THEY SAY YOU HAVE TO MARRY IT OR INHERIT IT. THAT IS A FACT. TODAY IN GRAIN PRODUCTION, THE OPPORTUNITY TO EXPAND YOUR OPERATION IS FINANCIALLY PROHIBITIVE. IT COSTS. THE PRICE OF LAND IS RIDICULOUS. AND FOR A YOUNG PERSON TO HAVE THE OPPORTUNITY TO COME BACK TO AN ESTABLISHED OPERATION, THE PARENTS OR GRANDPARENTS, IF THEY DON'T HAVE A BIG ENOUGH LAND BASE, HAVE TO SERIOUSLY CONSIDER PUTTING THEIR LIFE'S WORK AT RISK TO BRING YOUNG PEOPLE BACK TO RURAL NEBRASKA. THE ALTERNATIVE TO THAT IS IN LIVESTOCK PRODUCTION AND IN HOG CONFINEMENT PRODUCTION. YOU CAN TAKE A VERY SMALL FOOTPRINT ON A PIVOT CORNER OR A COUPLE ACRES THAT'S TOO ROUGH TO FARM AND BUILD A HOG BUILDING. AND YOU CAN BRING THAT SON OR DAUGHTER BACK, GRANDSON OR DAUGHTER...GRANDDAUGHTER BACK AND PROVIDE A BRIDGE FOR THEM TO BE PART OF THE OPERATION, PROVIDING THEIR OWN LIVING WHILE HELPING MAKE THAT TRANSITION FOR MOM AND DAD OR GRANDMA AND GRANDPA OUT OF THE FARMING OPERATION AND STILL HAVING VIABLE

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INCOME FOR BOTH FAMILIES. THAT'S WHAT THIS IS, IS THE OPPORTUNITY TO BRING YOUNG PEOPLE BACK TO RURAL NEBRASKA. THAT'S ONE OF THE BENEFITS OF IT. FOR THOSE YOU WHO ARE NOSTALGIC ABOUT THE FAMILY FARM, THE FAMILY FARM HAS CHANGED. TODAY THE FAMILY FARM IS A CORPORATE FARM. SOMETIMES MULTIPLE CORPORATIONS ARE THE FAMILY FARMS. MARGINS HAVE GOTTEN SO SMALL THAT YOU EITHER GET BIGGER OR YOU GET OUT. LIKE IT OR NOT, THAT'S A FACT OF LIFE. SINCE I CAME BACK TO OUR FAMILY FARM, WE'VE MORE THAN DOUBLED IN SIZE. AND WE DON'T HAVE ANY LIVESTOCK; WE'RE JUST GRAIN PRODUCTION. BUT IN ORDER TO SUPPORT THE SAME NUMBER OF PEOPLE, WE HAVE HAD TO DOUBLE IN SIZE. HOW MANY FARMERS HAVE WE DISPLACED OFF THE LAND? ABOUT THE SAME, SAME AMOUNT AS WHAT WE ARE NOW. THAT TREND IS NOT GOING TO BE REVERSED. IF WE WANT THE OPPORTUNITY FOR YOUNG PEOPLE TO COME BACK TO RURAL NEBRASKA, YOU'VE GOT TO GIVE THEM OPPORTUNITY. THE OTHER THING, THE OTHER BARRIER THAT WE HAVE IS PROPERTY TAXES. IF YOU WANT PROPERTY TAX RELIEF, YOU NEED TO EXPAND THE BASE. THIS IS A WAY TO EXPAND THE BASE AT A SMALLER FOOTPRINT, BUILD THE BUILDING, PROVIDE OPPORTUNITY FOR INCOME, AND INCREASE THE INFRASTRUCTURE. NOBODY IS FORCING THESE YOUNG PEOPLE TO SIGN THESE CONTRACTS. YOUNG PEOPLE IN OTHER STATES ARE SIGNING THESE CONTRACTS AND DOING JUST FINE. ARE THEIR YOUNG PEOPLE IN OTHER STATES SMARTER THAN OURS? WHY WOULD THEY DO THAT IF IT'S A BAD DEAL? IT'S NOT A BAD DEAL. IT'S NOT A GREAT DEAL. IT'S NOT A CONTRACT I WOULD SIGN. BUT PROBABLY 40 YEARS AGO I WOULD HAVE SIGNED ONE. [LB176]

SENATOR SCHEER: ONE MINUTE. [LB176]

SENATOR HUGHES: MY WIFE AND I RAISED HOGS. THEY WERE THE MORTGAGE LIFTER. BUT WE HAD THE OPPORTUNITY TO EXPAND OUR LAND BASE AND WE TOOK IT AND GOT OUT OF LIVESTOCK. THIS IS A GOOD IDEA FROM THE...I'LL HIT THE 30,000 FOOT REAL FAST. FOUR YEARS AGO I TRAVELED TO TAIWAN WITH THE NEBRASKA DEPARTMENT OF AGRICULTURE, AND ONE OF THE GENTLEMEN ON THAT TOUR SOLD PACKING EQUIPMENT IN CHINA. AT THAT TIME THEY WERE BUILDING A PACKING HOUSE IN CHINA EVERY TEN DAYS, THAT NEW PACKING HOUSE WAS COMING ON LINE. THE AMOUNT OF DEMAND FOR PROTEIN IN CHINA IS HUGE. THAT FITS WELL WITH NEBRASKA. AND IF YOU'RE CONCERNED ABOUT CHINA OWNING ANYTHING, YOU TAKE A LOOK AT YOUR PHONE. WHO MADE IT? YOU TAKE A LOOK AT THE TAG IN YOUR SUIT. WHO MADE IT? OUR COMPUTERS. THIS IS A... [LB176]

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SENATOR SCHEER: TIME, SENATOR. [LB176]

SENATOR HUGHES: ...WORLDWIDE BUSINESS. [LB176]

SENATOR SCHEER: THANK YOU, SENATOR HUGHES. SENATOR SCHILZ, YOU'RE RECOGNIZED. [LB176]

SENATOR SCHILZ: THANK YOU, MR. PRESIDENT, MEMBERS OF THE BODY. I'M WORKING ON GETTING SOME INFORMATION FOR SENATOR BOLZ THAT TALKS ABOUT THE TITLE 130 STUFF THAT IS THE ENVIRONMENTAL QUALIFICATIONS FOR ANYBODY THAT WANTS TO PLACE FACILITIES, WHETHER IT'S CATTLE, SWINE, DAIRY, SHEEP, POULTRY, HERE IN THE STATE. SO THERE ARE DEFINITELY DEFINED PARAMETERS ABOUT WHAT YOU CAN DO AND HOW MANY ANIMALS YOU CAN PUT AND WHAT KIND OF POLLUTION CONTROLS YOU HAVE TO HAVE IN PLACE, DEPENDING ON WHERE YOU'RE AT. SO WE'LL GET THAT INFORMATION TO HER AND HOPEFULLY THAT WILL BE ENOUGH TO LET PEOPLE UNDERSTAND THAT WE DO HAVE CONTROLS OUT THERE. I THINK IT'S ALSO IMPORTANT TO KNOW THAT WE HAVE LARGE HOG PRODUCERS HERE IN THE STATE. THOSE LARGE HOG PRODUCERS TODAY ARE ACTUALLY DOING PRODUCTION CONTRACTS WITH OTHER FARMERS TO FEED THEIR HOGS. SO PLEASE TELL ME THE DIFFERENCE. PRODUCTION CONTRACTS ARE PRODUCTION CONTRACTS. AS SENATOR DAVIS SAID, BACK IN THE '90s HOGS WENT TO ALMOST WORTH...BEING WORTH ZERO. AS HE SAID, PEOPLE JUST WANTED TO GET RID OF THEM BECAUSE EVERY DAY YOU HAD THEM, THEY COST YOU MONEY. IN THE CATTLE FEEDLOT INDUSTRY THERE'S KIND OF A LITTLE JOKE THAT GOES AROUND. AND THE THING IS, WE ASK OURSELVES WHO'S THE BEST CATTLE TO FEED, AND THE ANSWER TO THAT IS SOMEBODY ELSE'S. AND I MEAN...SO WHEN YOU LOOK AT IT, WHEN YOU HAVE CUSTOMERS THAT WILL COME IN AND PAY THE HOTEL, PAY THE YARDAGE, PAY THE FEED COSTS, PAY EVERYTHING ELSE AND ALL YOU DO OR WHAT YOU DO IS MANAGE THEM TO THE BEST OF YOUR ABILITY, THAT'S A GOOD THING. REMEMBER THAT IF WE SELL THESE CATTLE LIVE...OR CATTLE...IF WE SELL THESE HOGS LIVE EVERY WEEK LIKE THE FOLKS WANT TO TALK ABOUT INDEPENDENT PRODUCERS, WHO DO THEY HAVE TO GO SELL THEM TO? THEY SELL THEM TO THE SAME PACKERS, THE SAME PROCESSORS THAT WOULD BE CONTRACTING WITH THEM. SO IF YOU CAN GET TAKEN ONCE, YOU CAN GET TAKEN EVERY WEEK. I DON'T UNDERSTAND THE ARGUMENT. AND THEN, AS WE'VE HEARD FROM THE OPPONENTS, THE HOG NUMBERS IN NEBRASKA HAVE GONE DOWN SUBSTANTIALLY. I HAVE A NOTE RIGHT HERE. I HAVE A NOTE RIGHT HERE. HISTORIC VENTURE, IT SAYS, A \$264 MILLION PORK PLANT TO EMPLOY 1,100 PEOPLE. GUESS WHERE--SIOUX CITY, IOWA. THIS IS A COMPANY, THIS IS A

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COMPANY CALLED TRIUMPH AND SEABOARD FARMS. THEY'VE GONE TOGETHER TO MAKE A PARTNERSHIP. TRIUMPH HAS FIVE OF ITS OWNERS WHO ARE LARGE HOG PRODUCERS. GUESS WHERE THEY LIVE. GUESS WHERE THEY OPERATE. IN NEBRASKA. AND BECAUSE THAT PACKING PLANT IS IN IOWA, ACCORDING TO OUR LAW, AS IT SITS IN PLACE TODAY, BECAUSE OF THE LANGUAGE, THEY COULD CONTRACT ON BEHALF OF THAT PROCESSING PLANT WITH ANY PRODUCER IN NEBRASKA TODAY. WILL THEY DO THAT? PROBABLY NOT, BUT THEY COULD. THE OTHER THING IS THAT, REMEMBER, IN IOWA, THE ATTORNEY GENERAL OF IOWA NEGOTIATED A SETTLEMENT ON PACKER OWNERSHIP. WITHIN THAT SETTLEMENT, PACKERS HAVE CERTAIN THINGS THAT THEY HAVE TO DO. BUT YOU KNOW WHY HE NEGOTIATED THAT? BECAUSE HE SAW THE WRITING ON THE WALL. HE SAW THAT IT WAS PROBABLY UNCONSTITUTIONAL, AND HE DID NOT WANT TO TAKE HIS STATE THROUGH THE COURT PROCEEDINGS AND THEN LOSE, SPEND ALL THAT MONEY, WASTE EVERYBODY'S TIME. [LB176]

SENATOR SCHEER: ONE MINUTE. [LB176]

SENATOR SCHILZ: SO I THINK WHEN YOU LISTEN TO THE OPPONENTS, YOU REALLY NEED TO HEAR WHAT THEY SAY. I LIKE JOBS IN NEBRASKA. I LIKE PROCESSORS HAVING MORE PEOPLE. DO YOU REALIZE THAT PACKING PLANTS DOWN IN CRETE, DO YOU KNOW HOW MANY HOGS THEY KILL A DAY? TEN THOUSAND FIVE HUNDRED A DAY. THEY'RE BRINGING THEM IN FROM TEXAS, OKLAHOMA, KANSAS, MISSOURI, IOWA TO COVER THIS. I THINK THEY SHOULD BE BRINGING MORE FROM NEBRASKA PRODUCERS, GIVING NEBRASKANS AN OPPORTUNITY TO SELL THEIR GRAIN AND NEBRASKANS THE OPPORTUNITY TO HAVE JOBS, BOTH ON THE FARM AND IN THE PROCESSING FACILITIES. THAT'S WHY I SUPPORT THIS BILL. WE CAN TAKE CARE OF THE ENVIRONMENTAL ISSUES. WE'VE DONE IT FOR YEARS. AND REMEMBER, STATUS QUO TODAY IS STILL 25 PERCENT...OR 63 PERCENT LESS HOGS THAN WE HAD IN '97. SO IN '97... [LB176]

SENATOR SCHEER: TIME, SENATOR. [LB176]

SENATOR SCHILZ: THANK YOU. [LB176]

SENATOR SCHEER: THANK YOU, SENATOR SCHILZ. MR. CLERK. [LB176]

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ASSISTANT CLERK: MR. PRESIDENT, ONE ITEM, NEW RESOLUTION: LR361 BY SENATOR McCOY; THAT WILL BE LAID OVER. (LEGISLATIVE JOURNAL PAGE 1867.) [LR361]

SENATOR SCHEER: THANK YOU, MR. CLERK. THOSE WAITING IN THE QUEUE: SENATOR McCOY, JOHNSON, BLOOMFIELD, AND SCHNOOR. WE WILL STAND AT RECESS UNTIL 12:25 AND WILL CONTINUE...STAND AT EASE UNTIL 12:25 AND WILL CONTINUE DEBATE AT THAT TIME. [LB176]

EASE

SENATOR KRIST PRESIDING

SENATOR KRIST: WE WILL RESUME THE DEBATE ON THE BRACKET MOTION ON LB176. THOSE WISHING TO SPEAK IN THE QUEUE: SENATOR McCOY, JOHNSON, BLOOMFIELD, SCHNOOR, LARSON, AND OTHERS. SENATOR McCOY, YOU'RE RECOGNIZED. [LB176]

SENATOR McCOY: THANK YOU, MR. PRESIDENT, AND MEMBERS. MY INTENTION IS TO YIELD TO SENATOR DAVIS ABOUT A MINUTE OF MY TIME IF HE RETURNS TO THE CHAMBER AND IS WITHIN EARSHOT OF ME AT THIS MOMENT. BUT IN THE MEANTIME, GOING TO TAKE THE OPPORTUNITY IN MY FIRST TIME AT THE MICROPHONE ON LB176. I DO SUPPORT THE BRACKET MOTION AND I AM OPPOSED TO THIS BILL. AND I DON'T RISE ON THIS BILL LIGHTLY, IN OPPOSITION LIGHTLY, I SHOULD SAY. THIS IS A PIECE OF LEGISLATION THAT I HAVE BEEN TRACKING SINCE LAST SESSION WHEN IT WAS FIRST INTRODUCED AND HELD BY THE AGRICULTURE COMMITTEE, OR AT LEAST A VARIANT OF THIS BILL. THIS IS A DIFFICULT ISSUE, ESPECIALLY IN NEBRASKA WITH OUR HISTORY WITH INITIATIVE 300. AS MANY OF YOU KNOW, I AM A FOURTH-GENERATION CATTLE PRODUCER, AND MY FAMILY STILL OWNS AND OPERATES OUR CATTLE OPERATION ON THE NEBRASKA/COLORADO BORDER. AS SENATOR GROENE TALKED ABOUT THE 1990s, AND SENATOR SCHILZ WHEN THE PRICE OF PORK PLUMMETED, OUR FAMILY, UNTIL THAT POINT, ALSO RAISED HOGS. AND I KNOW, ALL TOO WELL, THE TRIALS AND TRAVAILS OF BEING A FAMILY HOG PRODUCER. IT'S A VERY, VERY DIFFICULT BUSINESS THAT IS DRAMATICALLY DIFFERENT THAN THE CATTLE INDUSTRY. AND IT'S ONE IN WHICH OUR FAMILY TOOK A LOT OF PRIDE. AND OUR FAMILY HAS NOW BEEN OUT OF THE PORK BUSINESS, HOG BUSINESS, FOR ALMOST 20 YEARS. BUT I RISE IN OPPOSITION TO THIS BILL BECAUSE I FIND IT VERY TROUBLING TO CONSIDER THE PROSPECTS OF...THE

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POSSIBILITY, I SHOULD SAY, OF THE CHINESE GOVERNMENT OWNING A GOOD PORTION OF THE HOGS IN THIS STATE. IT'S DIFFERENT THAN SELLING GRAIN TO CUBA; IT'S DIFFERENT THAN US SELLING OUR PRODUCTS OVERSEAS. IT'S DIFFERENT IN MANY RESPECTS TO PROMOTING OUR AG PRODUCTS AROUND THE WORLD, WHICH I FULLY SUPPORT AND ALWAYS HAVE. THIS BILL PAVES THE WAY FOR DOING SOMETHING ALTOGETHER DIFFERENT THAN THAT. THAT'S WHY I'M OPPOSED TO IT. IT'S TROUBLING WHEN YOU THINK ABOUT THE IDEA...AND I'LL TALK ABOUT THIS ON FUTURE TIMES ON THE MICROPHONE...IT'S TROUBLING TO CONSIDER THE PROSPECTS OF HOGS RAISED IN NEBRASKA, PROCESSED IN NEBRASKA, AND THAT PORK GOING ACROSS THE PACIFIC OCEAN TO FEED A NATION THAT ISN'T ALWAYS ALIGNED WITH OUR GOALS AS A COUNTRY. YES, THEY'RE A MASSIVE TRADING PARTNER, BUT IT IS ALTOGETHER DIFFERENT TO DO TRADE WITH A NATION THAN IT IS TO HAVE THAT NATION OWNING A GOOD PORTION OF YOUR ECONOMY IN A STATE. THAT IS VERY, VERY DIFFERENT. THIS BILL SHOULD GIVE US ALL PAUSE, AND MAKE US ALL THINK ABOUT WHAT DO WE WANT... [LB176]

SENATOR KRIST: ONE MINUTE. [LB176]

SENATOR McCOY: ...WHEN IT COMES TO FREE ENTERPRISE AND SMALL BUSINESS AND FAMILIES AND AGRICULTURE AND BUSINESSES IN AGRICULTURE IN NEBRASKA. WITH THAT, I'D YIELD THE REMAINDER OF MY TIME, MR. PRESIDENT, TO SENATOR DAVIS. [LB176]

SENATOR KRIST: SENATOR DAVIS, ONE MINUTE. [LB176]

SENATOR DAVIS: THANK YOU, MR. PRESIDENT; AND THANK YOU, SENATOR McCOY, FOR THE TIME. I WANTED TO FINISH DISCUSSING A LITTLE BIT THE FARM BUREAU VOTE, WHICH TOOK PLACE, I BELIEVE, IN DECEMBER OF 2013 AT THEIR CONVENTION. I WAS THERE THAT DAY. SO THEY VOTED MORE THAN ONCE ON IT, ACTUALLY, BECAUSE FIRST ROUND THEY WERE USING CLICKERS, AND THEY DIDN'T PREVAIL WITH THE NUMBER OF VOTES. THEY DETERMINED THAT PERHAPS, MAYBE, THE CLICKERS WEREN'T WORKING CORRECTLY, AND SO THEY VOTED AGAIN. AND I BELIEVE THE BILL PASSED THE FARM BUREAU BY A FEW VOTES--MAYBE ONE, MAYBE TWO, MAYBE THREE OR FOUR, BUT IT WAS HARDLY A RINGING ENDORSEMENT OF WHAT WE WERE DOING HERE. AND A LOT OF PEOPLE THAT ARE FARM BUREAU MEMBERS OUT THERE IN THE STATE DO NOT LIKE THIS BILL. SOMETIMES THINGS COME OUT OF A CONVENTION THAT AREN'T WHAT THE GRASS-ROOTS PEOPLE FEEL. WE ALL KNOW THAT IN HERE. IT'S

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HAPPENED TO US IN OUR OWN DISTRICTS. WE'LL HEAR FROM CONSTITUENTS ABOUT A PARTICULAR ISSUE, AND IT'S DIFFERENT FROM WHAT THEIR ORGANIZATION IS PUTTING FORWARD. AND I KNOW THAT IS THE CASE WITH FARM BUREAU, BECAUSE I HEAR IT FROM A LOT OF FARM BUREAU MEMBERS PRIVATELY. [LB176]

SENATOR KRIST: TIME, SENATOR. [LB176]

SENATOR DAVIS: THANK YOU, MR. PRESIDENT. [LB176]

SENATOR KRIST: THANK YOU, SENATOR JOHNSON (sic). SENATOR GROENE, YOU'RE RECOGNIZED. [LB176]

SENATOR GROENE: THANK YOU, MR. PRESIDENT. I DIDN'T THINK I WAS IN THE QUEUE THAT FAST. DON'T GET ME WRONG, I UNDERSTAND WHERE SENATOR SCHILZ IS COMING FROM, AND I UNDERSTAND WHERE SOME OF THE SUPPORTERS ARE COMING FROM. BUT ALSO, GOT TO GO WITH MY PRIVATE HISTORY OF WHAT I'VE SEEN GROWING UP IN RURAL NEBRASKA, WHAT MY VISION OF RURAL NEBRASKA IS. WHEN I DRIVE THE ROADS OF IOWA, THAT'S FOREIGN TO ME. IT'S NOT FARM PLACES; IT'S A HOG CONFINEMENT UP AGAINST THE ROAD. THAT'S WHY I PUSHED SO HARD TO HELP SENATOR WATERMEIER IN LB105. I BELIEVE IN LIVESTOCK EXPANSION, BUT I DON'T WANT IT TO HAPPEN HERE...OR LB106, I BELIEVE IT WAS...HERE IN ZONING WHAT HAPPENED THERE. CORPORATE WINDMILLS AND CORPORATE PIG FARMS, THAT'S WHAT...AND A HOUSE EVERY ONCE IN A WHILE OF A GRAIN FARMER, THAT'S WHAT IOWA HAS TURNED INTO. THAT'S NOT THE VISION I SEE FOR AMERICA, RURAL NEBRASKA. EXCUSE ME, BUT I DIFFER. THIS DOES NOTHING FOR SMALL FARMERS OR STARTUP FARMERS. THIS IS ABOUT CORPORATE PIG FARMING. I HEARD THAT INDIVIDUAL LARGE PRODUCERS ARE ALREADY CONTRACTING WITH INDIVIDUALS, AND THAT'S TRUE, TO PUT UP A BUILDING AND START RAISING HOGS FOR THEM. BUT THERE STILL IS THAT DISCONNECT FROM THE PRODUCER TO THE PROCESSOR. OUR FREE MARKETS STILL TAKE PLACE; QUALITY STILL TAKES PLACE. THERE'S STILL THAT ABILITY OF AN OPEN MARKET WHERE AN INDIVIDUAL CAN JUMP INTO IT AND HAVE A MARKET. WHAT HAPPENS WHEN, LIKE THE CHICKENS AND THE TURKEYS, WE HAVE ALREADY THOSE INSTANCES. THERE IS NO TRADE ON TURKEYS OR CHICKENS. IT'S FROM THE CRADLE TO THE GRAVE WITH THAT, WITH THOSE...THAT LIVESTOCK MARKET. THAT'S WHERE HOGS...THEY WANT HOGS TO GO. THEY WANT A STEADY MARKET WHERE THE CONSUMER JUST ACCEPTS WHAT THE PRICE IS. THERE IS NO DIPS, THERE IS NO

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HIGHS WHERE THE CONSUMER CAN BACK OUT AND SAY I'M NOT BUYING PORK BECAUSE THE PRICE GOT TOO HIGH. OR THE PRODUCER CAN SAY I'M NOT GOING TO RAISE IT BECAUSE THE PRICE IS TOO LOW TO ME. THAT'S FREE MARKETS. YOU CANNOT CLAIM CRADLE-TO-THE GRAVE LIVESTOCK RAISING IS FREE MARKETS. IT IS NOT. THE PENDULUM SWINGS TOO FAR. THERE ARE REASONS OVER THE YEARS WE'VE HAD ANTITRUST LEGISLATION, ANTIMONOPOLY. THEY HAD TO BREAK THE RAILROADS UP, REMEMBER THAT, IF YOU READ YOUR HISTORY BOOKS? RECENTLY, IN MY LIFETIME, THEY BROKE UP THE BIG PHONE COMPANIES. MONOPOLIES GET LAZY. INNOVATION--DO YOU THINK WE'D HAVE INNOVATION WITH WHAT WE DO IN PHONE SYSTEMS NOW IF THE BIG COMPANIES, THE CORPORATIONS WOULD HAVE CONTROLLED THE PHONE SYSTEM? NO. THINGS CHANGE RAPIDLY AFTER WE PUT FREE ENTERPRISE BACK INTO IT. WILL QUALITY INCREASE? WHY WOULD QUALITY INCREASE IN LIVESTOCK PRODUCTION? LESS WATER CONTENT, MORE PROTEIN IF ALL WE'RE WORRIED ABOUT IS WE ALREADY CONTROL THE MARKET WHAT WE PUT ON THE SHELF THEY WILL BUY? AND BELIEVE ME, THAT'S WHERE WE'RE GOING. THAT'S WHERE WE WENT WITH CHICKENS; THAT'S WHERE WE WENT WITH TURKEYS; THAT'S WHERE WE WENT WITH LAYING CHICKENS. BUT THIS IS NOT FREE MARKETS. THIS IS THE BIG PRODUCERS. WHO'S TO STOP? MAYBE SENATOR SCHILZ COULD CORRECT ME. WHO'S TO STOP CARGILL OR BIG INDEPENDENT GRAIN COMPANY TO COME IN AND BUY A HOG PRODUCER OUT, CONTRACT WITH SMITHFIELD, CONTROL THE GRAIN THAT THEY FEED THEM? WHO'S TO STOP THAT FROM HAPPENING? OR ANOTHER PRIVATE GRAIN OPERATION, OR EVEN A GROCERY STORE CHAIN? HECK, LET'S JUST GO ALL THE WAY. LET'S GO ALL THE WAY. [LB176 LB106]

SENATOR KRIST: ONE MINUTE. [LB176]

SENATOR GROENE: LET'S HAVE THE GROCERY STORE CHAINS BUY FACILITIES AND CONTRACT TO SMITHFIELD THAT WHEN IT'S DONE IT'S DELIVERED RIGHT TO THEIR STORE, THEIR FRONT--WALMART. WHY NOT? LET'S PUT THE CONSUMER AT THE MERCY OF THE HUGE CORPORATIONS. WE NEED CHECKS AND BALANCES. THAT'S WHAT TRUE FREE MARKETS DO. THIS HELPS ELIMINATE IT. THANK YOU. [LB176]

SENATOR KRIST: THANK YOU, SENATOR GROENE. SENATOR BLOOMFIELD, YOU'RE RECOGNIZED. [LB176]

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SENATOR BLOOMFIELD: THANK YOU, MR. PRESIDENT, COLLEAGUES. I APOLOGIZE FOR BEING GONE FOR PART OF THE DEBATE. WE HAD A CONFIRMATION HEARING THAT I WAS DRAWN AWAY FOR. BUT THERE ARE MANY, MANY ASPECTS OF THIS BILL. SENATOR STINNER MENTIONED HOW THIS WAS GOOD FOR THE BANKING BUSINESS, BECAUSE THEY WOULD KNOW THEY HAD A MARKET. I WONDER, WOULD SENATOR STINNER YIELD? [LB176]

SENATOR KRIST: SENATOR STINNER, WILL YOU YIELD TO A QUESTION? [LB176]

SENATOR STINNER: YES, I WILL. [LB176]

SENATOR BLOOMFIELD: THANK YOU, SENATOR STINNER. IN THE CONTRACT THAT YOU JUST TALKED ABOUT WHERE THIS YOUNG PRODUCER WOULD SIGN THE CONTRACT AND THEREBY HAVE A MARKET, IS THERE ANYTHING IN THERE THAT SAYS THAT THE PERSON THAT ACTUALLY OWNS THE HOGS, THE PACKER, WOULD SUPPLY THE HOGS? [LB176]

SENATOR STINNER: YES, IT DOES. [LB176]

SENATOR BLOOMFIELD: UNDER WHAT TERMS DOES IT SAY THAT? ARE THERE SPECIFICATIONS? [LB176]

SENATOR STINNER: I CAN ONLY LOOK BACK ON MY CAREER OVER IN IOWA, AND I SAW A COUPLE OF CONTRACTS THAT WERE FOR CARE-AND-FEEDING CONTRACTS. AND THAT'S WHAT THEY TALK ABOUT THE CARE AND FEEDING OF THE HOGS AND WHAT THEIR EXPECTATION IS. IT'S ALMOST LIKE RUNNING A MOTEL OR A HOTEL, ONLY YOU HAVE HOGS INSTEAD OF PEOPLE. SO YOU'RE PAID BASED ON YOUR EFFORTS AND DELIVERING HOGS AT A CERTAIN AMOUNT AND RATE. [LB176]

SENATOR BLOOMFIELD: OKAY, FROM WHAT I SAW OF THOSE CONTRACTS...AND I COULD BE MISTAKEN, I'LL ASK SENATOR SCHILZ AT ANOTHER TIME...IF THE PRODUCER DOES NOT LIVE UP TO EVERY POINT, OR IF THE CONTRACT SIGNOR DOES NOT LIVE UP TO EVERY POINT THAT THE CONTRACT HOLDER HAS, THEY CAN REFUSE TO BRING IN LIVESTOCK TO HIM. [LB176]

SENATOR STINNER: THERE IS CARE AND FEEDING STANDARDS. YES. [LB176]

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SENATOR BLOOMFIELD: SO THEY COULD PRETTY MUCH, AT THEIR WHIM, PUT HIM OUT OF BUSINESS, WHICH I THINK WOULD LEAVE YOU, AS THE BANKER, A LITTLE CONCERNED. [LB176]

SENATOR STINNER: I THINK...CONTRACTS ARE ALL GOING TO VARY FROM TIME TO TIME, BUT AS SOMEBODY THAT'S GOING TO TRY TO BANK THAT INDIVIDUAL, THAT...IT WILL BE FAIRLY IRONCLAD, WITH SOME RECOURSE ON THAT. OBVIOUSLY, IF THEY DELIVER DISEASED HOGS OR SOMETHING ALONG THOSE LINES, THAT MIGHT BE REJECTED. BUT, BY AND LARGE, THESE ARE LONGER-TERM CONTRACTS ON A CARE-AND-FEEDING BASIS FOR A CERTAIN NUMBER OF HOGS. [LB176]

SENATOR BLOOMFIELD: BUT IF THERE IS A DISEASE MOVES INTO THAT FACILITY, AND AS WE'VE SEEN IN THE CHICKEN INDUSTRY, YOU CAN'T PREVENT THAT. [LB176]

SENATOR STINNER: YEAH, WE CAN'T PREVENT THAT, BUT WE CAN INSURE ON IT THOUGH. [LB176]

SENATOR BLOOMFIELD: THE PACKER OWNER IS CLEAR TO BREAK THAT CONTRACT WHILE THE ASSIGNEE IS NOT, AS I READ THE CONTRACTS. AND THAT...SEEING WHAT'S GOING ON IN THE...THANK YOU, SENATOR. [LB176]

SENATOR STINNER: YEAH. [LB176]

SENATOR BLOOMFIELD: SEEING WHAT'S GOING ON IN THE POULTRY INDUSTRY RIGHT NOW, THAT SHOULD GIVE US CAUSE TO PAUSE. SENATOR SCHILZ MENTIONED HOW WELL WE VACCINATE, THESE BIG PRODUCERS TAKE CARE OF THINGS SO NO DISEASE HAPPENS. THAT'S WHY WE'RE TRYING TO FIND A PLACE TO GO WITH 5 MILLION CHICKENS IN DIXON COUNTY UP IN NORTHEAST NEBRASKA, AND WHY THERE ARE 25 MILLION OR SO WAITING TO FIND SOMEPLACE TO GO IN IOWA, IS BECAUSE THESE BIRDS WERE SO WELL TAKEN CARE OF AND VACCINATED AND PROTECTED THAT NO DISEASE COULD EVER GET TO THEM. COLLEAGUES, IT DOESN'T WORK. THE IDEA THAT BIG IS BETTER... [LB176]

SENATOR KRIST: ONE MINUTE. [LB176]

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SENATOR BLOOMFIELD: ...ISN'T ALWAYS SO. THANK YOU, MR. PRESIDENT. THERE ARE A MULTITUDE OF REASONS NOT TO LIKE THIS BILL. SENATOR BOLZ TOUCHED ON ONE OF THEM. DES MOINES IS HAVING TROUBLE GETTING DRINKING WATER OUT OF THE RIVER THAT THEY'VE USED FOR MULTIPLE GENERATIONS, BECAUSE UPSTREAM LARGE PORK-PRODUCTION FACILITIES HAVE POLLUTED TO A POINT WHERE IT CAN'T BE USED WITHOUT VERY EXTENSIVE AND EXPENSIVE FILTRATION. THANK YOU, MR. PRESIDENT. [LB176]

SENATOR KRIST: THANK YOU, SENATOR BLOOMFIELD. SENATOR SCHNOOR, YOU'RE RECOGNIZED. [LB176]

SENATOR SCHNOOR: THANK YOU, MR. PRESIDENT. I TALKED EARLIER ON WHEN THIS BRACKET MOTION FIRST CAME UP, OF WHICH I AM IN FULL SUPPORT OF, AND THERE'S OTHER...THERE'S OTHER FACTORS THAT WE NEED TO LOOK AT THAN JUST HOG PRODUCTION IS THE INDEPENDENT TRUCKERS. IN EASTERN NEBRASKA, THERE'S INDEPENDENT TRUCKING COMPANIES ALL OVER THE PLACE. THEY HAUL...THEIR SOLE JOB IS TO HAUL LIVESTOCK. AND WHEN THESE HOG PRODUCERS NOW MOVE AWAY FROM THEIR OWN HOGS, AND IT'S THE PACKING CORPORATIONS THAT OWN THESE, THESE INDEPENDENT TRUCKERS LOSE BUSINESS, THEY LOSE A LOT OF IT. SO THAT'S ANOTHER FACTOR THAT NEEDS TO BE REMEMBERED IS WHO THIS HURTS. AND TO GIVE A BIT OF AN ANALOGY, SMALL-TOWN NEBRASKA, YOU KNOW, YOU HAVE YOUR HARDWARE STORES, YOU HAVE YOUR BANKS, YOU HAVE A GROCERY STORE, AND IN YOUR NEIGHBORING LARGER TOWN WHEN THEY OPEN UP A WALMART, AND THAT BIG CORPORATION COMES IN, IT HURTS THE SMALL BUSINESS, OR EVEN DESTROYS IT AND PUTS THEM OUT OF BUSINESS. AND WHEN I TALKED EARLIER ABOUT FAMILY FARMING, THAT'S WHAT THIS CORPORATE FARMING DOES--IT HURTS AND DESTROYS THAT BUSINESS. IN MY CATTLE-FEEDING OPERATION, I DO SOME COMMERCIAL FEEDING, BUT IT IS ALTOGETHER DIFFERENT THAN HOW IT'S DONE WITH THIS...IF LB176 GOES INTO PLACE. I DO NOT FEED CATTLE FOR A PACKER. I FEED FOR A COUPLE OF LOCAL FARMERS THAT DON'T HAVE THE FACILITIES, THAT DON'T...THAT DON'T WANT TO BUY THE EQUIPMENT TO FEED THE CATTLE, AND THAT'S WHO I FEED FOR. THERE'S NO CONTRACT THAT'S SIGNED. WE HAVE A VERBAL AGREEMENT OF HOW WE'RE GOING TO DO IT, AND BELIEVE IT OR NOT, IT WORKS PRETTY GOOD. AND TO SAY THAT WE HAVE TO HAVE THESE CONTRACTS IN ORDER FOR...TO GET BUSINESS HERE IS JUST FLAT-OUT WRONG. I'VE TALKED TO MANY OF THE HOG PRODUCERS IN MY DISTRICT, AND I HAVE ONLY FOUND ONE PRODUCER THAT IS IN FAVOR OF THIS LEGISLATION. EVERYBODY ELSE IS AGAINST IT. AND SO FAR FROM WHAT I'VE HEARD AROUND THE STATE, THE ONLY PEOPLE THAT ARE IN FAVOR OF IT ARE

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THE LARGE PRODUCERS, NOT THE SMALL INDEPENDENT. SO WE HAVE TO REMEMBER WHO WE'RE LEGISLATING FOR. WE'RE LEGISLATING FOR THE PEOPLE. YOU KNOW, WE'RE NOT LEGISLATING FOR THE BIG CORPORATIONS. AND, YOU KNOW, WE HAVE TO FIGHT FOR THAT INDEPENDENT BUSINESSMAN WHO WANTS TO KEEP HIS OPERATION GOING. [LB176]

SENATOR KRIST: ONE MINUTE. [LB176]

SENATOR SCHNOOR: THANK YOU, SIR. AND IF WE DO THIS, ALL THESE HOG FEEDERS WILL BE IS LABORERS FOR THE PACKER. THEY...THEIR INDEPENDENCE IS GONE. THE FREE MARKET IS GONE. ALL THEY'RE DOING IS BEING PAID DAILY LABOR, THAT'S IT. THEY DON'T...YES, IS RISK TAKEN AWAY FROM THEM BECAUSE THEY DON'T OWN THE HOGS? YES, BUT SO IS THE POSSIBILITY OF ANY TYPE OF PROFIT. IS THERE A RISK IN ALL THIS PRODUCTION? YES, THERE IS. BUT, YOU KNOW, I'D RATHER HAVE A...I'D RATHER TAKE ON THAT RISK FOR MYSELF AND STAND THE CHANCE OF THE PROFIT INSTEAD OF GIVING IT ALL TO EVERYBODY ELSE. [LB176]

SENATOR KRIST: TIME, SENATOR. [LB176]

SENATOR SCHNOOR: THANK YOU. [LB176]

SENATOR KRIST: THANK YOU, SENATOR SCHNOOR. SENATOR LARSON, YOU'RE RECOGNIZED. [LB176]

SENATOR LARSON: THANK YOU, MR. PRESIDENT. WOULD SENATOR SCHNOOR YIELD TO A QUESTION? [LB176]

SENATOR KRIST: SENATOR SCHNOOR, WILL YOU YIELD? [LB176]

SENATOR SCHNOOR: YES, SIR. [LB176]

SENATOR LARSON: SENATOR SCHNOOR, I HEAR YOU TALK ABOUT PRODUCERS THAT ARE TOO BIG OR OPERATIONS THAT ARE TOO BIG, AND WE NEED TO PROTECT THE FAMILY FARM. I'M GOING TO GIVE YOU AN EXAMPLE, AND LET ME KNOW IF THIS IS TOO BIG. BEING AN ORGANIZATION THAT PROBABLY HAS 30 OR 40 QUARTERS IN ONE COUNTY OF PRODUCTION AG; A LITTLE OVER 40 QUARTERS IN ANOTHER COUNTY, OR RIGHT AROUND THERE, AGAIN, OF PRODUCTION AG; I

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BET THEY HAVE THREE OR FOUR THOUSAND ACRES OF RANCH GROUND;
PROBABLY CLOSE TO 500 HEAD OF CATTLE; AND 7 OR 8 HOG FACILITIES. IS THAT
TOO BIG? [LB176]

SENATOR SCHNOOR: WELL, I'M PRETTY SURE I KNOW WHO YOU'RE TALKING
ABOUT, AND, YES, IT IS BIG. BUT... [LB176]

SENATOR LARSON: NO, IS THAT TOO BIG? IS THAT NOT...IS THAT TOO BIG? IS THAT
NOT A FAMILY FARM? IS THAT NOT...IS THAT TOO BIG, IN YOUR MIND? [LB176]

SENATOR SCHNOOR: IN MY MIND, YES. [LB176]

SENATOR LARSON: ALL RIGHT, THANK YOU. THAT WAS BUILT FROM THE
GROUND UP BY SENATOR SCHNOOR'S CONSTITUENTS...FROM THE GROUND UP.
THEY INNOVATED, THEY GREW, AND THEY MADE A BUSINESS OUT OF
AGRICULTURE. AND HE DOES KNOW WHO I'M TALKING ABOUT. I'M REFERRING
TO THE ORGANIZATION IN HIS HOMETOWN, SCRIBNER GRAIN. THEY ARE NOT
TOO BIG. THEY ARE A MODEL OF WHAT WE WANT YOUNG ENTREPRENEURS IN
AGRICULTURE TO DO. SENATOR GROENE TALKED ABOUT THIS ELIMINATES THE
FREE MARKET. THERE IS NOTHING MORE FREE MARKET THAN LB176. AS A
YOUNG PRODUCER, IT'S NOT FREE MARKET TO TELL ME WHO I CAN AND
CANNOT ENTER INTO A CONTRACT WITH. THE FREE MARKET WOULD SAY--YOU
ENTER INTO A CONTRACT WITH WHOEVER YOU WOULD LIKE TO BEST RUN
YOUR BUSINESS. THAT'S THE FREE MARKET. IT'S NOT THE GOVERNMENT
TELLING ME WHO I CAN AND CAN'T ENTER INTO A CONTRACT. SENATOR
GROENE'S WRONG ON THAT ISSUE. I BELIEVE THAT I, AS A BUSINESSPERSON, I AS
AN ENTREPRENEUR, SHOULD HAVE THE RIGHT TO MAKE THE BEST POSSIBLE
DECISIONS FOR MY BUSINESS AND NOT HAVE THE GOVERNMENT TELL ME WHO I
CAN ENTER INTO THAT CONTRACT WITH, WHO I CAN'T DO BUSINESS WITH.
THAT'S WHAT WE HAVE ON THE BOOKS RIGHT NOW. LET'S LOOK AGAIN INTO
SENATOR SCHNOOR'S DISTRICT. YOU HAVE A PACKING PLANT IN FREMONT THAT
WANTS TO RUN A THIRD SHIFT. TALK ABOUT ECONOMIC DEVELOPMENT. BUT
THEY'RE ONLY RUNNING TWO RIGHT NOW. I HEAR SENATOR BLOOMFIELD TALK
ABOUT DIXON COUNTY, WHICH IS MY LEGISLATIVE DISTRICT; IT USED TO BE HIS.
AND THE BIRD FLU CRISIS THAT'S HAPPENING AND HOW MANY CHICKENS THAT
WE'RE GOING TO HAVE TO PUT DOWN. YOU KNOW WHAT? THOSE FACILITIES
CAUGHT THE DISEASE. YOUR AVERAGE GUY THAT HAS 10 OR 15 CHICKENS,
THEY'RE NOT GOING TO KNOW, THEY'RE NOT GOING TO TEST. YOU WANT TO
KNOCK ON BIG AG... [LB176]

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SENATOR KRIST: ONE MINUTE. [LB176]

SENATOR LARSON: ...THEY ACTUALLY WERE ABLE TO CATCH IT AND START TO CONTAIN IT. IF IT GETS ON JUST THE LITTLE GUY AND STARTS SPREADING THROUGHOUT THE COMMUNITY, THAT'S WHEN YOU'RE NOT GOING TO KNOW. THAT'S WHEN IT WILL BECOME AN EPIDEMIC ACROSS THE ENTIRE STATE. WE HAVE AN OPPORTUNITY. IF YOU BELIEVE IN THE FREE MARKET, I MEAN TRULY BELIEVE IN IT, WHY DO YOU THINK THAT THE GOVERNMENT SHOULD TELL ME WHO I CAN AND CAN'T ENTER INTO A CONTRACT WITH? I'VE HEARD SENATOR GROENE TALK SO MUCH THIS YEAR ABOUT THE FREE MARKET AND WHAT THE GOVERNMENT'S ROLE IS. AND I'VE AGREED WITH HIM ALMOST COMPLETELY-- UNTIL TODAY, WHEN HE STANDS UP AND SAYS--YES, THE GOVERNMENT SHOULD RESTRICT WHO YOU CAN ENTER INTO A CONTRACT WITH, AND THAT IS WRONG. DO NOT TELL ME THAT I CAN'T ENTER INTO A CONTRACT WITH ANYBODY BECAUSE OF WHERE I AM LOCATED OR WHERE THEY ARE LOCATED, ACTUALLY. LET'S LET THE MARKET ACTUALLY WORK AND LET ME MAKE MY OWN DECISIONS FOR MY BUSINESS AND NOT LET THE STATE MAKE THEM. THANK YOU, MR. PRESIDENT. [LB176]

SENATOR KRIST: THANK YOU, SENATOR LARSON. SENATOR WATERMEIER, YOU'RE RECOGNIZED. [LB176]

SENATOR WATERMEIER: THANK YOU, MR. PRESIDENT. GOOD AFTERNOON, NEBRASKA, ON ANOTHER RAINY DAY IN NEBRASKA. I'M GOING TO STAND IN OPPOSITION TO THE BRACKET MOTION ON LB176 AND IN SUPPORT OF THE AGRICULTURAL COMMITTEE AMENDMENT AND THE BILL ITSELF. I'M GOING TO ASK SENATOR SCHILZ A QUESTION IF HE'S IN THE BUILDING AND BE AVAILABLE. BUT IN GENERAL, I THINK SENATOR STINNER HAD HIT ON A GOOD POINT EARLIER WHEN HE WAS TALKING ABOUT THE FINANCING AND HE DESCRIBED WHAT IT TAKES TO FINANCE AN OPERATION TODAY. WHAT'S REALLY GOING ON INSIDE OF AGRICULTURE AND IN MY COMMUNITIES IS IT'S SO VERY, VERY DIFFICULT TO OPERATE UNDER A 3 TO 5 PERCENT RETURN ON OUR MONEY. THAT'S THE KIND OF MARGINS WE'RE OPERATING ON. A BANKER LOOKS AT THAT AND THE RISK THAT AN INDIVIDUAL TAKES ON BY THEMSELVES IS TOO DIFFICULT TO DO IT. THAT'S WHERE THESE CONTRACTS ENTER IN. SO THE QUESTION I HAVE, SENATOR SCHILZ... [LB176]

SENATOR KRIST: SENATOR SCHILZ, WILL YOU ANSWER A QUESTION? [LB176]

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SENATOR SCHILZ: YES. [LB176]

SENATOR WATERMEIER: SENATOR SCHILZ, THE QUESTION I HAVE IS IN REGARDS TO THE RISK, AND I THINK I HAD HEARD SEVERAL PEOPLE IN SPEAKING AGAINST THE BILL, THE RISK THAT A PRODUCER MAY HAVE, ONCE THEY POUR THE CONCRETE, BUILD THE BUILDING, GO INTO A CONTRACT WITH THE PACKERS, HAS THAT RISK BEEN MINIMIZED? AND SENATOR STINNER AND I HAD TALKED ABOUT THAT, AS FAR AS THE FINANCIAL INSTITUTION, I REALIZE THEIR INTERESTS ARE COVERED. BUT IS THE INTERESTS OF THE PRODUCER, THE PERSON WHO HAS INVESTED THE MONEY, POURED THE CONCRETE, DO YOU BELIEVE IN YOUR MIND THAT THAT RISK IS COVERED, THAT THEY WOULD STILL HAVE THE...THE CONTRACT WOULD STILL BE OBLIGATED TO HELP THAT PRODUCER? [LB176]

SENATOR SCHILZ: YES. I WILL SAY THIS, I DON'T WANT TO TAKE UP TOO MUCH OF YOUR TIME. [LB176]

SENATOR WATERMEIER: I'M GOING TO YIELD TO YOU THE REST OF MY TIME, SO GO AHEAD AND ANSWER THE QUESTION AND YOU HAVE IT. [LB176]

SENATOR SCHILZ: OKAY. OKAY. AND HERE'S HOW I LOOK AT THAT--WHEN YOU PUT IN...WHEN YOU ENTER INTO A CONTRACT LIKE THAT, WHAT IT DOES ON SOME LEVEL IS IT ALLEVIATES SOME RISK, THE RISK OF OWNERSHIP. BUT IT DOES SHIFT SOME OF THE RISK AS WELL. AND SOME OF THAT RISK GETS SHIFTED TO--DO YOU, OR HAVE YOU, ENTERED INTO A CONTRACT THAT REALLY DOES WHAT YOU NEED IT TO DO? AND THAT'S WHY IT'S IMPORTANT TO TAKE THESE CONTRACTS, SHOW THEM TO YOUR BUSINESS PARTNERS...SHOW THEM...AND WHEN I SAY "BUSINESS PARTNERS" I MEAN THE BANKERS, YOUR LAWYER, AND ANYONE ELSE THAT YOU FEEL NEEDS TO SEE THIS, BECAUSE YOU WANT TO MAKE SURE THAT YOU SET IT UP CORRECTLY. AND I THINK THAT THAT'S IMPORTANT. BUT IT DOES ALLEVIATE THE RISK OF OWNERSHIP. AND LIKE SENATOR DAVIS SAID, WHEN HE TALKED ABOUT THE HOGS ON THE CORNER WITH THE PANELS AND ALL THAT WAS LEFT WAS THE HOGS. WELL, GUESS WHAT? THAT TIME...THAT TIME...THAT MOMENT IN TIME TOOK A LOT OF HOG PRODUCERS OUT, A LOT OF THEM. HECK, ON MY FARM, WE USED TO HAVE HOGS OUT BEHIND THE QUONSET BARN. I REMEMBER GOING OUT AND FEEDING THEM WITH BUCKETS. TIMES CHANGED. WE GOT RID OF HOGS BECAUSE WE DIDN'T HAVE ENOUGH TO MAKE IT WORTHWHILE. WE DIDN'T HAVE ENOUGH TO BE EFFICIENT. AND WE HAVE TO BE EFFICIENT. I THINK THE OTHER THING THAT WE

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NEED TO UNDERSTAND, WE NEED TO BRING UP HERE, IS A COUPLE OF THINGS THAT WERE SAID. SOMEBODY TALKED ABOUT EXPORTING TO A COUNTRY THAT OWNS ONE OF THESE...OR PART OF ONE OF THESE PACKING FACILITIES. I THINK PEOPLE SHOULD UNDERSTAND HERE ON THE FLOOR OF THE LEGISLATURE THAT ALMOST ALL OF THE PROFITS THAT ARE IN LIVESTOCK PRODUCTION COMES FROM EXPORTS. EXPORTS ARE HUGELY IMPORTANT. IF WE DON'T HAVE THEM, AS THE UNITED STATES, PEOPLE DON'T GET PAID. THE DOMESTIC MARKET COVERS THE COSTS. THE EXPORT MARKET GIVES YOU YOUR PROFITS. LOOK IT UP. WE TALKED ABOUT QUALITY, AND IF YOU ENTERED INTO THESE THINGS, THAT YOU WOULDN'T HAVE THE QUALITY ANYMORE. WELL, GUESS WHAT, FOLKS? I TRUST OUR NEBRASKA PRODUCERS. [LB176]

SENATOR KRIST: ONE MINUTE. [LB176]

SENATOR SCHILZ: THEY'RE PROUD. THEY ARE GOING TO PRODUCE THE BEST QUALITY PRODUCT THEY CAN. ONE REASON IS BECAUSE THEY'RE PROUD OF WHAT THEY DO. THE OTHER REASON IS BECAUSE IN THIS DAY AND AGE, WE HAVE A SUPPLY CHAIN THAT WE HAVE TO KEEP IN MIND. THAT SUPPLY CHAIN IS FOR THE CONSUMER. AND IF PEOPLE DON'T PRODUCE THE BEST PRODUCT FOR THAT CONSUMER, THEY DON'T BUY YOUR PRODUCT. SO THERE'S THAT TO THINK ABOUT. NO ONE GETS AWAY WITH THIS THING BEING SCOT-FREE AND ALL ON THEIR OWN. LIVESTOCK PRODUCTION, FOOD PRODUCTION ISN'T JUST ABOUT THE PRODUCER; IT ISN'T JUST ABOUT THE PROCESSOR. IT'S MOSTLY ABOUT THE CONSUMER. AND DON'T FORGET THIS, FOLKS, AGRICULTURE HAS ALWAYS, AND I MEAN ALWAYS, BEEN A PRICE TAKER, NOT A PRICE MAKER, AND THAT'S IMPORTANT TO UNDERSTAND. WHEN YOU'RE IN A COMMODITY MARKET, THE PRICE ALWAYS TRENDS TOWARD THAT BREAK-EVEN, AND UNLESS YOU BECOME MORE AND MORE EFFICIENT TO TAKE CARE OF THAT, YOU AREN'T THERE ANYMORE. [LB176]

SENATOR KRIST: TIME, SENATOR. THANK YOU, SENATOR SCHILZ AND SENATOR WATERMEIER. STILL WISHING TO SPEAK: SENATORS DAVIS, SCHILZ, BOLZ, KUEHN, McCOY, BLOOMFIELD, SCHNOOR, GROENE, WATERMEIER, AND OTHERS. SENATOR DAVIS, YOU'RE RECOGNIZED. [LB176]

SENATOR DAVIS: THANK YOU, MR. PRESIDENT. A COUPLE OF POINTS, I THINK, REALLY NEED TO BE MADE ABOUT THE...NOT THE PORK INDUSTRY, BUT ABOUT THE BEEF INDUSTRY AND ABOUT HOW CONCENTRATION WORKS IN AN INDUSTRY AND IN A NATION. SO, YOU KNOW, A FEW YEARS AGO NEBRASKA

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BECAME THE NUMBER ONE CATTLE-FEEDING STATE IN THE UNITED STATES. THAT WAS GREAT NEWS FOR US. IT WAS GREAT NEWS FOR THE CATTLE INDUSTRY. IT WAS GREAT NEWS FOR THE CORN PRODUCERS. IT WAS GREAT NEWS FOR THE ETHANOL PRODUCERS WHO HAVE A PRODUCT THAT THEY CAN...THAT THEY CAN MAKE OUT OF THE REFUSE AFTER THE ETHANOL IS REMOVED. SO A TREMENDOUS ACHIEVEMENT ON THE PART OF NEBRASKA AGRICULTURE. THAT WAS ACHIEVED WITH THE PACKER BAN ON OWNERSHIP IN PLACE FOR CATTLE. SO I THINK IT'S A PERTINENT QUESTION AS TO WHY ARE WE BECOMING THIS NUMBER ONE CATTLE STATE IF WE'VE GOT THESE BAD LAWS IN EFFECT, AND NO OTHER STATES HAS THESE LAWS IN EFFECT? SO WHY ARE PEOPLE FEEDING CATTLE HERE? LET'S ASK THAT QUESTION. WELL, OBVIOUSLY, THEY'RE DOING IT BECAUSE THEY'RE MAKING MONEY DOING SO, OTHERWISE THEY WOULDN'T BE HERE DOING THAT. NOW YOU GO TO IOWA. AND I HANDED OUT A DOCUMENT EARLIER THAT LOOKS AT THE CONCENTRATION OF WHERE THE LARGE PORK PRODUCTION IS TAKING PLACE, AND YOU'LL SEE THAT IT IS LARGELY IN NORTH CAROLINA AND IN IOWA, AND RIGHT AROUND THAT AREA. SO WHY IS THAT? WELL, A LITTLE BIT OF IT HAS TO DO WITH THE DIFFERENCE...IOWA AND NEBRASKA ARE QUITE DIFFERENT STATES IN HOW THINGS ARE LAID OUT AND HOW THEIR STRUCTURE IS. AND AS YOU MOVE TOWARD THE WESTERN PART OF THE STATE IN NEBRASKA, YOU WILL SEE THAT THERE'S FEWER AND FEWER PORK PRODUCTION PLACES. THAT'S BECAUSE WE'RE GETTING FARTHER AND FARTHER AWAY FROM THE GRAIN. GRAIN IS THE DRIVING FORCE IN WHAT WE'RE TRYING TO DO HERE AND IN HOW ANIMALS ARE FED AND IN HOW AN INDUSTRY MOVES FORWARD. AND IF YOU LOOK AT ANY MAP OF THE CATTLE INDUSTRY, YOU'RE GOING TO FIND OVER AND OVER A, SORT OF, A CONCENTRATING DOWN OF WHERE THAT INDUSTRY TAKES PLACE, BECAUSE THAT'S THE NATURE OF ECONOMICS. COMPETITIVE ADVANTAGE IS A HUGE AND IMPORTANT THING, AND THE CATTLE INDUSTRY HAS CENTERED NOW ON NEBRASKA FOR A NUMBER OF REASONS--ENVIRONMENTAL, GRAIN, ACCESS TO MARKETS, EVERYTHING ELSE. SO THE HOG INDUSTRY HAS SETTLED DOWN IN IOWA. I DON'T KNOW IF CHANGING OUR LAWS IS REALLY GOING TO CHANGE ANYTHING. YOU KNOW, WE'VE TALKED ABOUT THE DAIRY INDUSTRY IN HERE AND WHY WE NEED TO DEVELOP THE DAIRY INDUSTRY, AND I THINK, IF THE BODY WILL REMEMBER MY DISCUSSION ON THAT, WHEN I WAS AT THE CATTLEMEN'S BEEF BOARD A FEW MONTHS AGO, I SAT NEXT A FELLOW NAMED DAVIS DENMAN WHO IS THE HEAD OF THE AUDIT COMMITTEE, AND I'M ON THAT COMMITTEE MYSELF. AND SO I SAID--DAVIS, HOW'S YOUR BUSINESS? HE'S A DAIRY GUY IN OHIO. AND HE SAID--OH, IT'S JUST...HE WAS KIND OF DOWN IN THE DUMPS, IT'S BEEN SO WET, AND WE'VE HAD TO HAVE THE ANIMALS IN THE BARN. I SAID--WELL, WHY DON'T YOU BRING THEM TO NEBRASKA? WE COULD

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REALLY USE DAIRY HERE. AND HE SAID--OH, YOU KNOW, WE COULD NEVER DO THAT BECAUSE THE TRANSPORTATION COSTS ARE SO GREAT FOR THAT MILK. YOU KNOW, WE'RE HEARING THIS ARGUMENT THAT WE NEED TO DEVELOP THE DAIRY INDUSTRY, BUT, YOU KNOW, I THINK WHAT DAVIS DENMAM TOLD ME IS COMMON SENSE--LOCATION IS EVERYTHING. SO I THINK THAT'S JUST AN IMPORTANT THING THAT WE'RE NOT TALKING ABOUT HERE. THAT WE COULD CHANGE EVERY LAW IN THE BOOK TO TRY TO MAKE NEBRASKA A MORE FAVORABLE PORK STATE, MAYBE IT'S JUST NOT GOING TO HAPPEN BECAUSE IOWA IS MORE...IS ABLE TO MORE CAPITALIZE ON WHAT THEY HAVE IN TERMS OF THEIR MARKET, THEIR GRAIN, AND EVERYTHING ELSE. I UNDERSTAND WHAT SENATOR SCHILZ IS TALKING ABOUT IN TERMS OF THE CONCERNS THAT HE HAS FOR THE CATTLE INDUSTRY, AND I SHARE THOSE SAME CONCERNS. I DO NOT WANT TO SEE OUR MARKETS GO AWAY IN THE CATTLE INDUSTRY. WE ARE THE LAST STATE WHERE THERE'S A REAL MARKET FOR CATTLE. [LB176]

SENATOR KRIST: ONE MINUTE. [LB176]

SENATOR DAVIS: AND EVEN...THANK YOU, MR. PRESIDENT...EVEN THOSE...THERE ARE WAYS THAT YOU CAN WORK YOUR WAY AROUND THAT. AND I DID THAT ON MY OWN RANCH WHEN I WORKED WITH CREEKSTONE TO PROVIDE NONHORMONE-TREATED CATTLE FOR THE EUROPEAN MARKET. WE HAD NO REAL AGREEMENT, NO REAL CONTRACT, BUT I FED MY CATTLE THROUGH A FEEDLOT AND THEN THOSE CATTLE WERE MARKETED ON TO THAT NEXT PHASE AND I RETAINED THE OWNERSHIP OF THOSE CATTLE ALL THE WAY THROUGH. THESE PORK PRODUCERS COULD DO SOMETHING SIMILAR. IT'S JUST THAT BIG INDUSTRY DOESN'T WANT TO DO THAT. AND WHO OWNS OUR PACKING INDUSTRY IN THIS COUNTRY? IT'S LARGELY FOREIGN OWNED. THAT CAUSES ME A LITTLE BIT OF CONCERN, BECAUSE I THINK THE FOREIGN NATIONS ARE GOING TO PUT THEIR INTERESTS AHEAD OF OUR NEBRASKA FARMERS EVERY DAY OF THE WEEK AS WE MOVE FORWARD. AND THAT'S WHY I URGE THE BODY TO BRACKET THE BILL. AND IF NOT BRACKET IT, LET'S GET IT FIXED, BECAUSE THERE ARE THINGS THAT ARE GOOD IN THE BILL, THINGS THAT I SUPPORT, BUT I JUST CAN'T SUPPORT THE OVERALL PROCESS. THANK YOU, MR. PRESIDENT. [LB176]

SENATOR KRIST: THANK YOU, SENATOR DAVIS. COLLEAGUES, COOKIES ARE BEING PASSED OUT TO CELEBRATE SENATOR KUEHN'S ENGAGEMENT...OH, I MEAN BIRTHDAY. (LAUGHTER) HAPPY BIRTHDAY, SENATOR KUEHN! BACK TO OUR SERIOUS DISCUSSION, SENATOR SCHILZ, YOU'RE RECOGNIZED. [LB176]

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SENATOR SCHILZ: THANK YOU, MR. PRESIDENT. AND FOLKS, I JUST WANT TO CONTINUE DOWN WITH SOME OF THE QUESTIONS THAT I'VE BEEN HEARING, SOME OF THE CONCERNS. AND I KNOW SENATOR BOLZ STILL HAS CONCERNS. I THINK IT'S IMPORTANT TO UNDERSTAND THAT WHEN WE TALK ABOUT SOME OF THE PENALTIES THAT HAPPEN IF THERE'S ENVIRONMENTAL...IF YOU WOULD HAVE A SPILL OR IF YOU WOULD SOMEHOW IMPACT THE WATERS OF THE STATE, WHICH INCLUDE GROUNDWATER AND SURFACE WATER, WE HAVE A BILL IN PLACE THAT, AFTER THREE STRIKES, IF YOU HAVE THREE STRIKES AT A FACILITY, YOU NO LONGER GET TO OPERATE THAT FACILITY. THE STATE OF NEBRASKA WILL TAKE AWAY YOUR PERMIT AND NOT ALLOW YOU TO OPERATE IT ANYMORE. SO WHEN YOU ASK WHAT KIND OF PENALTIES ARE OUT THERE AND HOW WE DEAL WITH THIS STUFF, THE STATE OF NEBRASKA'S PRETTY DARN SERIOUS ABOUT MAKING SURE THAT THE BAD ACTORS ARE FOUND OUT AND TAKEN CARE OF. SO I THINK THAT'S IMPORTANT TO UNDERSTAND. AND WE'RE CONTINUING TO GET INFORMATION TO BE ABLE TO SHOW WHAT KIND OF STRINGENT PARAMETERS WE HAVE AROUND THAT. SOMEBODY SAID THAT THE OPEN MARKET WILL DISAPPEAR IF THIS COMES INTO PLACE. FIRST OF ALL, LET'S UNDERSTAND THIS REQUIRES NO ONE TO ENTER INTO ANY OF THESE CONTRACTS. NO ONE. THIS JUST MAKES IT POSSIBLE IF SOMEONE WANTS TO. WE HEARD ABOUT SMITHFIELD AND WHAT THEY DO, AND THAT THEY'RE THE BIG, BAD PROCESSOR COMING IN. I WANT EVERYBODY TO UNDERSTAND-- SMITHFIELD NATIONALLY GETS HALF OF THEIR HOGS THAT THEY PROCESS ON THE OPEN MARKET TODAY, SO IT'S NOT LIKE THEY'RE 100 PERCENT TIED UP. IT'S NOT LIKE THEY HAVE ALL THIS CAPTIVE SUPPLY, BECAUSE THEY DON'T. WE ALSO NEED TO REMEMBER THAT THOSE AREN'T THE ONLY OPPORTUNITIES FOR PACKERS HERE IN THE STATE OF NEBRASKA. THERE'S TWO OTHER PACKERS THAT ARE HERE, AND WHO KNOWS, POSSIBLY MORE. WE NEED TO REMEMBER THAT GROWTH IN THE STATE OF NEBRASKA, AGRICULTURAL GROWTH IN THE STATE OF NEBRASKA, IS NOT A BAD THING, NOR HAS IT EVER BEEN. AND WE HAVE THE THINGS IN PLACE...I TRUST DEQ, THE DEPARTMENT OF ENVIRONMENTAL QUALITY, TO MONITOR AND MAKE SURE THAT THE ENVIRONMENT IS NOT IMPACTED ADVERSELY. I KNOW THIS--AT OUR FEEDYARD, AND I'LL TALK ABOUT CATTLE HERE IN A LITTLE BIT, BUT AT OUR FEEDYARD, WE ACTUALLY WORKED BOTH WITH DEQ, AS WELL AS THE LOCAL NRD WHICH PARTNERS WITH DEQ TO RUN THE MONITORING WELLS. THOSE MONITORING WELLS HAVE BEEN IN PLACE FOR 10 OR 15 YEARS. OUR FEEDYARD HAS BEEN THERE SINCE PROBABLY THE '30s. DURING THAT TIME, WE HAD ONE SPILL. THAT ONE SPILL OCCURRED IN 2005, I BELIEVE IT WAS, DURING A STORM THAT HAPPENED OVER THE JULY 4TH WEEKEND. WE HAD 15, 17 INCHES OF RAIN IN NINE HOURS. EVERYTHING WAS RUNNING. BUT WE DID WHAT WE WERE

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SUPPOSED TO DO, WE REPORTED IT TO THE STATE PATROL. THEY DIDN'T BELIEVE ME AT FIRST WHEN I CALLED, BUT WE REPORTED IT. WE DID EVERYTHING THAT WE WERE SUPPOSED TO, AND THERE WERE NO ADVERSE EFFECTS FROM THAT SPILL AT ALL. SO. I THINK WE SHOULD TRUST THAT THE FOLKS THAT OWN THE LAND AND OWN THE FACILITIES WANT TO TAKE CARE OF OUR ENVIRONMENT. AND THIS BILL, THIS, IF IT GETS PUT IN PLACE, WILL ALLOW THOSE LOCAL FOLKS TO MAINTAIN CONTROL OF THE LAND AND THE FACILITIES. WITHOUT IT, AND WITH A COURT BATTLE... [LB176]

SENATOR KRIST: ONE MINUTE. [LB176]

SENATOR SCHILZ: ...WHO KNOWS IF THAT STAYS IN PLACE. WE HEARD ABOUT THE TRUCKING INDUSTRY. WELL, LET ME BACK UP AND LET'S REMIND PEOPLE OF THE NUMBERS. SINCE 1997, WE'VE LOST 63 PERCENT OF THOSE HOG FARMS. I WONDER WHAT THAT DOES TO TRUCKERS? I'M GUESSING THAT'S NOT REAL HEALTHY FOR THEM. SO HAVING HOGS, HAVING MORE HOGS PROBABLY MAKES MORE SENSE TO THE TRUCKERS THAN NOT HAVING THEM. AT LEAST THEN YOU HAVE AN OPPORTUNITY TO GET THAT BUSINESS. AND WE'VE HEARD CATTLE ARE MUCH DIFFERENT THAN HOGS. AND THAT IS REFLECTED IN THIS BILL. WE HAVE TO TREAT THEM DIFFERENTLY BECAUSE THEY ARE. THEY'RE VASTLY DIFFERENT. AND THE MARKETS AND HOW THAT MODEL WORKS IS VASTLY DIFFERENT FOR EACH ONE. SO LET'S KEEP THAT IN MIND AS WE MOVE FORWARD. LISTEN TO THE OPPONENTS. SEE IF THEY'RE NOT MAKING THE ARGUMENT FOR THIS BILL WHILE THEY TRY TO TELL YOU WHY IT'S NOT GOOD. [LB176]

SENATOR KRIST: TIME, SENATOR. [LB176]

SENATOR SCHILZ: THANK YOU. [LB176]

SENATOR KRIST: THANK YOU, SENATOR SCHILZ, AND THAT WAS YOUR THIRD TIME. SENATOR BOLZ, YOU'RE RECOGNIZED. [LB176]

SENATOR BOLZ: THANK YOU, MR. PRESIDENT. I APPRECIATE THE REQUEST OF SENATOR SCHILZ AND OTHER SUPPORTERS OF THIS BILL TO BE GIVEN THE OPPORTUNITY TO PROVE THAT ENVIRONMENTAL STANDARDS ARE IN PLACE THAT WILL PROTECT NOT ONLY THE ENVIRONMENT, BUT OUR DRINKING WATER AND, PARTICULARLY, OUR URBAN DRINKING-WATER SOURCES. AND I HAVE A LIST OF QUESTIONS THAT I WILL SHARE WITH THE BILL'S INTRODUCER AND

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WITH STAFF, AND I WILL SERIOUSLY REVIEW THE ANSWERS. BUT I WANTED TO SHARE THOSE ON THE MIKE, NOT ONLY TO CREATE A RECORD, BUT ALSO TO HAVE OTHER PEOPLE BE THINKING ABOUT THESE SAME QUESTIONS. I THINK ONE OF MY PRIMARY CONCERNS MIGHT BE THIS--I UNDERSTAND THAT THE PACKERS WILL HAVE A NEW ROLE IN THE WAY THAT PORK IS PRODUCED. WILL THEY HAVE A NEW SET OF ACCOUNTABILITY STANDARDS? WILL THEY BE LIABLE IN A NEW WAY, SO THAT IF SOMETHING DOES GO WRONG WE CAN COUNT ON THEM PLAYING A PART IN THE SOLUTION? ANOTHER QUESTION I HAVE IS DO WE CURRENTLY HAVE A NITRATE PROBLEM? IS OUR WATER CURRENTLY CLEAN? WILL SOMETHING...WILL THE DEMAND CREATED BY THIS EXACERBATE A PROBLEM THAT ALREADY EXISTS? WHO PAYS THE COST OF INCREASED WATER TREATMENT IF WATER TREATMENT IS NECESSARY? HOW DO PEOPLE WHO REPRESENT DRINKING-WATER INTERESTS...HOW ARE THEY INVOLVED IN ZONING BOARDS AND IN OVERSEEING THE DEPARTMENT OF ENVIRONMENTAL QUALITY? WHAT REGULATIONS AND PENALTIES ARE IN PLACE? AND EVEN IF AN INDIVIDUAL FARMER IS ABIDING BY THESE RULES, LAWS, AND REGULATIONS, HOW DO WE COUNT FOR THE OVERALL IMPACT OF OVERALL INCREASED DEMAND? SO, COLLEAGUES, I...MY...YOU'RE GOING TO LAUGH AT ME FOR MAKING A PUN ON THE MIKE, BUT I'M NOT BEING PIGHEADED ABOUT THIS. I AM TRYING TO UNDERSTAND HOW THIS STRATEGY WILL NOT ADVERSELY AFFECT MY CONSTITUENTS AND HOW THE ENVIRONMENT AND OUR WATER WILL BE PROTECTED. AND I THINK THAT THOSE ARE REASONABLE QUESTIONS TO HAVE A SIGNIFICANT, SOLID ANSWER TO. I'LL PASS MY NOTES ON TO THE BILL'S INTRODUCER. AND I LOOK FORWARD TO HIS ANSWERS TO MY QUESTIONS. THANK YOU, MR. PRESIDENT. [LB176]

SENATOR KRIST: THANK YOU, SENATOR BOLZ. SENATOR KUEHN, YOU'RE RECOGNIZED. [LB176]

SENATOR KUEHN: THANK YOU, MR. PRESIDENT. AND MY MOTHER WAS LISTENING EARLIER AND JUST TEXTED ME AND I HAVE SOME EXPLAINING TO DO, APPARENTLY. [LB176]

SENATOR KRIST: SORRY. (LAUGHTER) [LB176]

SENATOR KUEHN: THANK YOU, COLLEAGUES. I RISE TODAY WITH A NUMBER OF JUST QUESTIONS RUNNING THROUGH MY HEAD, BOTH AS AN AG PRODUCER AND AS A SENATOR AS WE DEBATE WHAT I THINK IS A REALLY IMPORTANT POLICY ISSUE GOING FORWARD FOR ANIMAL AGRICULTURE IN NEBRASKA. AND IT

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COMES AT A CONFLICT BETWEEN, I THINK, WHAT IDEALLY WE WOULD LIKE TO THINK WE ARE IN ANIMAL AGRICULTURE VERSUS THE REALITY OF AGRICULTURAL PRODUCTION, ESPECIALLY HOG PRODUCTION IN 2015. JUST FOR...I HAVEN'T TOLD THE STORY YET ON THE MIKE, BUT WHEN I WAS 8 YEARS OLD AT A LOCAL COMMUNITY PICNIC, WE HAD A GREASED-PIG-CATCHING CONTEST. I CAUGHT THE PIG. AND INSTEAD OF THE \$10, I ASKED IF I COULD HAVE THE PIG, A LITTLE BLACK DUROC GILT, WHO I NAMED "KRISTY" (PHONETIC). SHE WAS MY FIRST SOW. SHE HAD EIGHT PIGLETS IN HER FIRST LITTER AND THEY BECAME THE START OF A SWINE HERD WHICH WOULD PAY FOR MY COLLEGE. TRULY, MY FAMILY RAISED HOGS, AS HAS BEEN SAID ON THE FLOOR EARLIER. MY DAD ALWAYS REFERRED TO THEM AS MORTGAGE LIFTERS, THAT DURING THE TOUGH TIMES OF THE '80s WHEN WE NEEDED SOME CASH FLOW, IT WAS A LOAD OF HOGS WHICH KEPT MY FAMILY FARM AFLOAT AND HAS ENABLED MY FAMILY, MY DAD AND MOM, STARTING WITH 160 ACRES OF GROUND WHEN THEY FIRST GOT MARRIED TO GROW INTO A LARGE AND SUCCESSFUL FARMING OPERATION WHICH HAS ENABLED A SIBLING TO COME BACK OF MINE, MY YOUNGER BROTHER; HAS ENABLED ME TO PARTICIPATE, AND HAS GIVEN A GREAT LIVELIHOOD FOR A NUMBER OF FAMILIES. SO THAT SAID, IT IS WITH A GREAT DEGREE OF CONCERN THAT I HAVE WATCHED, ESPECIALLY IN THE HOG INDUSTRY, AS THE OPPORTUNITIES THAT I HAD TO GET AN ADVANCED HIGHER EDUCATION BASED ON THE ABILITY TO START WITH ONE TEN-DOLLAR PIG AND TURN HER INTO A SEVERAL HUNDRED THOUSAND DOLLAR EDUCATION. THE REALITY IS, IS THAT STORY IS NOT AVAILABLE ANYMORE BECAUSE THERE IS NO MORE MARKET FOR THE FARMER-FEEDER WHO HAS 40, 60, 80 SOWS AND WISHES TO SELL THEIR PIGS. MY UNCLE ED CONTINUES TO FEED HOGS, BUYING HOGS...FEEDER PIGS, AS HE CAN, AT THE SALE BARN, AND HAS NO ACCESS TO A PACKER MARKET. HE HAS TO TAKE THEM BACK TO THE SALE BARN AND TAKE WHAT HE GETS ON THAT DAY, SIMPLY BECAUSE HE ISN'T ONE OF THE LARGE, CONSOLIDATED FEEDING OPERATIONS THAT ARE PRESENT. THAT DOES CREATE A SCENARIO IN WHICH WE HAVE THE SITUATION FINANCIALLY, AS SENATOR STINNER ALLUDED TO EARLIER THIS MORNING AND DESCRIBED WHERE YOUNG FARMERS DON'T HAVE THE ABILITY TO CONSTRUCT A THOUSAND-HOG BARN WITHOUT SIGNIFICANT FINANCING. HE INDICATED \$50,000 FOR CONSTRUCTION COSTS FOR A THOUSAND-HEAD BARN. I THINK THAT'S A LITTLE BIT ON THE LOW SIDE OF THINGS. IT'S A SIGNIFICANT AMOUNT OF CAPITAL. WHEN YOU START TALKING ABOUT THE NUMBERS AND THE SIZES OF SOME OF THE BARNS THAT ARE REQUIRED IN THE NATURE OF THE CONTRACTS, I THINK WE NEED TO ALSO PUT SOME NUMBERS TO EXACTLY WHAT THOSE CONTRACTS ARE WORTH. IT'S ABOUT \$30 TO \$35 PER PIG, PIG SPACE PER YEAR IS ABOUT WHAT MOST CONTRACT FEEDERS IN NEBRASKA GET. AND

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TRULY, WE HAVE CONTRACT FEEDING. THE QUESTION HERE IS NOT WHETHER OR NOT INDIVIDUALS SHOULD BE ABLE TO ENGAGE AND ENTER INTO A CONTRACT, IT'S WHO ACTUALLY IS ALLOWED TO OWN THOSE HOGS, WHETHER OR NOT THOSE HOGS ARE OWNED BY A FEEDING COMPANY OR WHETHER THEY'RE OWNED BY THE PACKER WHO THEN WOULD CONTROL THE ENTIRE MEANS OF PRODUCTION FROM CONCEPTION THROUGH CONSUMPTION. SO I THINK AS WE LOOK AT THIS, I CERTAINLY UNDERSTAND MANY OF THE ARGUMENTS. I THINK THERE IS AN OPPORTUNITY IN LIVESTOCK PRODUCTION FOR YOUNG FARMERS. CERTAINLY THE ABILITY TO ENGAGE IN LIVESTOCK PRODUCTION IS AN ENTREE INTO THE VERY CAPITAL-INTENSIVE MEANS OF AGRICULTURE. I DO HAVE CONCERNS ABOUT THE NATURE OF MANY OF THESE CONTRACTS, ESPECIALLY FROM THE PACKERS, SPECIFICALLY LOOKING AND BEING FAMILIAR WITH SOME OF THE CURRENT CONTRACTS OWNED WITH FEEDERS... [LB176]

SENATOR KRIST: ONE MINUTE. [LB176]

SENATOR KUEHN: ...HOW THAT TREATS THE INDIVIDUALS...THANK YOU, MR. PRESIDENT. AND I DO HAVE A NUMBER OF CONCERNS ABOUT HOW THEY MOVE GOING FORWARD. SO I'M CERTAINLY LISTENING TO THE DEBATE; I'M TALKING WITH MY COLLEAGUES. I THINK THIS IS AN IMPORTANT POLICY ISSUE AND ONE THAT WE AS A STATE SHOULD NOT RUN THROUGH TOO QUICKLY AND THINK REALLY ABOUT WHAT WE'RE DOING AND WHAT POLICY TREND WE'RE SETTING FOR DECADES TO COME. THANK YOU, MR. PRESIDENT. [LB176]

SENATOR KRIST: THANK YOU, SENATOR KUEHN. SENATOR McCOY, YOU'RE RECOGNIZED. [LB176]

SENATOR McCOY: THANK YOU, MR. PRESIDENT. WOULD SENATOR SCHILZ YIELD, PLEASE? [LB176]

SENATOR KRIST: SENATOR SCHILZ, WILL YOU YIELD? [LB176]

SENATOR SCHILZ: YES. [LB176]

SENATOR McCOY: THANK YOU, SENATOR. CAN YOU TELL ME, AND FOR THE BENEFIT OF THE RECORD, THIS IS NOT TO PLAY GOTCHA HERE, I JUST WANT TO EXCHANGE...GO THROUGH A LITTLE BIT OF A DIALOGUE WITH YOU HERE. WHAT

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YEARS IN INITIATIVE 300 WAS IN PRACTICE AND IN EFFECT HERE IN NEBRASKA?
[LB176]

SENATOR SCHILZ: SURE. I THINK IT CAME IN IN THE EARLY '80s; IF I'M CORRECT, IT WAS IN '82. AND THEN I THINK IT WAS IN THE MID-2000s WHEN THAT GOT OVERTURNED, IF I UNDERSTAND THAT CORRECTLY. AND I'LL CHECK THOSE AND MAKE SURE. [LB176]

SENATOR McCOY: CORRECT, 2005 JUDGE CAMP ESSENTIALLY PUT A HOLD ON IT. AND THEN, FINALLY, I THINK IT WAS THE EIGHTH CIRCUIT COURT THAT THREW IT COMPLETELY OUT IN 2007, AT LEAST IS MY RECOLLECTION OF IT, SENATOR. THE REASON I WANT TO GO THROUGH THAT IS BECAUSE I THINK YOU QUOTED SOME NUMBERS EARLIER, AND YOU TALKED ABOUT THAT FROM 1997 TO 2007, IF I JOTTED MY NOTES CORRECTLY, BUT FROM 1997 TO 2007, NEBRASKA LOST 63 PERCENT OF ITS HOG FARMS. IS THAT...DID I WRITE THAT DOWN... [LB176]

SENATOR SCHILZ: THOSE ARE THE NUMBERS I HAVE, YES. [LB176]

SENATOR McCOY: OKAY. THAT WOULD HAVE BEEN DURING THE YEARS THAT I-300 WAS IN EFFECT ACROSS THE STATE, WOULD THAT BE CORRECT? [LB176]

SENATOR SCHILZ: THAT'S CORRECT. [LB176]

SENATOR McCOY: OKAY. AND THEN I THINK THE SECOND STATISTICS I WROTE DOWN, EARLIER TIME WHEN YOU WERE ON THE MICROPHONE, I JUST WANT TO MAKE SURE THAT I HAD JOTTED THIS DOWN CORRECTLY, THEN YOU SAID THAT ANOTHER 25 PERCENT...WE LOST ANOTHER 25 PERCENT OF OUR...I THINK WHAT WAS 15,000, 16,000 HOG FARMS IN THE EARLY '80s, I THINK YOU SAID FROM THEN 2007 TO 2012, IS THAT RIGHT, THAT WE LOST ANOTHER 25 PERCENT? [LB176]

SENATOR SCHILZ: I BELIEVE THAT'S CORRECT, YES. [LB176]

SENATOR McCOY: NOW, THAT WOULD HAVE BEEN WHEN I-300 WAS...HAD ALREADY BEEN THROWN OUT OF COURT AND WAS NO LONGER IN EFFECT ACROSS THE STATE, CORRECT? [LB176]

SENATOR SCHILZ: CORRECT, BUT THE PACKER BAN WAS STILL IN PLACE. [LB176]

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SENATOR McCOY: WELL, THAT'S CORRECT, BUT THE WAY WAS CERTAINLY...WELL, LET ME REPHRASE THAT. EVEN THOUGH THAT IS THE CASE, IT IS...IT'S, CLEARLY, EASIER FOR A MORE CORPORATIZED ENVIRONMENT AND BUSINESS FRAMEWORK TO EXIST IN THE STATE FOR PIG PRODUCERS THAN WHAT IT WAS PRIOR TO 2007 AND I-300 BEING THROWN OUT, CORRECT? [LB176]

SENATOR SCHILZ: YES, IT WOULD BE EASIER FOR ANYONE THAT WANTED TO OPERATE A CORPORATION IN NEBRASKA AND FARM OR OWN AG LAND TO COME IN. [LB176]

SENATOR McCOY: BECAUSE I-300, SENATOR...I MEAN, THAT...AS WE ALL KNOW, YOU HAD A SITUATION IN WHICH THERE WERE CHALLENGES TO I-300 BROUGHT, AS I RECALL, I THINK TWO OR THREE DIFFERENT TIMES, WHEN ROBERT SPIRE WAS ATTORNEY GENERAL OF THE STATE, AS I CAN RECALL, ANYWAY, AND HE AND THE SUPREME COURT RULED SEVERAL TIMES THAT I-300 WAS CONSTITUTIONAL BEFORE A FEDERAL JUDGE SAID IT WAS NOT. AND I THINK THE ARGUMENT WAS THAT YOU CAN'T, ESSENTIALLY, REQUIRE PART OF THE BUSINESS TO LIVE HERE IN NEBRASKA. THAT'S MY UNDERSTANDING OF WHY IT WAS THROWN OUT. IS THAT YOURS? [LB176]

SENATOR SCHILZ: THAT WAS ONE OF THE ISSUES, YES. [LB176]

SENATOR McCOY: OKAY. THANK YOU, SENATOR SCHILZ. AND THEN I'M SURE IT'S GOING TO TAKE A COUPLE OTHER TIMES ON THE MICROPHONE. THE REASON I WANTED TO GO THROUGH THAT, FOR THE BENEFIT OF THE RECORD, IS I THINK ALL OF US HAVE A FAIRLY GOOD UNDERSTANDING, PROBABLY, AS DO MOST FOLKS HERE IN AGRICULTURE ACROSS THE STATE, OF WHAT INITIATIVE 300 WAS. BUT WE CERTAINLY HAVE AN EARLIER GENERATION, OR YOUNGER GENERATION OF NEBRASKANS THAT, FOR THEM, I-300, INITIATIVE 300...THE DRIVE TO PUT IT ON THE BALLOT... [LB176]

SENATOR KRIST: ONE MINUTE. [LB176]

SENATOR McCOY: THANK YOU, MR. PRESIDENT...IN 1982, THE SUBSEQUENT LEGAL CHALLENGES AND THE EVENTUAL DECLARATION BY A COURT...A DISTRICT COURT JUDGE HERE, AND THEN EVENTUALLY THE EIGHTH CIRCUIT COURT RULINGS THAT IT WAS UNCONSTITUTIONAL...TO A YOUNGER GENERATION OF NEBRASKANS, THIS IS A DUSTY BIT OF HISTORY. BUT TO A LOT OF US THAT HAVE BEEN WATCHING THIS FOR A GREAT DEAL OF TIME, THIS WAS

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AN ENORMOUS ISSUE ACROSS THE STATE. I-300 HAS ALREADY GONE THE WAY OF THE DODO BIRD IN NEBRASKA, AND YET WE STILL LOST ANOTHER 25 PERCENT OF THE HOG PRODUCERS SINCE THEN. I WOULD SUBMIT TO YOU--AND IT WILL TAKE SEVERAL MORE TIMES AT THE MICROPHONE--THAT THAT HAS LESS TO DO WITH THE PACKER MAN THAN IT HAS TO DO WITH THE VERTICAL INTEGRATION OF THE HOG INDUSTRY AROUND THE COUNTRY. [LB176]

SENATOR KRIST: TIME, SENATOR. THANK YOU, SENATOR McCOY AND SENATOR SCHILZ. SENATOR BLOOMFIELD, YOU'RE RECOGNIZED. [LB176]

SENATOR BLOOMFIELD: THANK YOU, MR. PRESIDENT. WOULD SENATOR SCHILZ YIELD TO A QUESTION? [LB176]

SENATOR KRIST: SENATOR SCHILZ, WOULD YOU YIELD TO A QUESTION? [LB176]

SENATOR SCHILZ: YES, I WOULD. [LB176]

SENATOR BLOOMFIELD: THANK YOU, SENATOR. THE INDIVIDUAL THAT IS BORROWING THE MONEY TO BUILD THE FACILITY, ALTHOUGH HE DOES NOT OWN THE HOGS, DOES NOT PROVIDE THE FEED OR THE TRUCKING, ARE WE STILL REFERRING TO HIM AS THE PRODUCER? [LB176]

SENATOR SCHILZ: I THINK YOU NEED TO TAKE A STEP BACK. IF IN YOUR ONE SCENARIO YOU'RE SAYING THAT HE DOESN'T OWN THE FEED, DOESN'T OWN THE TRUCKS, DOESN'T OWN ANYTHING ELSE, YES, HE WOULD STILL BE A PRODUCER. BUT IN NO WAY DOES THIS PRECLUDE WHO OWNS WHAT AND WHO DOES WHAT. MANY OF THESE CONTRACTS, I WOULD GUESS, WILL BE SET UP, AS FAR AS THESE FOLKS, TO BE ABLE TO ALLOW THEM TO LOCALLY SOURCE FEED AND THINGS LIKE THAT, BECAUSE THAT'S JUST CHEAPER IF YOU DON'T HAVE TO HAUL IT AS FAR. [LB176]

SENATOR BLOOMFIELD: ANY CONTRACT I HAVE SEEN DOES NOT ALLOW THAT. BUT THANK YOU. ALSO, IF THERE IS A MANURE SPILL, SENATOR, WHO BEARS THE BRUNT OF THE LIABILITY? IS IT GOING TO BE THIS NOW-CALLED PRODUCER THAT DOESN'T... [LB176]

SENATOR SCHILZ: WELL, SINCE WE WANT TO MAKE SURE THAT THOSE PROCESSORS CAN'T OWN LAND AND CAN'T OWN THE FACILITIES, THEN IT FALLS

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TO THE LANDOWNER, YES, BECAUSE WE WANT THEM TO TAKE CARE OF IT, FOR ALL OF US, SO, YES, IT DOES. [LB176]

SENATOR BLOOMFIELD: THANK YOU, SENATOR. COLLEAGUES, WHAT WE'VE GOT HERE IS WHAT MEXICO HAS FOUGHT FOR YEARS--SERFDOM. SOMEBODY ELSE OWNS EVERYTHING, YOU DO THE WORK, YOU BEAR THE RESPONSIBILITIES. IF SOMETHING BAD HAPPENS, IT FALLS ON YOUR SHOULDERS. IF THERE IS A PROFIT ABOVE THE SET MARGIN THAT YOU GET, LIKE YOU WOULD GET IF YOU WERE AN HOURLY WAGE-EARNER, THE OWNER GETS TO KEEP THAT PROFIT. YOU DON'T GET A BONUS. I USED TO RAISE HOGS. I SOLD THE LAST HOGS I HAD WHEN THEY WENT DOWN TO 32 CENTS A POUND. I CRIED LIKE A BABY. DOGGONE NEAR BROKE MY ARM PATTING MYSELF ON THE BACK WHEN THEY WENT ON DOWN TO 13 CENTS A POUND. THERE ARE NO GUARANTEES. WHAT YOU'RE LOOKING AT HERE IS CERTAINLY NOT A GUARANTEE. IT'S A FAINT HOPE IF YOU'RE A YOUNG PRODUCER THAT "MAYBE I CAN MAKE THIS WORK. THIS LOOKS LIKE IT WILL WORK ON PAPER. SO I'M GOING TO INVOLVE MY FAMILY IN THIS," WHICH IS WHAT AGRICULTURE DOES. YOU INVOLVE YOUR FAMILY. BUT, USUALLY, IF YOU DIE, THE FAMILY CAN GET OUT. NOT WITH ONE OF THESE CONTRACTS. THIS IS NOT A GOOD DEAL. WE'RE TOLD THIS IS GOOD FOR AGRICULTURE. WHO THIS IS GOOD FOR, LADIES AND GENTLEMEN, IS THE PACKING HOUSE. SENATOR SCHILZ REFERRED TO THE MULTIMILLION-DOLLAR PLANT BEING BUILT IN SIOUX CITY. THEY OPENLY ADVERTISE THAT THEY WILL OWN THE HOG FROM BEFORE BIRTH TO THE PLATE. COLLEAGUES, THAT'S NOT INDEPENDENT PRODUCTION. SMITHFIELD FARMS, ARE THEY THE BIG, BAD BOGEYMAN IN THE CLOSET? THEY MAY BE. [LB176]

SENATOR KRIST: ONE MINUTE. [LB176]

SENATOR BLOOMFIELD: THANK YOU, MR. PRESIDENT...BECAUSE SENATOR LARSON ASKED THE QUESTION--WHAT IS TOO BIG? COLLEAGUES, WHEN IT COMES TO PORK PRODUCTION IN NEBRASKA, THE CHINESE GOVERNMENT IS TOO BIG. THANK YOU, MR. PRESIDENT. [LB176]

SENATOR KRIST: THANK YOU, SENATOR BLOOMFIELD, AND YOU'RE NEXT TIME WILL BE YOUR CLOSING. SENATOR SCHNOOR, YOU'RE RECOGNIZED, AND THIS IS YOUR THIRD TIME. [LB176]

SENATOR SCHNOOR: THANK YOU. A QUESTION WAS ASKED OF ME BY SENATOR LARSON ABOUT WHAT IS TOO BIG? AND HE REFERENCED A BUSINESS IN MY

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HOMETOWN. THEY HAVE A BIG BUSINESS IN MY HOMETOWN, AND THEY ALSO HAVE A LARGE PORTION OF THAT BUSINESS IN SENATOR LARSON'S DISTRICT. BUT HE TALKED ABOUT THEM, SO I THOUGHT I'D CALL THEM UP. SO I CALLED UP THE OWNER AND THE OWNER'S SON AND ASKED THEM WHAT THEY THOUGHT OF LB176, AND THEY'RE AGAINST IT. DID THEY START FROM THE GROUND UP? THEY SURE DID. THE OWNER AND MY FATHER WORKED IN THE SAME...FOR THE SAME COOPERATIVE AFTER THEY BOTH GOT OUT OF THE MILITARY. SO, YEAH, THEY STARTED FROM NOTHING. THEY BUILT IT FROM THE GROUND UP WITHOUT PACKER OWNERSHIP OF HOGS. THEY DID IT ALL ON THEIR OWN, THROUGH THE FREE AND THE OPEN MARKET. SO, LIKE I SAID, I JUST TALKED TO THE OWNER NOT FIVE MINUTES AGO, SINCE HIS NAME WAS BROUGHT UP INTO THIS, I THOUGHT I'D BETTER DOUBLE-CHECK WITH HIM, AND HE IS OPPOSED. SO I JUST THOUGHT I WOULD BRING THAT UP. SO IS BIG OKAY? WELL, IT'S OBVIOUS FARMS ARE GETTING BIG. THERE'S NOTHING...THERE'S NOT A LOT WE CAN DO ABOUT THAT. BUT IT GETS BAD WHEN NOW THE CHINESE AND THE CHINESE GOVERNMENT OWNS HOGS IN THE STATE OF NEBRASKA. AND THAT'S WHAT THIS MEANS. AND I, FOR ONE, DO NOT WANT THAT. IS FAMILY FARM...ARE FAMILY FARMS SLOWLY DISAPPEARING? THEY ARE. SENATOR HUGHES BROUGHT THAT UP BEFORE. DO I WANT TO SEE THAT HAPPEN? NO. IS IT INEVITABLE? I'M NOT SURE. BUT I WILL CONTINUE TO FIGHT TO MAKE SURE THAT THEY STAY AS LONG AS POSSIBLE, BECAUSE THEY ARE STILL AROUND IN MY DISTRICT, WHERE FARMERS ARE MAKING A DECENT LIVING, ONLY FARMING A FEW HUNDRED ACRES, AND THEY ARE VERY COMFORTABLE WITH THAT. THEY AREN'T...THEY AREN'T CONCERNED ABOUT BEING MULTIMILLIONAIRES; THEY JUST WANT TO BE PRODUCTIVE MEMBERS OF SOCIETY, AND THEY WANT TO LIVE OFF OF THE LAND, AND THAT'S WHAT I'M GOING...THAT'S WHO I'M GOING TO FIGHT FOR. I'M NOT GOING TO FIGHT FOR THE BIG GOVERNMENT AND FOR THE BIG CORPORATIONS. I KNOW IT WAS BROUGHT UP ABOUT HORMEL FOODS, WHO IS IN MY DISTRICT. AND ALTHOUGH THEY ARE NOT DIRECTLY OPPOSED TO THIS, THEY SAID IT DOESN'T REALLY AFFECT THEM BECAUSE THEY GET ENOUGH HOGS TO SATISFY THEIR...THE NEEDS FOR THEIR MARKET, AND SO THEY WEREN'T GOING TO PUSH THE ISSUE. AND THAT WAS DIRECTLY FROM THE GENERAL MANAGER. SO I WILL CONTINUE TO OPPOSE THIS. I WILL SUPPORT THE BRACKET MOTION. I...I JUST...I JUST WANT THE...I WANT THE FAMILY FARMS TO STAY IN PLACE AS LONG AS POSSIBLE. I SURE DON'T WANT THE CHINESE GOVERNMENT OWNING... [LB176]

SENATOR KRIST: ONE MINUTE. [LB176]

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SENATOR SCHNOOR: DID YOU SAY ONE MINUTE? THANK YOU. I SURE DON'T WANT THE CHINESE GOVERNMENT OWNING HOGS IN MY AREA. I DON'T WANT THEM OWNING HOGS IN THE STATE OF NEBRASKA. I WANT THIS INDEPENDENT PRODUCER TO BE ABLE TO CALL A PACKER UP AND SAY I HAVE HOGS FOR SALE, WHERE CAN I SELL THEM OR WHEN DO YOU WANT THEM? BECAUSE THAT'S WHAT WE DO IN THE CATTLE INDUSTRY. I JUST HAVE TO GET ON THE PHONE AND CALL THE PACKER AND HE COMES OUT AND LOOKS AT THEM AND HE OFFERS ME A PRICE. AND THE CHECK IS WRITTEN TO ME FOR THE CATTLE. I TAKE ALL OF THE RISK. I TAKE SOMETIMES THE LOSS. I TAKE THE PROFIT WHEN THERE'S THAT AS WELL. AND I TAKE THE RISK, AND I ENJOY IT. I LIKE THAT; I LIKE THAT LIFESTYLE. I DON'T LIKE BEING AN EMPLOYER FOR A PACKING COMPANY. [LB176]

SENATOR KRIST: TIME, SENATOR. [LB176]

SENATOR SCHNOOR: THANK YOU. [LB176]

SENATOR KRIST: THANK YOU, SENATOR SCHNOOR. SENATOR GROENE, YOU'RE RECOGNIZED. [LB176]

SENATOR GROENE: THANK YOU, MR. PRESIDENT. LET ME EXPLAIN TO YOU THE PRINCIPLES OF THE FREE MARKETS AGAIN. YOU FREELY DECIDE TO PRODUCE A PRODUCT. THERE ARE MULTIPLE BUYERS THAT YOU CAN CHOOSE TO SELL TO THOSE MULTIPLE BUYERS. THE PRICE GOES UP, THE PRICE GOES DOWN, YOU CAN GET INTO THE MARKET OR OUT OF THE MARKET. THIS CORPORATE CRADLE-TO-GRAVE RAISING OF LIVESTOCK IS NOT FREE MARKETS. SENATOR LARSON SHOULD BE AGAINST THIS BILL. IF HE WAS A FREE-MARKET PERSON COMPLETELY, THE PROCESSOR SHOULD BE ABLE TO OWN THE FACILITIES RIGHT NEXT TO HIS FACILITY, NOT EVEN HIRE A TRUCKER, HUGE HOG FARMS, THAT THEY OWN THE BUILDING, THEY OWN THE HOGS, THEY OWN THE SOWS. WHY NOT LET THEM OWN THE FARM GROUND? WHY NOT CAN CHINA OWN THE CORN PRODUCTION? LET'S TAKE FREE MARKET TO ITS ULTIMATE END. THIS IS NOT A FREE-MARKET BILL. THIS IS NOT FOR YOUNG FARMERS. WE'VE BEEN TRAPPED, SOME OF THE OPPONENTS OF THIS START TALKING ABOUT NEW PRODUCERS. WE'RE NOT TALKING ABOUT NEW PRODUCERS. WE'RE TALKING ABOUT EXISTING, HUGE PRODUCERS WHO CAN GO DIRECT TO SMITHFIELD AND RAISE HOGS FOR THEM. THAT'S WHAT WE'RE TALKING HERE. THERE IS NO LIMIT OF WHO CAN...THIS ISN'T A BILL THAT SAYS IT'S ONLY AVAILABLE TO NEW PRODUCERS OR LIMITED NUMBER OF PRODUCTION. YOU COULD HAVE A

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FACILITY RAISING A HUNDRED...200,000 ANIMALS AND CONTRACT DIRECTLY WITH SMITHFIELD. IF YOU LOOK AT WHO'S THE PROPONENTS OF THIS BILL ARE, THEY'RE EXISTING FARMERS. THEY'RE EXISTING OPERATORS. IF YOU LOOK AT WHO TESTIFIED AGAINST IT, THERE WERE A LOT OF INDIVIDUALS, BECAUSE THEY UNDERSTOOD WHAT THIS WAS ALL ABOUT, NOT ORGANIZATIONS OR HUGE PRODUCERS. FREE MARKETS DICTATE THAT YOU'RE IN CONTROL OF YOUR PRODUCT. YOU MAKE THE DECISIONS ON THE INPUTS AND THEN YOU DECIDE WHERE YOU SELL IT. THAT IS THE DEFINITION OF FREE MARKETS. THIS ISN'T FREE MARKETS, NOT EVEN CLOSE. EXPORT MARKET, OF COURSE, WE NEED THE EXPORT MARKET--THAT'S FREE MARKETS. CHINA WANTS TO COME IN HERE AND BUY HOGS, FINE. YOU WANT TO SELL TO THEM, THE GOVERNOR WANTS TO MAKE TRADE TRIPS, FINE. PROVE THAT OURS IS BETTER THAN YOUR NEIGHBORS IN IOWA'S AND THEY MIGHT BUY FROM US. THAT'S EXPORTS. EXPORTS ISN'T A FOREIGN COUNTRY COMING IN AND BUYING CRADLE-TO-GRAVE ON YOUR LIVESTOCK. WHY NOT BUY THE FARM TOO; PRODUCE THE CORN TOO. WE CAN ALL BE TENANT FARMERS. I'VE HEARD...I'VE GOT A QUESTION FOR SENATOR...WOULD SENATOR SCHILZ ANSWER A QUESTION...CLARIFY SOMETHING FOR ME? [LB176]

SENATOR KRIST: SENATOR SCHILZ, WILL YOU YIELD? [LB176]

SENATOR SCHILZ: YES. [LB176]

SENATOR GROENE: I KNOW IT WAS PROBABLY JUST A SLIP OF THE TONGUE, BUT ONCE...TWICE YOU'VE SAID 63 PERCENT LESS PRODUCERS AND THEN ONE TIME YOU SAID 63 PERCENT LESS PRODUCTION. [LB176]

SENATOR SCHILZ: YEAH, THANK YOU, SENATOR GROENE, I'M GLAD YOU SAID THAT. AND IT IS LESS "PRODUCERS." [LB176]

SENATOR GROENE: ALL RIGHT, THANK YOU. WE'VE BEEN 4 THROUGH 7 SINCE '97 IN HOG PRODUCTION. IT'S CONSOLIDATED, YES, BUT IT'S CONSOLIDATED FAMILY FARMS. THIS BILL HAS NOTHING TO DO WITH GUARANTEEING THAT WE'LL HAVE MORE PRODUCERS AT THE END OF THE DAY, NOTHING. WHY WOULD SMITHFIELD GO TO SOME SMALL FARMER OUT THERE, KNOWING THAT HE'S UNRELIABLE, THAT SOMETHING COULD HAPPEN TO HIM, HE COULD CHANGE HIS MIND AND NOT PRODUCE THE NEXT YEAR OR FIVE YEARS DOWN THE ROAD, OR HE COULD GO BROKE OR DECIDE TO GO TO TOWN AND WORK AT THE ELEVATOR. SMITHFIELD IS GOING TO GO TO THE BIG PRODUCERS THAT ALREADY EXIST

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AND CONTRACT WITH THEM. THAT'S WHAT WILL HAPPEN. WE CAN CLAIM OR HIDE BEHIND SMALL FARMERS STARTING UP. I HEARD SENATOR KUEHN, SENATOR HUGHES, I TOLD MY PERSONAL STORY, IT WASN'T CORPORATE FARMING BACK THEN WHEN MY DAD SAVED THE FARM BY SWITCHING TO HOGS. [LB176]

SENATOR KRIST: ONE MINUTE. [LB176]

SENATOR GROENE: THAT DREAM STILL LIVES. SEE, WE ALL DIE, WE ALL PASS AWAY. THE NEXT GENERATION COMES ALONG, WE CAN'T TAKE OUR CORPORATE FARM WITH US...OUR BIG FARM. FARMS SPLIT UP ALL THE TIME BECAUSE THE NEXT GENERATION DO NOT WANT TO BE IN BIG FARMING. BUT LET'S KEEP IT THAT WAY. CORPORATIONS DON'T DIE. THEY EXIST BEYOND THE ORIGINAL OWNERS. I WOULD RATHER HAVE A FAMILY FARM WHEN SOMEBODY WANTS TO CREATE...BE A FARMER AND SOMEBODY DOESN'T, THEY CAN SELL THAT LAND BACK AND FORTH. BUT THIS ISN'T ABOUT SMALL START UPS, THIS IS ABOUT BIG CORPORATION FARMING. THANK YOU. [LB176]

SENATOR KRIST: THANK YOU, SENATOR GROENE. AND THAT WAS YOUR THIRD TIME. SENATOR WATERMEIER, YOU ARE RECOGNIZED. [LB176]

SENATOR WATERMEIER: THANK YOU, MR. PRESIDENT. GOOD AFTERNOON, AGAIN, NEBRASKA. I'M GOING TO STAND IN OPPOSITION YET TO THE BRACKET MOTION AND SUPPORTING OF THE BILL AND THE AGRICULTURAL AMENDMENT. SENATOR BOLZ HAD TALKED PASSIONATELY AND EMOTIONALLY A LITTLE BIT TOWARDS THE WATER ISSUE AND HOW CONCERNED SHE WAS ABOUT WATER BECAUSE LINCOLN AND OMAHA GET THEIR WATER OUT OF THE PLATTE RIVER, AND SHE IS CORRECT. BUT I ALSO HAVE A LOT OF FAITH IN THE FACT THAT THE NRD SYSTEM, AND COMBINED WITH THAT, THE DEQ SYSTEM THAT'S INVOLVED IN PERMITTING AND THE ISSUE ABOUT THE MANURE MANAGEMENT FROM THESE LIVESTOCK FACILITIES, I DO HAVE A LOT OF FAITH IN THAT. I AM GOING TO TURN THE REST OF MY TIME OVER TO SENATOR SCHILZ IF HE NEEDS TO BE PREPARED. BUT THE ONE THING I WANT TO REMIND THE BODY OF IS THAT WE'RE STILL THE ONLY STATE, AND I'M ALMOST SURE OF THIS ACROSS THE NATION, BUT I'M SURE OF IT AS FAR AS THE BORDERS OF NEBRASKA, WE'RE STILL THE ONLY STATE THAT PREVENTS A PACKER FROM OWNING ANIMALS IN NEBRASKA. AND YOU WANT TO TALK ABOUT A FREE MARKET, I THINK SENATOR GROENE HAD SAID TWICE HE'S ALL FOR FREE MARKETS. WELL THIS IS SORT OF A PROTECTIONISM ISSUE THAT WE'VE HAD IN NEBRASKA. AND I'VE ALWAYS

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QUESTIONED HOW WE GOT TO THAT POINT. AND I KNOW THERE'S HISTORY BEHIND INITIATIVE 300 YEARS AND YEARS AGO, BUT I REALLY QUESTION WHY WE WOULD WANT TO BE OPERATING IN THAT ENVIRONMENT. FREE MARKET WOULD DICTATE THAT IF AN INDIVIDUAL WANTS TO TURNOVER THAT RISK OF MARKETING TO SOMEONE ELSE, THAT'S THEIR RIGHT TO DO THAT. AND THAT'S WHY I HAD QUESTIONED SENATOR STINNER WHEN HE BROUGHT UP THE POINT ABOUT THE FINANCIAL INSTITUTIONS ARE ALL IN FAVOR OF THIS BECAUSE THEY ARE PROTECTED ON THEIR SIDE OF IT, NO DOUBT ABOUT IT. IF A PORK PRODUCER WILL POUR SOME CONCRETE AND SPEND A HALF A MILLION DOLLARS ON BUILDINGS, THEY'RE GOING TO BE PROTECTED. BUT THEY ALSO WANT TO PROTECT THAT PRODUCER, AS WELL. AND I'M CONFIDENT THAT THAT CONTRACT LEVEL IS THERE. IF SENATOR SCHILZ IS IN THE BUILDING, I'LL YIELD THE REST OF MY TIME TO HIM. THANK YOU, MR. PRESIDENT. [LB176]

SENATOR KRIST: SENATOR SCHILZ, THREE MINUTES. [LB176]

SENATOR SCHILZ: THANK YOU, MR. PRESIDENT. MEMBERS, THANKS AGAIN FOR LISTENING AND TAKING THE TIME AND YOUR PATIENCE, I APPRECIATE THAT. WE HEARD THAT SMITHFIELD'S A CHINESE COMPANY. WELL, ACTUALLY SMITHFIELD IS A PUBLICLY TRADED COMPANY. LET ME JUST READ YOU SOME OF THE OWNERS OF SMITHFIELD: THE CALIFORNIA PUBLIC EMPLOYEES RETIREMENT, OHIO STATE TEACHERS RETIREMENT, TIAA-CREF, THE HARVARD MANAGEMENT COMPANY, METLIFE, STATE OF VIRGINIA RETIREMENT SYSTEMS, AND VANGUARD--ALL AMERICAN INTERESTS INVESTED IN THAT. SO WE MUST...WE HAVE TO UNDERSTAND THAT IN A GLOBAL ECONOMY, PEOPLE CAN OWN THINGS OTHER THAN WHEREVER...JUST BECAUSE...JUST BECAUSE IT'S SITTING ON THE STOCK EXCHANGE IN CHINA DOESN'T MEAN THAT WE DON'T HAVE OPPORTUNITIES TO MAKE SURE THAT WE HAVE OWNERSHIP IN THAT IN SOME FORM OR OTHER. AND FROM THIS LIST, WE DO. THE QUESTION CAME ABOUT, ABOUT TRUCKING AND ALL THAT. SMITHFIELD DOES NOT OWN TRUCKS. SMITHFIELD USES INDEPENDENT DRIVERS. AND THEY'LL STAKE THAT CLAIM IF YOU GIVE THEM A CALL. SO I THINK...WHAT YOU CAN SEE HERE, FOLKS, IS THAT...I'M TRYING TO GET EVERYBODY TO UNDERSTAND THAT PEOPLE ARE JUST THROWING DARTS AT THE WALL AND HOPING THAT SOME OF THEM STICK. SO WE NEED TO KEEP THAT IN MIND. WE'VE HEARD THAT WE HAVE TO BE CAREFUL, THAT WE HAVE TO PROTECT NEBRASKA PRODUCERS. LET ME ASK YOU THIS-- PROTECT THEM FROM WHAT? BECAUSE IF THEY HAVE THE OPTION TO SIGN IN OR TO SIGN ON TO A CONTRACT OR NOT, ARE THEY? ARE WE SAYING THAT OUR PRODUCERS AREN'T SMART ENOUGH TO HANDLE THE CONTRACTS THAT THEY'RE SHOWN AND THEY'RE GIVEN; THAT THEY'RE NOT GOING TO TAKE THEM

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TO THE FOLKS THAT HELP THEM RUN THEIR BUSINESS LIKE THEIR ATTORNEYS AND EVERYTHING ELSE TO MAKE SURE THAT THEY'RE DOING IT RIGHT? [LB176]

SENATOR KRIST: ONE MINUTE. [LB176]

SENATOR SCHILZ: I REFUSE TO BELIEVE THAT NEBRASKA PRODUCERS DON'T HAVE THE WHEREWITHAL TO HANDLE THIS. AND LET'S TALK ABOUT THIS: SOMEBODY SAID--OH, IT'S NOT FOR THE SMALL PRODUCER BECAUSE EVERYBODY THAT WANTS IT IS ALL THE BIG PRODUCERS. WELL, YOU THINK THE BIG PRODUCERS ARE SMART ENOUGH TO SEE WHERE THERE'S AN OPPORTUNITY? AND IF THEY'RE WILLING TO SIGN UP, THERE MUST BE MONEY IN IT. BECAUSE IF THERE'S NOT, THEN WHY WOULD THEY BE INTERESTED IN IT AS WELL? THESE CONTRACTS DON'T...THEY DON'T DISCRIMINATE AGAINST SIZE. THE ONLY ONES THAT SEEM TO BE DISCRIMINATING AGAINST SIZE ARE THE FOLKS THAT ARE FIGHTING AGAINST THIS RIGHT HERE. I WANT SMALL PRODUCERS. I DON'T MIND BIG PRODUCERS, AS LONG AS THEY'RE DOING THINGS PROPERLY. WE NEED THEM ALL. [LB176]

SENATOR KRIST: TIME, SENATOR. [LB176]

SENATOR SCHILZ: THANK YOU. [LB176]

SENATOR KRIST: THANK YOU, SENATOR SCHILZ AND SENATOR WATERMEIER. SENATOR JOHNSON, YOU'RE RECOGNIZED. SENATOR JOHNSON, STAND BY FOR ONE SECOND. MR. CLERK WITH AN ANNOUNCEMENT. [LB176]

ASSISTANT CLERK: THANK YOU, MR. PRESIDENT, JUST AN ANNOUNCEMENT THAT PERFORMANCE AUDIT WILL MEET IN ROOM 2022 AT 2:00. [LB176]

SENATOR KRIST: OKAY, SENATOR JOHNSON, I'M SORRY. NOW YOU'RE RECOGNIZED. [LB176]

SENATOR JOHNSON: THANK YOU, MR. PRESIDENT. I WAS OUT OF THE ROOM FOR A LITTLE BIT FOR THE CONFIRMATION HEARING WE HAD IN NATURAL RESOURCES BUT I HAD SOME NOTES. SOME OF THESE MIGHT HAVE ALREADY BEEN DISCUSSED, BUT IT PROBABLY WARRANTS MAYBE HEARING IT AGAIN. FIRST, ONE OF THE THINGS EARLIER WAS DISCUSSED WAS THE CONTRACTS AND THE CONFIDENTIALITY AND FLEXIBILITY AND THAT. THEY ARE VERY PUBLIC

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BECAUSE IN IOWA THEY DO HAVE IT ON THEIR WEB SITE; DEPARTMENT OF AGRICULTURE HAS IT ON THEIR WEB SITE. IT'S KIND OF A TEMPLATE AND PEOPLE CAN LOOK AT IT AND TAKE IT FROM THERE. YOU MEET INDIVIDUALLY WITH YOUR BANKER, LAWYER, AND THEN GO BACK TO THE PACKER TO SEE IF THEY ARE INTERESTED IN YOUR TERMS. AND YOU HAVE TO BE COMFORTABLE BEFORE YOU'RE GOING TO SIGN THAT CONTRACT. SO IT IS VERY, VERY OPEN. THE QUESTION BY THE EPA, DEQ, WHEN I WAS IN THE BUSINESS WE BUILT PROBABLY \$20,000-25,000 HEAD FINISHING FLOORS. ALL OF THEM HAD A DIFFERENT SITUATION AS FAR AS ENVIRONMENTAL. GOING THROUGH THE PERMITTING PROCESS, WE HELPED ASSIST IN THAT. THERE IS A VERY EXTENSIVE PROCESS TO GO THROUGH. SO I BELIEVE THERE ARE PROTECTIONS IN PLACE. ONE OF THE THINGS THAT I WOULD STRESS FOR SOME OF THE COUNTIES IS IT'S VERY IMPORTANT TO HAVE A COMPREHENSIVE PLAN AND ZONING WITHIN YOUR COUNTY TO HELP MAKE SURE THAT WHAT SOMEBODY IS PROPOSING COMPLIES WITH YOUR SETBACKS AND WHAT YOU WANT TO SEE AS FAR AS EXPANDED LIVESTOCK PRODUCTION. WE TALKED ABOUT THE DROP IN NUMBERS, WHETHER IT'S NUMBERS OF ANIMALS OR NUMBER OF FACILITIES. AND THE LAST NUMBER I'VE SEEN IN NEBRASKA, THERE IS 3.1 MILLION FEEDER PIGS. IN IOWA IT EXCEEDS 20 MILLION, SIX TIMES LARGER NUMBERS THAN WHAT WE HAVE IN NEBRASKA, SO YOU CAN SEE WHAT THE TREND HAS BEEN. WHEN I WAS INVOLVED IN THE BUSINESS, GENETICS WAS A VERY BIG QUESTION. CONSUMERS WANT CERTAIN TYPES OF THINGS WHEN THEY GO TO A RESTAURANT, WHEN THEY GO TO THE LOCKER PLANT, OR WHEN THEY GO TO THE MEAT MARKET. AND THEY LIKE TO SEE UNIFORMITY. THEY LIKE TO SEE A CERTAIN AMOUNT OF MARBLING. AND IT'S VERY IMPORTANT FOR THE TOTAL INDUSTRY TO HAVE THE RIGHT GENETICS AND SO THAT WE CAN HAVE UNIFORMITY, AND THAT'S WHY THE PACKERS LIKE TO SEE LARGER NUMBERS COME IN. THERE'S MORE VALUE WHEN YOU CAN BRING IN MAYBE 1,000 HEAD OR AT LEAST MAYBE TWO DIFFERENT LOTS AND THEY MAYBE VARY BY 10 OR 15 POUNDS. BUT YOU CAN...THEY CAN SORT THOSE OUT, AND THEY CAN GET UNIFORMITY AS THEY START PROCESSING THAT. SO GENETICS HAVE BEEN VERY IMPORTANT AND THAT'S ONE OF THE VALUES OF HAVING A DIRECT CONNECTION WITH A PACKER. WHAT WE'RE TALKING ABOUT TODAY IS NOT A REQUIREMENT. IT'S A TOOL. AGAIN, WHEN I WAS INVOLVED WITH IT, WE HAD AGREEMENTS THAT WE WOULD PRODUCE THE PIGS. THEY WERE CERTAIN GENETICS. GO INTO A PARTICULAR BARN, WE HAD FINANCING AGREEMENTS, AS FAR AS THE FEED. WE HAD AGREEMENTS AS FAR AS HANDLING THOSE ANIMALS. WE HAD AGREEMENTS WITH PACKERS THAT YOU HAD A CERTAIN AMOUNT OF SHACKLE SPACE SO THAT, WHEN THOSE PIGS WERE READY, YOU COULD CALL THE PACKING PLANT OR THEY COULD CALL YOU AND ASK YOU IF YOU HAD HOGS

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READY, WE GOT ROOM FOR 500 HEAD. THIS WINTER, I SAT AT A FUND-RAISER, NOT FOR ME BUT BENEFIT IN MY COUNTY, AND THE GENTLEMAN SAID, WELL, I'VE GOT TO GO BECAUSE I'VE GOT AN APPOINTMENT, I'M TAKING IN A TRUCKLOAD OF HOGS IN TO HORMEL. HE WAS COMFORTABLE WITH THAT. IT FIT HIM. HE HAD BEEN A PRODUCER FOR AWHILE AND THEY KNEW WHAT TYPE OF LIVESTOCK HE HAD, WHAT TYPE OF SWINE. [LB176]

SENATOR KRIST: ONE MINUTE. [LB176]

SENATOR JOHNSON: SO THAT RELATIONSHIP IS VERY IMPORTANT. AND HE CONSIDERED HIMSELF A SMALL PORK PRODUCER. SENATOR SCHILZ TALKED ABOUT THE OWNERSHIP. I'VE HEARD CHINESE GOVERNMENT OWNS ALL THIS. HE LISTED THE AMERICAN BUSINESSES THAT HAVE INTEREST IN SMITHFIELD, FINANCIAL INTEREST. THEY BELIEVE IN WHAT THEY'RE DOING, OTHERWISE THEY PROBABLY WOULD NOT HAVE INVESTED THERE. I LIKE THE PROPOSAL THAT IT IS AN OFFERING FOR PRODUCERS. WHEN WE HAD OUR PROGRAM, BACK IN THE EARLY '90s, ALL OF OUR BARNs WENT TO FAMILY FARMS THAT HAD NOT RAISED HOGS IN THE PAST. THEY BUILT THEIR BARN. THEY HAD HELP FINANCING IT FROM VARIOUS SOURCES. WE DIDN'T HAVE PACKER OWNERSHIP AT THAT TIME. [LB176]

SENATOR KRIST: TIME, SENATOR. [LB176]

SENATOR JOHNSON: THANK YOU. [LB176]

SENATOR KRIST: THANK YOU, SENATOR JOHNSON. SENATOR LARSON, YOU'RE RECOGNIZED. [LB176]

SENATOR LARSON: THANK YOU, MR. PRESIDENT. I'M GLAD SENATOR SCHNOOR WAS ABLE TO TALK TO ONE OF HIS...HIS CONSTITUENT THAT I MENTIONED. I JUST GOT OFF THE PHONE WITH HIM, TOO, CONSIDERING HE'S MY UNCLE, AND KIND OF EXPLAINED THE CONVERSATION THAT ACTUALLY HAPPENED. AND I THINK, LIKE ANY PRODUCER, YOU'RE ALWAYS WORRIED ABOUT COMPETITION AND WHAT THAT MAY OR MAY NOT BRING. BUT HE ASSURED ME THAT THE UNDERLYING CONCEPT OF LB176, THE ABILITY TO LET THE FREE MARKET WORK AND LET YOUNGER INDIVIDUALS, SUCH AS MYSELF, GET INVOLVED IN AGRICULTURE, IS SOMETHING THAT HE'S WHOLEHEARTEDLY SUPPORTIVE OF. AND IF THAT MEANS ENTERING INTO CONTRACTS WITH PACKERS TO HELP THEM GET INVOLVED, HE UNDERSTOOD THAT. LIKE I SAID, THEY HAVE A LOT OF HOGS,

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50,000 OR 60,000 HEAD, AT LEAST, AROUND. I MEAN, YOU, AS A BUSINESSPERSON, YOU ALWAYS WORRY ABOUT WHERE YOU'RE GOING TO BE ABLE TO MARKET THOSE. AND HE SAID, IF EVERYTHING IS FULL, WHERE DO I TAKE THEM? WELL, THAT'S A SIMPLE ANSWER. WHEN EVERYTHING IS FULL AND THERE'S STILL DEMAND, THEY'RE GOING TO BUILD A NEW FACILITY. HE'S LIKE, YEAH, I HEARD THAT THEY'RE BUILDING A NEW ONE IN SOUTH...OR IN SIOUX CITY. AND I SAID, EXACTLY, THAT'S BECAUSE IN IOWA THERE WAS SO MUCH DEMAND THAT THEY'RE BUILDING A NEW ONE BECAUSE THEY HAVE A BILL LIKE LB176 OR THEY HAVE A LAW LIKE LB176. SO THEY BUILT THE FACILITY IN IOWA. THAT'S ECONOMIC DEVELOPMENT WE'RE MISSING OUT ON. HE UNDERSTOOD. NOTHING WORKS AS WELL AS THE FREE MARKET. I AM DISAPPOINTED IN SOME OF MY MORE CONSERVATIVE COLLEAGUES THAT DON'T...THAT BELIEVE THAT GOVERNMENT KNOWS BEST ON THIS ISSUE. IT FLIES IN THE FACE OF THE TRUE ECONOMIC, ADAM SMITH, AYN RAND PHILOSOPHY THAT I LIVE BY. IT FLIES IN THE FACE OF THE CONCEPT THAT I AS AN INDIVIDUAL SHOULD BE ABLE TO MAKE THE BEST DECISION FOR ME, FOR MY BUSINESS. IT'S FRUSTRATING THAT, WHEN IT COMES TO ISSUES SUCH AS THE FREE MARKET OR DICTATING TO INDIVIDUALS HOW THEY DO OR DON'T SPEND THEIR MONEY, THAT THEY'LL DO IT. THE POPULOUS NATURE SHOULD NOT BE WITHIN US WHEN YOU'RE COMING FROM A PURE CONSERVATIVE IDEOLOGY. MAYBE I'M TOO PURIST. MAYBE I BELIEVE THAT THE MARKETS JUST WILL WORK BETTER THAN THEY DO. MAYBE I BELIEVE THAT I UNDERSTAND MY BUSINESS ENOUGH THAT I SHOULD BE ABLE TO MAKE THOSE DECISIONS FOR MYSELF. THOSE INDIVIDUALS THAT STAND UP AGAINST THIS THINK THEY NEED TO PROTECT ME FROM SOMETHING. WHAT DO I NEED PROTECTION FROM? WHY SHOULD I NOT BE ABLE TO ENTER INTO MY OWN CONTRACTS? WHY DOES THE GOVERNMENT KNOW BETTER THAN ME HOW TO MARKET MY BUSINESS, HOW TO GROW MY BUSINESS? THEY DON'T. THE MARKET WILL ALWAYS DICTATE. IF I CAN'T RUN MY BUSINESS WELL ENOUGH, THEN MY BUSINESS WILL FAIL. I SHOULDN'T NEED THE GOVERNMENT SITTING THERE TO PROTECT ME. IF YOU'RE A REAL...REALLY FOCUSING ON THE CONSERVATIVE NATURE OF YOUR INHERENT BELIEFS AND WHAT YOU STAND UP HERE AND TALK ABOUT, THE FREEDOM FROM GOVERNMENT, GOVERNMENT OVERREACH,... [LB176]

SENATOR KRIST: ONE MINUTE. [LB176]

SENATOR LARSON: ...YOU WILL SUPPORT LB176. IF YOU WANT TO GO ELIZABETH WARREN ON US AND REGULATE EVERYTHING, DICTATE EVERYTHING ON HOW I SHOULD DO MY BUSINESS OR HOW BANKS SHOULD DO OUR...THEIR BUSINESS IN THE SENSE OF ELIZABETH WARREN, I GUESS, MIGHT HAVE BEEN A LITTLE BIT OF

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AN OBTUSE COMPARISON. BUT YOU EITHER BELIEVE THAT THE MARKET CAN TAKE CARE OF YOU OR TAKE CARE OF ITSELF, OR YOU BELIEVE THAT GOVERNMENT JUST NEEDS TO HELP AND PROTECT EVERYBODY. AND FRANKLY, THOSE THAT HAVE BEEN STANDING UP ON THE FLOOR DON'T BELIEVE THAT INDIVIDUALS CAN MAKE THEIR OWN DECISIONS. THEY BELIEVE THAT THE STATE NEEDS TO MAKE THEM FOR YOU AND THE STATE NEEDS TO PROTECT YOU. THAT'S NOT CONSERVATISM. THAT'S NOT FREE MARKET. THAT IS BIG GOVERNMENT AT ITS CORE. THANK YOU. [LB176]

SENATOR KRIST: THANK YOU, SENATOR LARSON. SENATOR KOLTERMAN, YOU'RE RECOGNIZED. [LB176]

SENATOR KOLTERMAN: THANK YOU, MR. PRESIDENT. I JUST WANT TO CLARIFY THE RECORD. I WAS QUESTIONED ABOUT THE COMMITTEE STATEMENT BY SENATOR DAVIS AND I JUST WANT TO MAKE IT VERY CLEAR THAT IN THE HEARING NEBRASKA PORK PRODUCERS, NEBRASKA DEPARTMENT OF AGRICULTURE, NEBRASKA FARM BUREAU ALL TESTIFIED AT THE HEARING. BUT WE DID HAVE LETTERS OF SUPPORT THAT WERE READ INTO THE RECORD THAT DID NOT SHOW UP ON THE COMMITTEE STATEMENT. AND I HAVE PROVIDED THOSE LETTERS OF SUPPORT FROM THE NEBRASKA CORN GROWERS, NEBRASKA BANKERS, NEBRASKA SOYBEAN ASSOCIATION, THE NEBRASKA STATE CHAMBER, AND FARM CREDIT SERVICES OF AMERICA. IF ANYBODY ELSE WOULD LIKE COPIES OF THOSE, I'D BE GLAD TO PROVIDE THEM. WHAT I DO WANT TO TALK ABOUT JUST FOR A FEW MOMENTS IS THE FACT THAT WE HEAR ABOUT THE SMALL BUSINESSES AND THE IMPACT THAT THIS COULD HAVE ON THEM. A YOUNG MAN BY THE NAME OF RUSS VERING FROM HOWELLS, NEBRASKA, OWNS A MIX MILL FEED SERVICE BUSINESS JUST ON THE SOUTH SIDE OF HOWELLS. HE TESTIFIED IN SUPPORT OF THIS BILL. AND I POINT BLANK ASKED HIM, AREN'T YOU CONCERNED THIS IS GOING TO PUT YOU OUT OF BUSINESS, THAT THESE BIG CORPORATIONS ARE NOT GOING TO BUY THEIR FEED DIRECTLY FROM YOU? AND HE SAID, NO, NOT AT ALL. IN FACT, HE SAID, I'M HOPING THAT IT WILL ENHANCE MY BUSINESS. SO I THINK WE DON'T HAVE TO CONSTANTLY THINK THAT THE SKY IS FALLING. WITH THAT, I WOULD YIELD THE REST OF MY TIME TO SENATOR SCHILZ. THANK YOU. [LB176]

SENATOR KRIST: SENATOR SCHILZ, 3:30. [LB176]

SENATOR SCHILZ: THANK YOU, MR. PRESIDENT. AS WE SIT HERE AND LISTEN TO THE...TO BOTH SIDES, I THINK IT'S IMPORTANT TO UNDERSTAND THAT, AND

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ESPECIALLY IN MY OPENING, I NEVER SAID THAT THIS WOULD BE A CURE-ALL. I SAID THIS IS ONE STEP. THERE'S MANY OTHER THINGS THAT WE NEED TO DO, AS WELL, TO MAKE THIS STATE COMPETITIVE IN A LOT OF AREAS: PROPERTY TAX RELIEF, INCOME TAX RELIEF, LESS REGULATIONS ON BUSINESSES. THIS STARTS THAT PROCESS FOR OUR BIGGEST INDUSTRY OF THE STATE: AGRICULTURE. THIS TELLS OUR AGRICULTURE FOLKS THAT WE TRUST YOU TO DO THE RIGHT THINGS WHEN COMES TO HOW YOU OPERATE YOUR BUSINESS. AND IF WE TAKE THE REINS OFF AND WE ALLOW PEOPLE TO DO WHAT THEY'RE PASSIONATE ABOUT...AND I CAN TELL YOU, HAVING BEEN IN THE LIVESTOCK INDUSTRY, I'M VERY PASSIONATE ABOUT IT. LET THOSE FOLKS DO WHAT THEY DO. WE ARE THE MOST PRODUCTIVE NATION IN THE WORLD. PEOPLE RECOGNIZE THAT. PEOPLE COME TO US TO SUPPLY THEIR FOOD NEEDS BECAUSE THEY KNOW WE PRODUCE THE MOST QUALITY PRODUCTS IN THE WORLD AND WE PRODUCE THEM AS EFFICIENTLY AS POSSIBLE. AND WHEN FOLKS BUY OUR PRODUCTS FROM THE UNITED STATES OF AMERICA, THEY DON'T HAVE TO WORRY ABOUT WHETHER OR NOT THEY'VE BEEN FED SOMETHING THAT THEY SHOULDN'T HAVE BEEN FED, WHETHER OR NOT THEY'VE HAD ANTIBIOTICS THAT THEY SHOULDN'T HAVE HAD. THAT'S WHY WE DO THIS. THAT'S WHY THE UNITED STATES OF AMERICA IS WHERE IT'S AT IN AGRICULTURE. AND NEBRASKA SHOULD BE AT THE VERY HEAD. WE SHOULD LEAD. AND WE HAVE LED. AND WE NEED TO CONTINUE TO LEAD. BUT THAT MEANS WE CAN'T BE AFRAID OF CHANGE BECAUSE THERE'S ONLY ONE THING IN THIS WORLD THAT'S INEVITABLE, AND THAT IS CHANGE. YOU CAN EITHER STICK YOUR HEAD IN THE SAND AND LET THINGS CHANGE AROUND YOU OR YOU CAN UNDERSTAND THE CHANGE THAT'S COMING AND TAKE ADVANTAGE OF THOSE OPPORTUNITIES. AND, FOLKS,... [LB176]

SENATOR KRIST: ONE MINUTE. [LB176]

SENATOR SCHILZ: ...TODAY WE HAVE THAT OPPORTUNITY TO TELL OUR FOLKS, TO TELL OUR PRODUCERS, WE TRUST THAT YOU ARE THE BEST PRODUCERS IN THE WORLD AND YOU'RE GOING TO MAKE US PROUD BY PROVIDING THESE PRODUCTS TO WHOMEVER AROUND THE WORLD NEEDS THEM. THANK YOU, MR. PRESIDENT. [LB176]

SENATOR KRIST: THANK YOU, SENATOR SCHILZ. SENATOR FRIESEN, YOU'RE RECOGNIZED. [LB176]

SENATOR FRIESEN: THANK YOU, MR. PRESIDENT. MY FAMILY, WE GREW UP RAISING HOGS. AND I REMEMBER BACK TO THE DAY WHEN WE RAISED FREE-

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RANGE HOGS LIKE THEY TALK ABOUT THEY NEED TO DO TODAY. AND IT WAS AN INTERESTING CONCEPT, BUT I WILL TELL YOU IT'S NOT ONE THAT WORKS WELL WHEN YOU WATCH THE YOUNG MOTHER EAT ITS OWN. AND YOU LEARN A LOT WHEN YOU'RE A LITTLE KID AND YOU HELP CHASE THESE PIGS AND GATHER THEM TOGETHER. AND THE PROCESS AND THE EVOLUTION THAT'S HAPPENED SINCE THOSE DAYS, IT'S CHANGED A LOT. FREE-RANGE PIGS ARE...IT'S AN INTERESTING CONCEPT BUT IT DOESN'T WORK WELL. SO I'VE WATCHED THE INDUSTRY GO FROM WHERE WE RAISED FREE-RANGE HOGS TO SEMICONFINEMENT TO, WHEN I JOINED THE FARMING OPERATION, MY DAD PUT UP A FULL CONFINEMENT, FARROW TO FINISH, FOR A 250-SOW OPERATION. IT ALLOWED ME TO COME BACK TO THE FARM BECAUSE THERE WAS ENOUGH LAND THEN. HE LIKED RAISING PIGS AND HE ENJOYED IT IMMENSELY. AND SO THEN, WHEN MY LITTLE BROTHER DECIDED TO JOIN THE OPERATION, HE SLOWLY TOOK OVER THE HOG OPERATION. AND THEN I THINK IT WAS IN THE LATE '80s, EARLY '90s, WHEN THE HOG MARKET WENT DOWN TO 8 CENTS, THAT EVERYWHERE IN OUR COMMUNITY QUIT RAISING PIGS. THOSE THAT HAD SIGNED WITH PACKERS TO CONTRACT HOGS AT A SET PRICE SURVIVED. THOSE THAT WANTED TO BE INDEPENDENT AND ON THEIR OWN GOT 8 CENTS FOR THEIR HOGS AND WENT BANKRUPT. SO HE'S NO LONGER IN THE INDUSTRY. AND TIMES HAVE CHANGED. WE NO LONGER HAVE ANY HOG BUILDINGS IN OUR AREA. WE ARE ROW-CROP FARMERS. LAND IS HIGH-PRICED. FARMS HAVE CONSOLIDATED, JUST LIKE THEY HAVE IN EVERY OTHER INDUSTRY. THERE'S FEWER FARMS EVERY YEAR. AND THIS SEEMS TO BE NO DIFFERENT THAN WHEN WALMART CAME IN AND PUT THE HARDWARE STORES AND THE GROCERY STORES OUT OF BUSINESS. WE HAD CONSOLIDATION. TIMES HAVE CHANGED. IT'S NOT THAT ANY OF US ENJOY IT. SOME OF IT HAS BEEN GOOD; SOME OF IT HAS BEEN NOT GOOD. BUT WE HAVEN'T BEEN ABLE TO STOP IT. NO MATTER WHAT OUR FARM PROGRAMS HAVE DONE, NO MATTER WHAT THE INDUSTRY SEEMS TO HAVE DONE, WE'VE HAD CONSOLIDATION IN THIS INDUSTRY. AND NO MATTER WHAT WE DO TODAY, IT STILL WILL CONTINUE TO CONSOLIDATE. CURRENTLY, WE PROBABLY HAVE, WHAT, ABOUT FOUR PACKERS THAT CONTROL MOST OF THE HOG MARKET IN PROBABLY THE WORLD. BACK WHEN MY BROTHER WAS STILL RAISING PIGS, HE WAS THINKING OF EXPANDING TO 600 SOWS AND WE WOULD BE A PART OF IT. HE THOUGHT IF HE COULD GET TO THAT SIZE, THEN THE PACKERS WOULD GIVE HIM A PREMIUM PRICE FOR THE HOGS BECAUSE THEY WANT THEIR LINEUP OF HOGS THAT ARE IDENTICAL IN SIZE AND TYPE. IT MAKES THEIR SLAUGHTERING...THE CHAINS RUN FASTER AND THEY'RE MORE EFFICIENT. SO HE THOUGHT HE NEEDED TO SUPPLY THOSE LIKE NUMBER OF HOGS. HE HAD TO GET BIGGER IN ORDER TO STAY IN BUSINESS. AND SO THAT'S WHAT WE'VE DONE. WE...IN ORDER TO HAVE A CHEAP FOOD SUPPLY THAT

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WE HAVE, WE HAVE DRIVEN IT TO THIS. THE PACKERS ARE MORE EFFICIENT IF THEY CAN HAVE THAT SAME SIZE HOG, DAY IN AND DAY OUT, RUNNING THROUGH THAT PLANT. SO ALTHOUGH A FEW YEARS BACK I WOULD HAVE VIGOROUSLY... [LB176]

SENATOR KRIST: ONE MINUTE. [LB176]

SENATOR FRIESEN: ...OPPOSED THIS BILL, I NOW RELUCTANTLY SUPPORT IT BECAUSE I DON'T THINK WE CAN CHANGE THINGS. WE LOOK AT WHAT THIS DOES AND IT DOES NOT FORCE ANYBODY TO SIGN ANY OF THESE CONTRACTS. I, FOR ONE, WOULD NOT SIGN ONE. BUT HOGS ARE A LOT OF WORK, AND I'M OLD ENOUGH I DON'T WANT TO DO THAT MUCH WORK. BUT I'VE HAD YOUNG PEOPLE COME IN THE OFFICE AND WANT THIS OPPORTUNITY. AND I'VE HAD OLDER FARMERS WHO ARE VERY OPPOSED TO THIS. SO IN THE END, CHANGE WILL HAPPEN. THE OLDER ONES WILL RETIRE AND THE YOUNG ONES WILL TAKE THEIR PLACE. AND THEY'LL LEARN SOME HARD LESSONS BECAUSE THESE CONTRACTS AREN'T NECESSARILY KIND TO THE PRODUCER. BUT THAT'S THE WAY THE INDUSTRY IS HEADING, WHETHER WE LIKE IT OR NOT. THANK YOU, MR. PRESIDENT...MADAM PRESIDENT. [LB176]

SENATOR CAMPBELL PRESIDING

SENATOR CAMPBELL: THANK YOU, SENATOR FRIESEN. SENATOR McCOY, YOU ARE RECOGNIZED. [LB176]

SENATOR McCOY: THANK YOU, MADAM PRESIDENT, AND GOOD AFTERNOON, MEMBERS. I RISE AGAIN IN FAVOR OF THE BRACKET MOTION AND AGAINST LB176. AND AS WAY OF BACKGROUND, I WANT TO OUTLINE A FEW TOPICS, A FEW DETAILS THAT PERHAPS HAVEN'T BEEN TALKED ABOUT ENOUGH. YOU KNOW, I OWNED A SMALL BUSINESS, SEVERAL SMALL BUSINESSES SINCE I WAS 15 YEARS OLD UP UNTIL THE END OF LAST YEAR. IT WOULD BE PROBABLY HARD TO FIND SOMEBODY WHO APPRECIATES AND WHO VALUES SMALL BUSINESS, ESPECIALLY BUSINESSES IN AGRICULTURE, MORE THAN I DO. IT'S BEEN A PART OF MY FAMILY'S HERITAGE AND LEGACY FOR GENERATIONS, AS IT HAS BEEN FOR A NUMBER OF US, MOST OF US PROBABLY. BUT HERE IS MY DEEP-SEATED OPPOSITION AND SKEPTICISM ABOUT THIS LEGISLATION. SO LET'S BRIEFLY TALK ABOUT HOW ALL THIS CAME ABOUT. IT'S SMITHFIELD FOODS, WHICH PROVIDES 25 PERCENT OF THE PORK THAT'S PROCESSED IN THE UNITED STATES. SEPTEMBER 2013, SMITHFIELD FOODS IS OFFERED AN ALMOST \$5 BILLION

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PURCHASE PRICE BY A CHINESE CORPORATION FINANCED BY THE STATE BANK, NATIONAL BANK, IN CHINA. THEY PAID 30 PERCENT MORE FOR SMITHFIELD FOODS THAN WHAT IT WAS WORTH AT THE TIME. NOW I WOULD ASK YOU, MEMBERS, WHY WOULD THAT BE? WHAT WOULD CAUSE A CORPORATION TO DO THAT? WELL, IF YOU WERE TO LOOK AND DO A LITTLE RESEARCH, AS MY OFFICE AND I HAVE, YOU WILL FIND--IT'S OUT THERE FOR ANY OF US TO SEE, IT'S NOTHING SOMEONE HANDED ME OR E-MAILED ME, IT'S RESEARCH WE'VE DONE--CHINA HAS A WELL-STATED GOAL THAT'S BEEN VERY PUBLIC TO DO EVERYTHING THEY CAN TO FEED THEIR OWN NATION WITHIN FIVE YEARS. NOW I WOULD ASK YOU, MEMBERS, WHILE WE DO AN ENORMOUS AMOUNT OF BUSINESS WITH CHINA, AS DOES THE UNITED STATES AS A WHOLE, AND WHILE CERTAINLY I WOULD LIKE TO SEE POVERTY AND STARVATION AND POOR NUTRITION BE ERADICATED FROM AROUND THE GLOBE AS MUCH AS ANY OF US WOULD, I WOULD ASK YOU, MEMBERS, IS IT GOOD POLICY FOR US HERE IN THIS UNICAMERAL TO ENABLE A COMPANY TO GAIN A FOOTHOLD, GEOGRAPHICALLY SPEAKING, THAT IS THE CLOSEST LIVESTOCK-PRODUCING REGION TO CHINA? IT DOESN'T TAKE A ROCKET SCIENTIST TO LOOK AT THE GLOBE OR LOOK AT A MAP AND DETERMINE THAT WE ARE THE CLOSEST NATION, GEOGRAPHICALLY, TO CHINA THAT'S A MAJOR LIVESTOCK-PRODUCING STATE. YOU KNOW, THIS DISCUSSION REMINDS ME A LOT, AND THOSE OF US THAT HAVE BEEN HERE A WHILE WILL PROBABLY RELATE TO THIS, AS WELL, THIS REMINDS ME IN SOME WAYS OF THE KEYSTONE XL OIL PIPELINE DISCUSSION BACK IN MY FIRST COUPLE OF YEARS HERE IN THE LEGISLATURE. WHAT WAS ONE OF THE PREVAILING ARGUMENTS? IF THIS OIL-SANDS OIL IS PIPED THROUGH THE KEYSTONE XL PIPELINE, IN ADDITION TO THE FIRST KEYSTONE PIPELINE, AND IT'S TRANSPORTED TO THE GULF OF MEXICO, THE THOUGHT WAS, BY MANY,... [LB176]

SENATOR CAMPBELL: ONE MINUTE. [LB176]

SENATOR McCOY: THANK YOU, MADAM PRESIDENT...THAT IT WOULD END UP IN CHINA. WELL, HOW IS THIS DISCUSSION ANY DIFFERENT, MEMBERS? IT'S MY BELIEF, AND THAT'S WHY I RISE ON THIS FLOOR IN STRONG OPPOSITION TO THIS BILL, THE PROTECTION OF FOOD RESOURCES IS AS TREASURED OF A NATURAL RESOURCE IN AMERICA AND IN NEBRASKA AS OIL OR WATER OR ANY OTHER RESOURCE. AMERICAN INGENUITY BUILT THE PORK INDUSTRY. AND WE SHOULDN'T SUBJECT OURSELVES TO OUR LARGEST COMPETITOR ON A GLOBAL SCALE. YES, WE DO BUSINESS WITH THEM, BUT WE SHOULDN'T DO IT THIS WAY. THIS IS THE WRONG WAY TO EXPAND PORK PRODUCTION IN NEBRASKA. THANK YOU, MADAM PRESIDENT. [LB176]

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SENATOR CAMPBELL: THANK YOU, SENATOR McCOY. SENATOR HUGHES, YOU ARE RECOGNIZED. [LB176]

SENATOR HUGHES: THANK YOU, MADAM PRESIDENT. GOOD AFTERNOON, COLLEAGUES. JUST A COUPLE OF THE THINGS THAT HAVE COME UP DURING THE DEBATE THAT I WOULD LIKE TO ADDRESS. I BELIEVE SENATOR BLOOMFIELD IS CONCERNED ABOUT, IF YOU SIGN THAT CONTRACT AND YOU'RE LOCKED IN FOR TEN YEARS AND YOU DIE, WHAT HAPPENS TO YOUR FAMILY? THAT CONTRACT IS NOT ANY DIFFERENT THAN ANY OTHER CONTRACT. IF YOU BUY LAND, HOW LONG IS IT GOING TO TAKE YOU TO PAY FOR THAT? YOU KNOW, THAT'S WHY THE INSURANCE INDUSTRY WAS INVENTED. YOU KNOW, THERE ARE WAYS TO MITIGATE THE RISK THAT YOU HAVE FROM EXPANDING YOUR FARM OPERATION. A LOT OF THE CONCERN IS ABOUT FAMILY FARMS AND SMALL FARMS. I GUESS I CONTEND THAT THEY ARE TWO DIFFERENT THINGS. YOU KNOW, MY FARM IS A FAMILY FARM WITH MY CHILDREN, BUT WE ARE A MEDIUM-SIZED FARM. WE'RE CERTAINLY NOT A SMALL FARM. THERE IS NO WAY WE COULD SUPPORT SIX FAMILIES ON OUR LAND MASS AND BE CONSIDERED A SMALL FARM. BUT WE ARE A FAMILY FARM. WE ARE A CORPORATE FARM. SO CORPORATE IS NOT A BAD WORD. WE'RE CORPORATE FARMERS BECAUSE THE TAX LAW DICTATES THAT WE DO THAT. SENATOR McCOY IS INTERESTING DISCUSSING WE SHOULD NOT BE THE CLOSEST HOG PRODUCER TO MAINLAND CHINA. I'M A FREE MARKETER AND THAT CERTAINLY SOUNDS LIKE PROTECTIONISM TO ME. THERE ARE A LOT OF COMMODITIES IN AGRICULTURE THAT ARE HIGH RISK. CURRENTLY, THE DRIED BEAN MARKET, IF YOU...IF I STILL OWN DRY BEANS ON MY FARM OR IN THE ELEVATOR, I COULDN'T SELL THEM. THERE'S NO MARKET FOR THEM. NOBODY WILL BUY THEM BECAUSE THE PROCESSORS ARE OFF THE MARKET. UNTIL THEY WORK THROUGH THEIR SUPPLIES, THEY WILL NOT BUY THEM. AM I STUPID FOR RAISING DRY BEANS? NO. IT'S A RISK THAT I'M WILLING TO TAKE. IT'S A RISK THAT I UNDERSTAND. IT'S THE SAME THING WITH THESE CONTRACTS THAT FARMERS ARE WILLING TO SIGN WITH PORK PRODUCERS. IT'S A RISK YOU UNDERSTAND. AND IF YOU DON'T UNDERSTAND IT, THEN YOU PROBABLY DON'T BELONG IN THE BUSINESS. THAT'S THE CAPITALIST WAY. LIKE IT OR NOT, IT'S SURVIVAL OF THE FITTEST. AND IN AGRICULTURE, YOU BETTER UNDERSTAND THAT FROM DAY ONE, BECAUSE MOTHER NATURE DOES NOT PLAY FAIR. POPCORN IS THE SAME WAY. THERE'S A LOT OF POPCORN THAT CAN BE GROWN ON THE OPEN MARKET. BUT IF YOU DON'T HAVE IT CONTRACTED, YOU MAY SIT ON THAT POPCORN. SUNFLOWERS, I'VE RAISED SUNFLOWERS ON MY FARM AND I SAT ON A CROP FOR MORE THAN A YEAR WAITING FOR THE PROCESSOR TO WORK THROUGH THEIR SUPPLY TO WHERE THEY WOULD BUY IT. WE IN AGRICULTURE ARE NOT PRICE SETTERS. WE ARE PRICE TAKERS. IN THE CATTLE

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MARKET, YOU CALL UP THE PACKERS, YOU SEE WHAT THEY'RE BIDDING. WHEN I WANT TO SELL WHEAT, I CALL UP MY LOCAL GRAIN ELEVATORS, I SEE WHAT THEY'RE BIDDING. IF YOU ARE NOT WILLING TO CONTRACT, YOU ARE A PRICE TAKER. PART OF THE REASON WHY THIS IS A BIG DEAL IS BECAUSE THE MARKET TODAY DEMANDS QUALITY, QUANTITY, AND CONSISTENCY, WITH CONSISTENCY BEING THE KEY. THE AMERICAN CONSUMER HAS BECOME VERY USED TO THE CONSISTENCY OF PRODUCT. THAT'S WHY OUR FAST-FOOD RESTAURANTS HAVE FLOURISHED... [LB176]

SENATOR CAMPBELL: ONE MINUTE. [LB176]

SENATOR HUGHES: ...BECAUSE YOU CAN GET EXACTLY THE SAME HAMBURGER FROM EXACTLY THE SAME RESTAURANT FROM ANYWHERE IN THE UNITED STATES. WE HAVE SAFEGUARDS AS FAR AS THE POLLUTION ISSUE. THERE ARE ZONING REGULATIONS IN EVERY...IN ALMOST EVERY COUNTY. AND THE NEBRASKA DEPARTMENT OF ENVIRONMENTAL QUALITY PROTECTS LIVESTOCK FEEDING OPERATIONS OR PROTECTS OUR GROUNDWATER AND OUR AIR FROM LIVESTOCK FEEDING OPERATIONS. BAD-MOUTHING CHINA, IF TOYOTA WANTED TO COME BUILD A MANUFACTURING PLANT IN OMAHA, WOULD WE BE COMPLAINING ABOUT THEY'RE OWNED BY JAPAN? WE LIVE IN A WORLD MARKET. THANK YOU, MADAM CHAIRMAN. [LB176]

SENATOR CAMPBELL: THANK YOU, SENATOR HUGHES. RECOGNIZED NOW IS SENATOR SULLIVAN. [LB176]

SENATOR SULLIVAN: THANK YOU, MADAM PRESIDENT. EARLIER, SENATOR KUEHN MADE SOME POINTS THAT I THINK ARE WORTHY OF OUR CONSIDERATION, AND THAT'S THAT THIS DISCUSSION IS IMPORTANT FROM A POLICYMAKING STANDPOINT,` BUT MAYBE WE NEED TO REVISIT IT IN THE FORM OF THE COMMITTEE. I STILL STAND VERY MUCH IN SUPPORT OF THE BRACKET MOTION. BUT HOWEVER THAT MAY TURN OUT, WE DO HAVE SOME VERY IMPORTANT POLICY CONSIDERATIONS TO BE MADE HERE. PACKER OWNERSHIP IS ONE THING. BUT IT WAS CLEAR THAT THERE WAS A LOT OF OPPOSITION TO THIS CONSIDERATION. AS SENATOR DAVIS SAID, THE FARM BUREAU VOTE WAS VERY CLOSE. YOU LOOK AT THE COMMITTEE STATEMENT, THERE WAS PLENTY OF OPPOSITION. IT'S CLEAR THOUGH WE ALL WANT AGRICULTURE IN THIS STATE TO BE SUCCESSFUL. WE WANT PRODUCERS TO BE SUCCESSFUL. WE WANT FAMILY FARMS TO THRIVE. WE WANT RURAL COMMUNITIES TO SURVIVE AND THRIVE. DOES THIS MOVE US FURTHER ALONG? I THINK THERE ARE STILL A LOT

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OF QUESTIONS IN THAT RESPECT. AND ALSO, WE TALK ABOUT FAMILY FARMS. I THINK WE NEED TO CLARIFY THAT BECAUSE WHAT I FEEL IS A FAMILY FARM IS THE RICHNESS OF DIVERSITY THAT WE HAVE IN THIS STATE. WE HAVE SOME VERY SMALL FARMS, WE HAVE SOME VERY LARGE FARMS, BOTH OF WHICH MIGHT BE PROFITABLE OR UNPROFITABLE. AND I WOULD SAY TO YOU, THERE ARE MILLIONAIRES IN BOTH THOSE CATEGORIES AND SOME THAT ARE STRUGGLING TO SURVIVE. WE HAVE FAMILY FARM CORPORATIONS. I BELONG TO ONE OF THEM. AND WE HAVE LARGE FAMILY FARM CORPORATIONS THAT ARE RAISING A LOT OF HOGS, AS I MENTIONED EARLIER WHEN I TALKED, TWO OF WHOM ARE IN MY DISTRICT, NEITHER OF WHOM TESTIFIED ON THIS BILL. AND IT LEAVES ME QUESTIONING WHERE THEIR SUPPORT OR LACK THEREOF IS. AT THE END OF THE DAY, LET'S BE CLEAR OF WHAT THIS PARTICULAR BILL IS: IT IS BEING PROMOTED BY A LARGE CORPORATION THAT IS OWNED BY CHINA, IT IS BEING SUPPORTED BY A LARGE LOBBYING FIRM, AND THIS LARGE CORPORATION WANTS PREDICTABILITY, UNIFORMITY, AND CONSISTENCY IN ITS PRODUCT. AND WHAT WE ARE GIVING UP IS CONTROL AND WE ARE GIVING THE CONTROL TO THEM. WE HAVE TO BE MINDFUL OF THAT, AND THAT'S WHY I AM ARDENTLY IN OPPOSITION TO LB176. AND I YIELD THE REMAINDER OF MY TIME TO SENATOR SCHNOOR. [LB176]

SENATOR KRIST PRESIDING

SENATOR KRIST: SENATOR SCHNOOR, 2:30. [LB176]

SENATOR SCHNOOR: THANK YOU, MR. PRESIDENT. I'D LIKE TO START READING SOME TESTIMONY FROM DAVE DOMINA WHO TESTIFIED BEFORE THE AG COMMITTEE ON FEBRUARY 18, 2014, SO NOT THIS YEAR BUT THE YEAR BEFORE. AND AFTER READING THROUGH THIS, THERE HAS...NOTHING HAS CHANGED IN THE LAST YEAR. AND HE SAYS, I'D LIKE TO START BY SAYING THAT ALMOST EVERYTHING THAT HAS BEEN LEARNED ABOUT THE CHICKEN INDUSTRY WILL ALMOST INEVITABLY BE LEARNED BY THE SWINE INDUSTRY IF THIS STATUTE IS ENACTED. I LISTENED WITH INTEREST TO THE RECITATIONS FROM OUR NEIGHBORS IN IOWA AND OUR HOPEFUL YOUNG FARMERS FROM NEBRASKA. I SHARE THEIR OPTIMISM ABOUT NEBRASKA AND NEBRASKA AS A PLACE TO FARM. BUT I KNOW THAT WE CANNOT IMPROVE THE STATE OF NEBRASKA OR ITS AGRICULTURE BY ALLOWING CORPORATE OWNERSHIP OF OUR LIVESTOCK AND RESIGNING OUR PEOPLE TO CARING FOR THAT LIVESTOCK ON A CONTRACT BASIS. IT JUST DOESN'T MAKE SENSE THAT EXPORTING OUR WEALTH WILL ENHANCE OUR INCOME OR OUR REVENUE. LET ME SAY THIS. THE STATUTE IS

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PERNICIOUS. ITS PROBLEMS DON'T APPEAR ON ITS FACE. HERE IS ONE OF THEM.
[LB176]

SENATOR KRIST: ONE MINUTE. [LB176]

SENATOR SCHNOOR: THANK YOU. BUILDING THE FACILITIES YOU HEARD ABOUT AT A CAPITAL COST OF A MILLION DOLLARS INVOLVES A 20- TO 30-YEAR LOAN. BUT WE'VE HEARD IT SAID THAT SOME CONTRACTS WILL ONLY BE CLOSE TO 12 YEARS. AND THE ATTORNEY GENERAL OF IOWA HAS MADE A PRACTICE OF POSTING CONTRACTS INVOLVING SWINE ON THE WEB. AND WE HEARD THAT HERE FROM SENATOR JOHNSON. AND TO ME, THAT RAISES A BIG, RED FLAG WHEN WE HAVE TO POST CONTRACTS FOR FEEDING LIVESTOCK ON A WEB SITE. THAT TELLS ME THERE'S A PROBLEM. BUT IN CONTINUING HERE, SO THEY HAVE THESE CONTRACTS AND THEY HAVE A 20-, 30-YEAR MORTGAGE, AND AFTER THE FIRST YEAR OF THEIR CONTRACT, THEN WHAT HAPPENS IF THEY CAN'T GET ANOTHER CONTRACT? THEN THEY HAVE THIS MORTGAGE HANGING OVER THEIR HEAD YET. [LB176]

SENATOR KRIST: TIME, SENATOR. [LB176]

SENATOR SCHNOOR: THANK YOU. [LB176]

SENATOR KRIST: THANK YOU, SENATOR SULLIVAN AND SENATOR SCHNOOR. SENATOR LARSON, YOU'RE RECOGNIZED AND THIS IS YOUR THIRD TIME. [LB176]

SENATOR LARSON: THANK YOU, MR. PRESIDENT. I WANT TO TOUCH ON A FEW THINGS. FIRST OF ALL, SENATOR SULLIVAN MENTIONED FARM BUREAU HAD A CLOSE VOTE. WELL, JUST LIKE IN POLITICS, YOU ONLY NEED TO WIN BY ONE. AND THAT'S WHAT THE POLICY IS. SOME OF US DOWN HERE WON BY A MARGIN, A SLIM MARGIN, YET THEY'RE HERE TO REPRESENT THEIR CONSTITUENTS. SENATOR HARR/HAAR IS SHAKING HIS HEAD. I THINK HE WON BY 98 VOTES TOTAL IN TWO ELECTIONS. BUT YOU KNOW WHAT? HE'S HERE AND HE REPRESENTS HIS CONSTITUENTS THE BEST OF HIS ABILITY. I LISTENED TO SENATOR McCOY TALK ABOUT CHINA AND SMITHFIELD AND THAT WE WANT TO BE CAREFUL ON WHO WE DO BUSINESS WITH IN AMERICA OR WHO AMERICAN COMPANIES DO BUSINESS WITH, YET I SEE SENATOR McCOY HAS AN APPLE iPad AND iPhone. WHERE DO YOU THINK THOSE ARE MADE? THEY'RE MADE IN CHINA. AND IF WE WANT TO REALLY GET HEAVY AND TALK ABOUT WHO WE DO BUSINESS WITH, I DON'T KNOW IF HE'S TALKING ABOUT TARIFFS OR TRADE

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TARIFFS OR...IF WE WANT TO GET INTO THE NEW TRANS-PACIFIC TRADE PARTNERSHIP THAT WE HAVE GOING ON, BUT I'M NOT SURE CHINA IS THE COUNTRY WE WANT TO MAKE OVERLY ANGRY RIGHT NOW. IF WE WANT TO GET INTO GLOBAL ECONOMICS, WE CAN START TALKING ABOUT THE AMOUNT OF FOREIGN DEBT CHINA OWNS AND HOW MANY DOLLARS THEY HAVE IN RESERVE. WE CAN TALK ABOUT THE CONSUMER MARKET THAT IS DRIVEN BY CHINESE PRODUCTS AND IF WE RESTRICT THAT CONSUMER MARKET, WHAT THAT DOES TO INFLATION. IF WE REALLY WANT TO GET INTO WHAT CHINA AND HOW WE SHOULDN'T BE DOING BUSINESS WITH CHINA, LET'S TALK. LET'S TALK ABOUT THE U.S. ECONOMY. LET'S TALK ABOUT STRAIGHT ECONOMICS AND HAVE THIS CONVERSATION BECAUSE TO JUST SAY WE DON'T WANT TO DO BUSINESS WITH CHINA IS INCREDIBLY CLOSE-MINDED, INCREDIBLY OBTUSE, AND SHORTSIGHTED TO THE POINT OF YOU HAVE TO UNDERSTAND FOREIGN RELATIONS AND SIMPLE ECONOMICS TO KNOW THAT'S JUST A TERRIBLE IDEA, TERRIBLE. LET'S NOT EVEN GET INTO THE CURRENCY MANIPULATION AND HOW CHINA CONTINUES TO HOLD THE YEN DOWN, WHICH ACTUALLY, MIND YOU, HELPS AMERICAN PORK PRODUCERS, BECAUSE AS THE RISING DOLLAR COMES UP AND THE YEN IS HELD DOWN HERE, THAT HELPS AMERICAN PRODUCERS. NOW I CAN ALSO GET INTO THE FACT ABOUT CHINESE CULTURE AND HOW MUCH THEY REVERE THE PIG AND THE RISING CHINESE MIDDLE CLASS AND HOW MUCH PORK DEMAND IS HAPPENING THERE, THAT THE CHINESE GOVERNMENT VIEWS PORK AS ONE OF THE FEW THINGS THAT THEY BELIEVE COULD TOPPLE THEIR GOVERNMENT IF THEY CAN'T SUPPLY ENOUGH TO THEIR COUNTRYMEN. YOU WORRY ABOUT CHINESE COMPANIES COMING IN HERE AND MANIPULATING OUR MARKETS OR WE SHOULDN'T DO BUSINESS WITH THEM. WELL, IF YOU DON'T THINK WE SHOULD DO BUSINESS WITH THEM, DON'T BUY AN APPLE PRODUCT--WELL, FRANKLY, DON'T BUY ANY COMPUTER OR CELL PHONE OR ANYTHING--BECAUSE THEY'RE ALL MADE IN CHINA. IF YOU DON'T THINK WE SHOULD BE DOING BUSINESS WITH THEM, I HOPE YOU'RE READY TO WATCH INFLATION SKYROCKET. I HOPE YOU'RE READY TO SEE THEM CALL IN ALL THE FOREIGN DEBT THAT THEY OWN. LET'S TALK ABOUT THE ECONOMICS. DON'T JUST GO CHINA BASHING. WE ARE IN A WORLD MARKET, A GLOBAL MARKET. [LB176]

SENATOR KRIST: ONE MINUTE. [LB176]

SENATOR LARSON: AND WE TO HAVE UNDERSTAND THAT. IF YOU DON'T, YOU DON'T GET THE WHOLE PICTURE. IT'S EASY TO STAND UP HERE AND HAVE THE RHETORIC. IT'S EASY TO HAVE RHETORIC ON WE DON'T WANT TO DO BUSINESS WITH THEM BECAUSE THEIR GOVERNMENT IS BAD. WELL, FRANKLY, THEIR

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GOVERNMENT IS A LOT MORE FREE MARKET ON HOG OWNERSHIP THAN OURS IS AND MORE FREE MARKET THAN SENATOR McCOY AND SENATOR SCHNOOR WANT THE STATE OF NEBRASKA TO BE. NOT EVERYTHING IS STATE OWNED IN CHINA. YOU HAVE TO UNDERSTAND GLOBAL ECONOMICS BEFORE YOU START CHINA BASHING. IF YOU WANT TO TALK ABOUT THAT, IF YOU WANT TO TALK ABOUT FOREIGN DEBT, CURRENCY MANIPULATION, TRADE GAPS, THE TRANS-PACIFIC TRADE PARTNERSHIP, I'M HAPPY TO. LET'S HAVE THAT ARGUMENT. LET'S SEE IF WHAT WE'RE DOING HERE REALLY AFFECTS IT BECAUSE... [LB176]

SENATOR KRIST: TIME, SENATOR. [LB176]

SENATOR LARSON: THANK YOU. [LB176]

SENATOR KRIST: THANK YOU, SENATOR LARSON. SENATOR DAVIS, YOU'RE RECOGNIZED AND THIS IS YOUR THIRD TIME. [LB176]

SENATOR DAVIS: THANK YOU, MR. PRESIDENT. I WANTED TO JUST REFUTE SOMETHING THAT I THINK WAS SAID EARLIER WITH REGARD TO SMITHFIELD FOODS AND WHO THE OWNERSHIP INTEREST IS AND WHO USED TO OWN IT. IT WAS, OF COURSE, A PUBLICLY TRADED COMPANY AND WAS PURCHASED, I THINK, LOCK, STOCK, AND BARREL, BY THE CHINESE GOVERNMENT, AS I UNDERSTAND IT. SO I THINK THAT'S AN IMPORTANT THING FOR US TO SAY. WHILE I DON'T DISPUTE WHAT SENATOR LARSON HAS TO SAY ABOUT CHINA, A VERY INNOVATIVE COUNTRY, A LOT OF THINGS GO ON THERE THAT I DON'T THINK WOULD EVER OCCUR IN THIS COUNTRY THAT NO ONE WOULD PERMIT: THE LABOR CONDITIONS, THE SITUATION THAT GOES ON IN A LOT OF THOSE FACTORIES OVER THERE. SO I HATE TO SEE US BEING COMPARED TO CHINA IN THE WAY...AS A JUSTIFICATION, I JUST DON'T THINK THAT'S APPROPRIATE. I AM STILL IN OPPOSITION TO THE BILL, MAYBE MORE SO THAN I WAS EARLIER, BECAUSE I DON'T SEE THAT WE'RE GAINING ANYTHING. ALL I SEE IS THAT WE'RE LOSING WHERE WE WERE. WE'RE GOING BACKWARDS. WE'RE SETTING UP SOME SORT OF STRUCTURE WHERE PEOPLE ARE REALLY JUST BASICALLY LABORERS WORKING FOR SOMEONE. YOU SIGN A TEN-YEAR CONTRACT. YOU REALLY CAN'T GET OUT OF THAT. WHAT ARE YOU GOING TO...WHO ARE...AFTER YOU SIGN THIS TEN-YEAR CONTRACT OR FIVE-YEAR CONTRACT AND YOU HAVE YOUR AGREEMENT WITH THE BANK AND YOU'VE GOT YOUR BIG LOAN, ONCE THAT HAPPENS AND YOU CAN'T SELL THOSE HOGS ANYWHERE ELSE, YOU'RE PRETTY WELL COMMITTED TO THAT ENTITY FROM THEN ON UNTIL THE TIME IS UP. AND I HAD A CALL FROM ONE OF MY CONSTITUENTS HERE TWO YEARS AGO

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WHEN THE BILL CAME UP OR THE FIRST TIME, LAST YEAR, AND HIS COMMENT WAS THIS. HE SAID, YOU KNOW, I GREW UP IN SOUTH DAKOTA. HE SAID, I CONTACTED SENATOR SCHILZ, TOO, BECAUSE HE'S KIND OF ON THE BORDER OF OUR DISTRICTS. HE SAID, I GREW UP IN SOUTH DAKOTA. I SAID I KNEW A LOT OF THOSE YOUNG GUYS THAT GOT ONTO THAT BANDWAGON. AND HE SAID, THEY PUT IN THEIR YEARS WITH THE CONTRACT FEEDER AND WHEN THEY WERE DONE THEY HAD A WORN-OUT OLD BUILDING AT THE END OF THAT PERIOD AND REALLY NOTHING ELSE. IS THAT WHAT WE WANT FOR OUR NEBRASKA FARMERS, TO BE PRICE TAKERS, TO BE BEHOLDEN TO SOME FOREIGN ENTITY? I DON'T REALLY THINK SO. I THINK WHAT OUR JOB IS, IS TO PROMOTE NEBRASKA AGRICULTURE. I'M ALL FOR DOING THAT. BUT I'M NOT GOING TO PROMOTE IT BY SELLING OUT TO A CHINESE INDUSTRY OR A BIG LOBBYING FIRM OR WHATEVER HERE IN THE CAPITOL. SO THAT'S REALLY I THINK THE POINT I'D LIKE TO MAKE IS...AND IF SENATOR SCHNOOR IS THERE, I'D LIKE TO YIELD THE REST OF MY TIME TO HIM. I THINK HE WAS TALKING ABOUT DAVE DOMINA'S COMMENTS. [LB176]

SENATOR KRIST: SENATOR SCHNOOR, 2:15. [LB176]

SENATOR SCHNOOR: THANK YOU. THANK YOU, SENATOR DAVIS. IF I...AND CONTINUING HERE WHAT DAVE DOMINA SAID, HE TALKED ABOUT PARITY. THERE IS NO ABILITY TO NEGOTIATE ON PARITY. THE CONTRACTS ALWAYS INCLUDE ARBITRATION CLAUSES. THEY ALWAYS INCLUDE SECRECY AND CONFIDENTIALITY CLAUSES. THEY'RE OFTEN ACCOMPANIED BY ORAL PROMISES THAT, YOU DO A REALLY GOOD JOB, WE LIKE YOUR ANIMALS, YOU GET A SWEETHEART DEAL. BUT IN A CONFIDENTIAL COMMUNICATION WITH THE NEXT PRODUCER DOWN THE ROAD, THE SAME PROMISE IS REPEATED AND IT DOESN'T PROVE TO BE TRUE. THERE IS ANOTHER SERIOUS PROBLEM WITH THESE CONTRACTS AND THEIR MISMATCH AND THAT IS THAT THERE IS NO MARKET FOR THESE ANIMALS. UNDERSTAND THAT WHAT IS PROPOSED HERE IS THAT THE PACKER WILL BECOME THE OWNER OF THE ANIMAL WHEN IT IS FARROWED. AND FOR ANYBODY THAT DOESN'T KNOW WHAT THAT MEANS, IT'S BASICALLY WHEN THE PIG IS BORN. [LB176]

SENATOR KRIST: ONE MINUTE. [LB176]

SENATOR SCHNOOR: THANK YOU, SIR...WHEN IT IS FARROWED AND IT WILL BE OWNED UNTIL THE ANIMAL IS RENDERED. IT WILL NOT BE SOLD, NOT AS A WEANED PIG, NOT AS A PIG TO BE FED, NOT AS A FAT ANIMAL TO BE

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BUTCHERED. THERE WILL BE NO MARKET. ANYONE KNOWS THAT THE WAY WEALTH IS GENERATED IS TO BE INVOLVED IN TRANSACTION INVOLVING THE SALE OF ASSETS AND THE ACQUISITION OF ASSETS IN A VIBRANT MARKET IN WHICH PEOPLE BOTH BID TO SELL OR ACCEPT BIDS TO SELL AND BID TO BUY, AND THAT WILL BE ELIMINATED. AND IF I COULD ADD, YOU WILL NO LONGER OWN THE ASSET. YOU WILL JUST BE A LABORER. YOU WILL JUST BE DOING WHAT THEY TELL YOU TO DO. [LB176]

SENATOR KRIST: TIME, SENATOR. [LB176]

SENATOR SCHNOOR: THANK YOU. [LB176]

SENATOR KRIST: THANK YOU, SENATOR SCHNOOR AND SENATOR DAVIS. SEEING NO ONE ELSE IN THE QUEUE, SENATOR BLOOMFIELD, YOU'RE RECOGNIZED TO CLOSE ON YOUR BRACKET MOTION. [LB176]

SENATOR BLOOMFIELD: THANK YOU, MR. PRESIDENT. AND TO THOSE OUTSIDE THE BODY RIGHT NOW, I WILL BE ASKING FOR A CALL OF THE HOUSE AT THE END OF MY CLOSE. THERE ARE TOO MANY QUESTIONS UNANSWERED IN THIS BILL. WHERE DO THE PROFITS COME FROM WHEN THE COUNTRY RECEIVING AN EXPORT ALREADY OWNS AND CONTROLS THE PRODUCT THEY'RE RECEIVING? THERE IS NO PROFIT TO BE GAINED BY US AT THAT POINT. WHERE IS THE LIABILITY IF MANURE SPILL HAPPENS? IT GOES BACK ON THIS FELLOW THAT IS NOW WORKING FOR THE PACKER. WE SOMEHOW STILL CALL HIM A PRODUCER, BUT HE DOESN'T OWN ANYTHING EXCEPT THE LOT FOR WHICH HE IS LIABLE AND THE NOTE FOR WHICH HE IS LIABLE AND THE BILLS DOWN THE ROAD FOR WHICH HIS FAMILY IS LIABLE. THIS IS NOT SOMETHING WE WANT TO GO TO. COLLEAGUES, WHERE IS THE REPORT THAT THE STUDY WAS SUPPOSED TO PRODUCE? WE'RE TOLD IF WE WANT TO SEE THE RESULTS OF THAT REPORT WE CAN GO DOWN TO THE CHAIR OF THE AG COMMITTEE AND TALK TO MR. LEONARD, THE RESEARCH ANALYST. THAT REPORT WAS SUPPOSED TO BE GIVEN TO THE LEGISLATURE. I'M TOLD IT WAS TOO COMPLICATED TO WRITE. WELL, IF IT'S TOO COMPLICATED TO DO THAT, WE'RE CERTAINLY NOT READY FOR PRIME TIME ON THIS BILL. THIS THING NEEDS TO GO AWAY. AND TO THAT POINT, MR. PRESIDENT, I WANT YOU TO BE AWARE WE ARE WILLING TO TAKE THIS THE FULL EIGHT HOURS BECAUSE THIS IS NOT SOMETHING THAT IS GOOD FOR NEBRASKA. IT'S GOOD FOR THE BIG PACKERS. IT'S GOOD FOR SMITHFIELD, WHO IS PRIMARILY OWNED BY THE CHINESE GOVERNMENT. AFTER SENATOR SCHILZ TALKED, I GOT TO FEELING PRETTY IMPORTANT. YOU KNOW, I OWN CHRYSLER. I

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OWN GM. I OWN FORD MOTOR COMPANY. I OWN BOEING, TOO, BY THE WAY. I'M PRETTY IMPORTANT FELLOW, HUH? HOW MUCH DO YOU SUPPOSE THEY ASK ME WHEN IT COMES TO MAKING A DECISION? I NEVER HEAR FROM THEM. WITH BOEING, I USED TO GET A LITTLE DIVIDEND CHECK EVERY ONCE IN AWHILE. THAT WAS KIND OF NICE. BUT I'M NOT INVOLVED IN MAKING DECISIONS. AND THE ONE PERSON, THE ONE GROUP OF PEOPLE WHO HAS NOT BEEN BROUGHT UP HERE YET IS THE CONSUMER. SENATOR LARSON TALKED ABOUT THE iPADS AND THE COMPUTERS. WELL, I DIDN'T PLAN ON EATING MY COMPUTER. I HOPE IT DOESN'T GET TO THE POINT WHERE I HAVE TO. I DON'T KNOW HOW THEY WOULD BE BOILED. I CAN'T IMAGINE THEM BEING PARTICULARLY GOOD ON THE GRILL. BUT I DO ENJOY A PORK CHOP ON THE GRILL, AND I LIKE TO KNOW THAT THAT PORK CHOP IS PRODUCED BY SOMEBODY THAT'S INDEPENDENT AND SOMEBODY THAT CARES ABOUT WHAT HE IS PRODUCING AND IS NOT JUST A PAID LABORER FOR A LARGE FOREIGN-OWNED CORPORATION. PLEASE VOTE TO BRACKET THIS BILL. LET'S LOOK AT THIS AGAIN BEFORE WE GO INTO IT TO A POINT OF NO RETURN. THIS IS CALLED THE "CHICKIFICATION" OF THE PORK INDUSTRY FOR A REASON. [LB176]

SENATOR KRIST: ONE MINUTE. [LB176]

SENATOR BLOOMFIELD: AGAIN, I ASK YOU TO LOOK AROUND AND SEE RIGHT NOW HOW SUCCESSFUL THE CHICKEN BUSINESS IS. SENATOR LARSON SAID WE WOULD HAVE A REAL EPIDEMIC IF THIS WAS HAPPENING IN THE MIDDLE-SIZED FLOCKS. CHECK OVER IN IOWA. SEE IF THEY DON'T THINK MAYBE THAT'S AN EPIDEMIC WHEN YOU'VE GOT 30 MILLION BIRDS BEING DESTROYED. THAT IS AN EPIDEMIC. COLLEAGUES, WE ARE DEALING WITH OUR FOOD SUPPLY HERE. LET'S BE CAREFUL WHAT WE DO. THINK CLEARLY, VOTE GREEN ON THE BRACKET BILL, AND LET'S GET ON WITH THE BUSINESS WE HAVE LEFT AT HAND. THANK YOU, MR. PRESIDENT. AND AGAIN, I WOULD ASK FOR CALL OF THE HOUSE. [LB176]

SENATOR KRIST: THANK YOU, SENATOR BLOOMFIELD. THERE HAS BEEN A REQUEST TO PLACE THE HOUSE UNDER CALL. THE QUESTION IS, SHALL THE HOUSE BE PLACED UNDER CALL? ALL THOSE IN FAVOR VOTE AYE; OPPOSED, NAY. PLEASE RECORD, MR. CLERK. [LB176]

ASSISTANT CLERK: 27 AYES, 0 NAYS TO GO UNDER CALL, MR. PRESIDENT. [LB176]

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SENATOR KRIST: THE HOUSE IS UNDER CALL. SENATORS, PLEASE RECORD YOUR PRESENCE. THOSE SENATORS OUTSIDE THE CHAMBER PLEASE RETURN TO THE CHAMBER AND RECORD YOUR PRESENCE. ALL UNAUTHORIZED PERSONNEL PLEASE LEAVE THE FLOOR. THE HOUSE IS UNDER CALL. SENATOR CRAIGHEAD, COULD YOU CHECK IN FOR ME? THANK YOU. SENATOR WATERMEIER, THANK YOU. [LB176]

SENATOR BLOOMFIELD: (RECORDER MALFUNCTION)...WHEN THAT GETS HERE. [LB176]

SENATOR KRIST: OKAY. THANK YOU. SENATOR BAKER, SENATOR CHAMBERS, SENATOR HILKEMANN, PLEASE RETURN TO THE CHAMBER. THE HOUSE IS UNDER CALL. SENATORS BAKER, HILKEMANN, AND CHAMBERS, PLEASE RETURN TO THE CHAMBER. THE HOUSE IS UNDER CALL. SENATOR CHAMBERS AND SENATOR HILKEMANN, PLEASE RETURN TO THE CHAMBER. THE HOUSE IS UNDER CALL. SENATOR BLOOMFIELD, I UNDERSTAND YOU WANT TO PROCEED? [LB176]

SENATOR BLOOMFIELD: THAT WOULD BE FINE. IT'S MY UNDERSTANDING SENATOR HILKEMANN IS ON THE WAY. [LB176]

SENATOR KRIST: LET US CHECK ONE MORE TIME AND THEN WE WILL GO. OKAY, TO REFRESH EVERYONE'S MEMORY, THIS IS A VOTE TO BRACKET LB176 UNTIL APRIL 15, 2016. THERE HAS BEEN A CALL FOR A ROLL CALL VOTE, REGULAR ORDER, MR. CLERK. [LB176]

ASSISTANT CLERK: (ROLL CALL VOTE TAKEN, LEGISLATIVE JOURNAL PAGE 1868.) VOTE IS 10 AYES, 17 NAYS, MR. PRESIDENT. [LB176]

SENATOR KRIST: THE BRACKET MOTION IS NOT SUCCESSFUL. RETURNING TO DISCUSSION ON--RAISE THE CALL, PLEASE--ON AM495 AND LB176, SENATOR McCOY, YOU'RE RECOGNIZED. [LB176]

SENATOR McCOY: THANK YOU, MR. PRESIDENT AND MEMBERS. WELL, AS YOU CAN SEE FROM THAT VOTE, WE'RE PROBABLY IN FOR A VERY LONG DISCUSSION ON THIS ISSUE, WHICH I THINK IS A GOOD THING BECAUSE I THINK THIS BILL SHOULD HAVE A VERY LONG DISCUSSION. YOU KNOW, THERE WAS A LITTLE, BRIEF DISCUSSION AND DIALOGUE BETWEEN THE SPONSOR OF THIS BILL,

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SENATOR SCHILZ, AND A SENATOR. AND THERE WAS A DISCUSSION ABOUT, WELL, YOU KNOW, WE COULD TWEAK THIS OR THAT AND WE COULD HAVE IT BACK ON SELECT IN A DIFFERENT FORMAT. I THINK IT WAS ALONG THE LINES OF A CONFIDENTIALITY PORTION OF IT AND WHATNOT. WELL, CERTAINLY, SPEAKER HADLEY IS THE KEEPER OF THE OFFICIAL CALENDAR. BUT WE ARE IN THE VERY FINAL DAYS OF THIS SESSION AND, IN ALL LIKELIHOOD, IF THIS BILL WERE TO ADVANCE, SELECT FILE WOULD BE TOMORROW. WOULDN'T HAVE TO NECESSARILY BE THAT WAY, BUT IT, IN ALL LIKELIHOOD, WOULD BE. MEMBERS, THERE ISN'T THE TIME TO WHOLESALE CORRECT THIS LEGISLATION. WE KNOW HOW LATE WE'RE LIKELY TO BE HERE TONIGHT. WE KNOW HOW LATE WE'RE LIKELY TO BE HERE TOMORROW NIGHT. AND WE KNOW HOW FLEETING AND SHORT OUR TIME TOGETHER IS. SOME OF US MAY SHED MORE TEARS OVER THAT THAN OTHERS. BUT I WOULD CERTAINLY SAY THIS: THIS ISSUE IS ONE THAT'S A VERY SERIOUS ONE IN MY MIND. I ABSOLUTELY WANT TO SEE THE MAXIMUM AMOUNT OF ECONOMIC DEVELOPMENT EVERYWHERE IN NEBRASKA, AND THAT INCLUDES OUR RURAL AREAS OF OUR STATE. I CARE A LOT ABOUT THAT. IT'S PART OF WHO I AM. IT'S PART OF WHO A LOT OF US ARE. AND THOSE OF US EVEN THAT ARE FROM AN URBAN AREA, BECAUSE OF OUR UNIQUE MEMBERSHIP IN THIS BODY, WE UNDERSTAND THE VALUE OF ECONOMIC DEVELOPMENT IN AGRICULTURE. BUT IT HAS TO BE FOR THE RIGHT REASONS AND IN THE RIGHT WAY. IT HAS TO BE WHAT MAKES SENSE FOR THE LONG RUN, NOT THE SHORT RUN. AND I WOULD AGAIN SUBMIT TO YOU, MEMBERS, THAT WE SHOULD THINK LONG AND HARD ABOUT WHETHER OR NOT WE WANT TO ENABLE AN ENTITY LIKE SMITHFIELD FOODS, WITH THEIR OWNERSHIP BY THE CHINESE, WHETHER OR NOT WE CONSIDER THAT A BOON OR A THREAT TO THE LONG-TERM FOOD SECURITY OF THE UNITED STATES. AND WE NEED TO THINK VERY CAREFULLY ABOUT WHAT THAT MEANS BECAUSE WE ALL KNOW THAT WE'RE HEADED TOWARDS A WORLD POPULATION OF UPWARDS OF 13-14 MILLION HERE BY 2050 AND WE'RE GOING TO NEED TO DOUBLE, OR MORE, IF MY NUMBERS ARE CORRECT, THOSE ARE THE LATEST NUMBERS THAT I SAW...I'M GETTING AN INTERESTING LOOK FROM SENATOR SCHUMACHER, SO PERHAPS MY NUMBERS AREN'T CORRECT. [LB176]

SENATOR KRIST: ONE MINUTE. [LB176]

SENATOR McCOY: IF THEY AREN'T, I'LL BE HAPPY TO CORRECT THEM. BUT WE'RE GOING TO HAVE TO DOUBLE THE WORLD'S FOOD SUPPLY USING HALF AS MUCH WATER OR LESS. SO MY MIND, WE SHOULD THINK LONG AND HARD OVER WHO WE PARTNER WITH AND WHO WE TIE OUR AGRICULTURE ECONOMY TO. LET'S TIE IT TO PARTNERS THAT WE CAN TRUST FOR THE LONG HAUL. THAT'S MY

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OBJECTION TO THIS BILL. THAT'S WHY THIS BILL MAKES ME VERY NERVOUS.
THANK YOU, MR. PRESIDENT. [LB176]

SENATOR KRIST: THANK YOU, SENATOR McCOY. MR. CLERK, WE HAVE AN
AMENDMENT? [LB176]

ASSISTANT CLERK: MR. PRESIDENT, I DO HAVE AN AMENDMENT TO THE
COMMITTEE AMENDMENTS FROM SENATOR SCHILZ, AM1263. (LEGISLATIVE
JOURNAL PAGE 1196.) [LB176]

SENATOR KRIST: SENATOR SCHILZ, YOU'RE RECOGNIZED TO OPEN. [LB176]

SENATOR SCHILZ: I'LL WAIVE THAT. [LB176]

SENATOR KRIST: SENATOR SCHILZ WAIVES HIS OPENING? [LB176]

SENATOR SCHILZ: NO, NO, LET'S TAKE THAT... [LB176]

SENATOR KRIST: OR... [LB176]

SENATOR SCHILZ: LET'S JUST REMOVE THAT AMENDMENT, PLEASE. [LB176]

SENATOR KRIST: I UNDERSTAND YOU WANT TO WITHDRAW? [LB176]

SENATOR SCHILZ: I THINK THAT'S CORRECT, YES. [LB176]

SENATOR KRIST: WITHOUT OBJECTION, APPROVED. [LB176]

ASSISTANT CLERK: NEXT AMENDMENT TO THE COMMITTEE AMENDMENT IS
OFFERED BY SENATOR SCHNOOR, AM1633. (LEGISLATIVE JOURNAL PAGE 1711.)
[LB176]

SENATOR KRIST: SENATOR SCHNOOR, YOU'RE RECOGNIZED TO OPEN ON YOUR
AMENDMENT. [LB176]

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SENATOR SCHNOOR: THANK YOU, MR. PRESIDENT. ON THE...IN THE BILL IT TALKS ABOUT CHANGES IN DOLLAR VALUES FROM \$200,000...EXCUSE ME, \$250,000 AND IT'S BEEN CHANGED TO A MILLION. AND MY AMENDMENT SIMPLY CHANGES IT BACK TO THAT. I TALKED TO SENATOR SCHILZ THE OTHER DAY, OH, I THINK THURSDAY, ON THE FLOOR HERE AND WE TALKED ABOUT THIS A LITTLE BIT. AND ONE THING THAT CONCERNS ME WITH THIS DOLLAR FIGURE IN THERE, IT HAS TO DO WITH FINANCING, WITH A COMMERCIAL OPERATION FINANCING...IT COULD BE THE FEED FOR THESE PRODUCERS. AND SENATOR SCHILZ TALKED ABOUT HOW MYSELF, AS A...WHERE I DO A BIT OF COMMERCIAL CATTLE FEEDING, THAT THEN THIS WOULD ALLOW ME TO FINANCE MORE FOR THOSE. AND THAT DID RAISE SOME CONCERN FOR ME BECAUSE I THOUGHT THIS BILL TALKED ABOUT HOG PRODUCING BUT YET IT DOES HAVE, IF I UNDERSTOOD HIM CORRECTLY, IT DOES HAVE AN EFFECT FOR ME IN MY BUSINESS. AND THAT CONCERNS ME. FIRST OFF, I DON'T FINANCE ANYTHING FOR ANYBODY THAT OWNS CATTLE ON MY OPERATION. DO I...I FEED THEM. THEY PAY ME WHAT WE CALL YARDAGE, WHICH IS BASICALLY RENT ON A PER-HEAD-PER-DAY BASIS. AND THEY ARE IN CHARGE OF THEIR OWN MARKETING. THEY'RE IN CHARGE OF THEIR OWN FINANCES. I DON'T WANT TO GET INTO THAT. THAT'S NONE OF MY BUSINESS HOW THEY WANT TO DO IT. THAT'S BETWEEN THEM AND THEIR BANK. BUT WHEN WE'RE INCREASING THIS TO \$1 MILLION, I DON'T SEE THE GOOD THAT CAN COME OUT OF THAT. SO THAT'S WHY THIS...I SUBMITTED THIS AMENDMENT, TO KEEP THIS DOWN TO A MORE MANAGEABLE NUMBER. THANK YOU, MR. PRESIDENT. [LB176]

SENATOR KRIST: THANK YOU, SENATOR SCHNOOR. YOU'VE HEARD THE OPENING ON AM1633. THE FLOOR IS NOW OPEN FOR DEBATE. THOSE WISHING TO SPEAK: SENATOR FRIESEN, SCHILZ, DAVIS, AND BLOOMFIELD. SENATOR FRIESEN, YOU'RE RECOGNIZED. [LB176]

SENATOR FRIESEN: THANK YOU, MR. PRESIDENT. I REALLY WON'T SPEAK PROBABLY TO THE AMENDMENT DIRECTLY. I'VE BEEN OUT OF THE HOG BUSINESS LONG ENOUGH NOW TO KNOW EXACTLY WHERE THAT AMOUNT MAYBE SHOULD BE SET, BUT I DON'T THINK THAT \$1 MILLION WOULD BE OUT OF LINE. WE'VE TALKED A LOT ABOUT CHINA AND OUR MARKETS THERE. WE'VE GOT A CHOICE. I MEAN ME, AS A ROW-CROP FARMER, I RAISE CORN AND SOYBEANS. CHINA BUYS PROBABLY 75 PERCENT OF THE SOYBEANS WE PRODUCE AND THEY DO BUY SOME CORN, BUT NOT A LOT. WE CAN CHOOSE TO EITHER EXPORT THE GRAIN--IT MATTERS NOT TO ME WHO WANTS TO BUY MY GRAIN--I CAN SEND IT TO CHINA OR THEY CAN FEED IT TO HOGS AND THEN EVENTUALLY THEY WILL EXPORT THE HOGS BACK TO US WHEN THEY RAISE

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ENOUGH, AND THEY WILL. OR WE CAN RAISE THEM HERE AND ADD VALUE TO THAT GRAIN RIGHT HERE AT HOME. WE HAVE THE ABUNDANT GRAIN HERE. WE HAVE PRODUCERS WHO ARE WILLING TO SIGN THESE CONTRACTS IF THEY ARE OFFERED. AND SO IT MAKES SENSE TO ME THAT WE WOULD ADD VALUE TO THAT CORN RIGHT HERE AND MARKET THAT...THOSE PORK PRODUCTS WHEREVER THEY'RE NEEDED IN THE WORLD. IT DOESN'T NECESSARILY HAVE TO BE THE CHINESE MARKET. IF IT'S LIKE ANY OTHER PRODUCT, THE FREE MARKET WILL DETERMINE WHERE THOSE PORK PRODUCTS GO. THE CHINESE ARE INTO MAKING A PROFIT, JUST LIKE WE ARE. IF THE DEMAND IS HERE, THOSE PRODUCTS WILL STAY HERE. IF THE PRICE IS HIGHER BACK HOME THROUGH SHIPPING AND ALL THOSE OTHER ADDED COSTS, THEY WILL SHIP THEM HOME. BUT WHOEVER ENDS UP BUYING AN INTEREST, WE HAVE...I THINK IT'S BRAZIL OR ARGENTINA WHO OWNS A MAJOR PART OF OUR BEEF-PACKING PLANTS. THIS ISN'T SOMETHING NEW. THIS IS SOMETHING THAT'S HAPPENED THROUGH CONSOLIDATION OF THE INDUSTRY AND REALLY HAS NO BEARING ON WHAT WE'RE GOING TO DO WITH OUR PRODUCT HERE. IF WE DON'T EXPORT OUR PRODUCT AND IF I COULDN'T EXPORT MY GRAIN, FOR INSTANCE, WHY WE'D HAVE A COLLAPSE IN THE PRICE. THE SAME GOES FOR ALL THE MEAT PRODUCTS WE RAISE IN NEBRASKA. WE'RE NUMBER ONE IN BEEF AND I DON'T KNOW WHAT WE ARE FOR SURE IN THE HOG PRODUCTION, BUT IF WE COULDN'T EXPORT OUR PRODUCT, THE PRICES WOULD COLLAPSE AND ALL OF US PRODUCERS WOULD GO OUT OF BUSINESS. WE ARE A SURPLUS STATE. WE GROW LOTS OF FOOD HERE. AND SO WHEN WE TALK ABOUT WHERE THAT FOOD MAY GO, IT'LL GO WHEREVER THE DEMAND IS. SO I DON'T THINK THE DISCUSSION NEEDS TO BE WHETHER IT'S GOING TO BE CHINA OR JAPAN OR ANYWHERE ELSE. IF WE WANT TO TALK ABOUT ECONOMIC DEVELOPMENT AND TAX RELIEF AND CREATING JOBS, WE ADD THE VALUE TO OUR PRODUCTS. AND THAT'S WHAT WE DO BEST. WE ARE AN AG STATE. IT IS THE BIGGEST INDUSTRY WE HAVE, BY FAR, AND IT HAS SERVED US WELL. AND WHEN WE LOOK AT THE FUTURE WHAT IT MIGHT BRING, AND THE POPULATION THE WAY IT'S INCREASING, WE ARE A MAJOR SUPPLIER OF FOOD TO THE WORLD. UNL IS GOING TO FOCUS ON THAT TO THE FOOD, FUEL, AND WATER DEBATE THAT WE HAVE. IT JUST MAKES SENSE THAT WE CONTINUE TO LOOK AT WAYS THAT WE CAN ADD VALUE TO OUR PRODUCTS THAT WE CONCURRENTLY RAISE, WHETHER IT'S THROUGH BRINGING DAIRY INDUSTRY TO THE STATE OR MORE HOG PRODUCTION, BEEF PRODUCTION. IT'S WHAT WE DO IN RURAL NEBRASKA AND IT CREATES JOBS THERE. IF IT WOULDN'T HAVE BEEN FOR THE HOG INDUSTRY BACK WHEN I CAME BACK TO FARM, I WOULD NOT HAVE HAD A PLACE BACK THERE. I WOULD HAVE ENDED UP IN AGRIBUSINESS SOMEWHERE OR BEING A MECHANIC. I WAS FORTUNATE THAT

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MY DAD WAS VERY FORWARD LOOKING AT THE TIME. WE JUST DID NOT ANTICIPATE, I GUESS,... [LB176]

SENATOR KRIST: ONE MINUTE. [LB176]

SENATOR FRIESEN: ...THE SPEED WITH WHICH CONSOLIDATION HAS HAPPENED IN THAT INDUSTRY. AND IT'S BEEN A NUMBER OF YEARS, BUT IT HAS TRAVELED MAYBE A LITTLE FASTER THAN WE THOUGHT. IN MY REALM, WE CONTRACT A LOT OF OUR CORN PRODUCTION BEFORE IT'S PLANTED. THAT'S A BIG CHANGE FROM WHEN I STARTED FARMING. BUT IF YOU ARE GOING TO BE SUCCESSFUL ON THESE MARKETS, YOU HAVE TO TAKE ADVANTAGE OF EVERY OPPORTUNITY YOU HAVE. AND THIS WOULD JUST BE ONE MORE OF THOSE OPPORTUNITIES THAT WE POSSIBLY CAN HAVE THAT SOMEONE CAN MAKE A LIVING BACK ON THE FARM. THANK YOU, MR. PRESIDENT. [LB176]

SENATOR KRIST: THANK YOU, SENATOR FRIESEN. SENATOR SCHILZ, YOU'RE RECOGNIZED. [LB176]

SENATOR SCHILZ: THANK YOU, MR. PRESIDENT AND MEMBERS OF THE BODY. WE'RE NOW ON AM1633 AND I THINK THAT'S THE ONE THAT TAKES THAT MILLION DOLLARS DOWN TO \$250,000. AND SENATOR SCHNOOR IS CORRECT THAT THIS BILL DEALS WITH MORE THAN JUST HOGS. IT DOES. AND THE REASON IS, IS BECAUSE THE LAW THAT IS IN PLACE RIGHT NOW DOES NOT DEFINE INDIRECT OWNERSHIP. AND SO WHAT HE IS TALKING ABOUT IS HOW MUCH MONEY CAN BE BASICALLY LOANED FROM A PACKER TO A FEEDER. AND LET'S TALK ABOUT A CATTLE FEEDER RIGHT NOW. SENATOR SCHNOOR SAYS HE DOESN'T USE WRITTEN CONTRACTS WHEN HE FEEDS CATTLE FOR FOLKS AND THAT'S FINE. THE ISSUE THAT YOU RUN INTO IS THAT IF IT'S AT \$250,000 OR IF THERE IS NO DEFINITION OF WHAT INDIRECT FEEDING IS, THEN ANYBODY CAN CHALLENGE THAT AS FAR AS IF YOU OWN OR IF YOU HAVE A FORWARD CONTRACT OR IF YOU'RE SITTING THERE WITH A BUNCH OF MONEY OWED TO YOU BY A CUSTOMER OF YOURS AND YOU SELL THAT ANIMAL TO A PACKER AND THEN HE PAYS YOU. ONCE THAT PACKER PAYS YOU AND NOT THE OWNER OF THE CATTLE THEMSELVES, THEN ALL OF A SUDDEN THERE COULD BE AN ARGUMENT MADE THAT YOU WERE INDIRECTLY FEEDING FOR THAT PACKER BECAUSE YOU'RE TAKING MONEY FROM THE PACKER TO BENEFIT YOUR OPERATION. SO THE REASON WE MOVED IT IN THE BILL FROM \$250,000 TO A MILLION DOLLARS IS FOR THE PRODUCER'S PROTECTION. AND THIS QUESTION IS THERE WHETHER OR NOT WE RAISE THE BAN ON HOGS OR NOT. SO THIS IS THE

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ISSUE. THE INDIRECT OWNERSHIP PART CAN PUT ALL OF LIVESTOCK FEEDING AND THE CONTRACTS AND EVERYTHING ELSE THAT WE DO BUSINESS PRACTICEWISE IN JEOPARDY IF SOMEONE WOULD WANT TO CHALLENGE IT. THAT'S WHY THIS IS THERE. THAT'S WHY WE MOVED IT UP BECAUSE I DON'T KNOW IF ANYBODY HAS NOTICED TODAY, BUT TO TAKE A STEER TO FINISHED WEIGHT, THAT STEER IS GOING TO BE WORTH \$1,800...\$1,500 TO \$1,800 PER HEAD. DIVIDE THAT BY A MILLION, TELL ME WHAT YOU GET. IT'S NOT ALL THAT MANY CATTLE. AND WE NEED TO BE CAREFUL OF THAT BECAUSE THAT'S WHAT INDIRECT OWNERSHIP COULD MEAN IF IT'S ARGUED EFFECTIVELY. SO BE CAREFUL. BE CAREFUL IN MOVING THESE NUMBERS BACK BECAUSE THERE HAS BEEN A LOT OF THOUGHT PUT INTO THIS AND A LOT OF THOUGHT PUT INTO THAT LANGUAGE. AND IT IS COMPLEX LANGUAGE, BUT IT'S COMPLEX LANGUAGE BECAUSE THERE ARE SO MANY DIFFERENT WAYS TO MARKET ANIMALS IN THE UNITED STATES AND IN NEBRASKA THAT WE NEED TO BE CAREFUL NOT TO HAMSTRING OUR PRODUCERS INTO NOT BEING ABLE TO USE THE TOOLS THAT ARE AVAILABLE. THANK YOU, MR. PRESIDENT. [LB176]

SENATOR KRIST: THANK YOU, SENATOR SCHILZ. THOSE STILL WISHING TO SPEAK: SENATOR DAVIS, BLOOMFIELD, AND SULLIVAN. SENATOR DAVIS, YOU'RE RECOGNIZED. [LB176]

SENATOR DAVIS: THANK YOU, MR. PRESIDENT. I WONDER IF SENATOR SCHILZ WOULD YIELD TO A COUPLE QUESTIONS. [LB176]

SENATOR KRIST: SENATOR SCHILZ, WILL YOU YIELD? [LB176]

SENATOR SCHILZ: YES. [LB176]

SENATOR DAVIS: SO, SENATOR SCHILZ, YOU HAVE THE LIVESTOCK PART IN THIS BILL BECAUSE YOU WANT TO INCLUDE SOME CATTLE TRANSACTIONS, IS THAT CORRECT? [LB176]

SENATOR SCHILZ: NO. THAT'S NOT IT AT ALL. I WANT TO PRECLUDE, TAKE OUT SOME OF THE CATTLE TRANSACTIONS. AND THAT'S WHAT THE INDIRECT OWNERSHIP LANGUAGE IN HERE DOES. [LB176]

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SENATOR DAVIS: BUT AREN'T YOU ALREADY...YOU JUST MENTIONED THAT YOU WERE TRYING TO PROTECT SOME CATTLE TRADES BY PUTTING THIS LANGUAGE IN. AM I MISUNDERSTANDING SOMETHING? [LB176]

SENATOR SCHILZ: NO, THAT'S CORRECT. BUT WHAT IT DOES IS IT TAKES OUT ALL THOSE MARKETING OPPORTUNITIES THAT PEOPLE HAVE RIGHT NOW AND IT TELLS PEOPLE THAT IS NOT INDIRECT OWNERSHIP. THAT'S WHAT IT DOES. [LB176]

SENATOR DAVIS: SO HOW DOES IT TAKE OUT THESE MARKETING OPPORTUNITIES? [LB176]

SENATOR SCHILZ: BY THE LANGUAGE THAT'S IN THE BILL. [LB176]

SENATOR DAVIS: AND I GUESS YOU'RE GOING TO HAVE TO POINT THAT OUT TO ME BECAUSE I'M NOT CLEAR. [LB176]

SENATOR SCHILZ: OKAY. WHEN WE TALK ABOUT...WHEN IT TALKS ABOUT A GUARANTEE, A SURETY, OR A LOAN, IF YOU TAKE MONEY FROM A PACKER, LET'S TALK ABOUT THAT, BECAUSE THAT'S WHAT WE'RE TALKING ABOUT HERE WITH THE MILLION DOLLARS. IF A PACKER WOULD PAY A FEEDER MORE THAN \$250,000, ACCORDING TO SENATOR SCHNOOR'S AMENDMENT, TO TAKE IT BACK DOWN TO THAT, IF THEY WOULD PAY YOU MORE THAN \$250,000, THAT COULD BE CONSIDERED AS GOING...BECAUSE I CAN TELL YOU, IN MY FEEDYARD--AND I WANT TO BACK UP A MINUTE--IN MY FEEDYARD, WHEN WE SELL CATTLE FOR A CUSTOMER, WE TAKE THE MONEY FIRST. THAT WAY, WE MAKE SURE THAT IF THEY HAVEN'T PAID ALL THEIR FEED BILLS OR ANYTHING ELSE, THAT WE GET PAID FOR THAT. OKAY? IF THAT'S NOT THERE, THAT MONEY COMES IN AND IT'S OVER \$250,000 THAT BELONGS TO SOMEBODY ELSE BUT WE TAKE CUSTODY OF THAT TO PAY OUR BILLS, ALL OF A SUDDEN, AS A SURETY OR A LOAN TO SOMEBODY, THAT COULD ENTER IN AND BE A PROBLEM. THAT'S WHY WE MOVED IT FROM \$250,000 TO \$1 MILLION. [LB176]

SENATOR DAVIS: AND SO, SENATOR SCHILZ, THAT'S THE PART OF THE DISCUSSION THAT I FIND KIND OF INTERESTING BECAUSE THAT HAPPENED TO ME MORE THAN ONCE WHEN I WAS FEEDING CATTLE IN FEEDLOTS. THE CHECK...AND I NEVER UNDERSTOOD QUITE HOW THE PACKER WOULD KNOW THAT THE CATTLE BELONGED TO ME, BUT THEY WOULD WRITE THE CHECK OUT TO THE FEEDLOT AND THEN THE FEEDLOT WOULD SEND ME A CHECK MUCH LATER. AND IT'S SOMETHING THAT I ALWAYS WAS VEXED BY BECAUSE IT DIDN'T

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SEEM TO ME THAT THEY WERE...THE PROPER CHAIN OF OWNERSHIP WAS EVER BEING FOLLOWED BY THE PACKING PLANT. SO THAT'S ONE OF MY CONCERNS WHEN I SEE THIS LANGUAGE IN HERE. WOULD YOU LIKE TO COMMENT ON THAT? [LB176]

SENATOR SCHILZ: IF YOU WOULD LIKE ME TO, THAT'S FINE. I THINK THAT ANYBODY THAT'S IN BUSINESS AND AS A REPRESENTATIVE OR AN AGENT FOR YOU, IF YOU'RE FEEDING CATTLE AND THAT'S THE WAY IT WOULD BE, WE BECOME YOUR AGENT. NOW, IF YOU WOULD GO OUT AND YOU WOULD MARKET THOSE CATTLE YOURSELF TO A PACKER, YOU PROBABLY STILL COULDN'T GET PAID BECAUSE THERE IS A LINE OF OWNERSHIP. AND REMEMBER, UNTIL THOSE BILLS ARE PAID, THAT FEED, IF THAT'S ALL IT IS, THAT FEED BELONGS TO THAT FEEDYARD AND SHOULD BE PAID FOR BEFORE THE OTHER PARTS OF THAT CHECK GET PAID OUT TO THE OWNERS OF THE CATTLE. [LB176]

SENATOR DAVIS: THANK YOU, SENATOR. [LB176]

SENATOR SCHILZ: THAT'S THE WAY THE BUSINESS HAS GONE FOR MANY, MANY YEARS. [LB176]

SENATOR DAVIS: THANK YOU, SENATOR SCHILZ. BUT I RESPECTFULLY DISAGREE WITH YOU THAT THAT SHOULD BE THE WAY IT'S DONE BECAUSE THE VAST MAJORITY OF THE EQUITY TIED UP THERE IS IN THE LIVESTOCK, WHICH IN MY CASE WAS MY PROPERTY. IN MY PARTICULAR INSTANCE, THE CATTLE WENT TO A FEEDLOT OR A PACKING PLANT IN TEXAS. AND THERE WAS A VERY STRICT LITTLE LIMIT ON THE AMOUNT OF TIME THAT YOU COULD CASH THE CHECKS. AND SO THEN THE CHECKS WERE SENT TO THE FEEDLOT IN THEIR NAME AND THEY DIDN'T CASH THEM APPROPRIATELY. WE HAD TO GO THROUGH A LENGTHY PROCESS TO GET THAT CORRECTED AND I THOUGHT IT WAS VERY PUZZLING AND VERY CONCERNING THAT I HAD OVER \$500,000 WORTH OF CATTLE AND THE FEEDLOT HAD THE CHECK IN ITS NAME. I HAD ALWAYS PAID ALL MY BILLS. I THINK THAT'S A PROBLEM THAT MAYBE WILL SURFACE AT SOME POINT IN THE INDUSTRY THAT WE'RE GOING TO HAVE TO LOOK AT AND DEAL WITH. BUT I STAND IN SUPPORT OF SENATOR SCHNOOR'S AMENDMENT. [LB176]

SENATOR KRIST: ONE MINUTE. [LB176]

SENATOR DAVIS: I THINK IT'S A GOOD PROPOSAL--THANK YOU, MR. SPEAKER--BECAUSE A MILLION DOLLARS, FOLKS, IS A LOT OF MONEY AND IT IS GOING TO

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HANG OUT THERE FOR SOME TIME ON THE AVERAGE TRADE. I'M TRYING TO REMEMBER NOW, IT'S BEEN A FEW YEARS SINCE I FED CATTLE, BUT, YOU KNOW, I THINK...AND WE WERE A FAIRLY LARGE OPERATOR BUT, YOU KNOW, I DON'T THINK I REMEMBER THAT...THE BILLS BEING MUCH MORE THAN ABOUT \$250,000 IN A MONTH, WHICH, BELIEVE ME, IS A TERRIBLE BLOW WHEN YOU HAVE TO COME UP WITH THAT CASH. BUT STILL, ON MY PARTICULAR OPERATION, THAT MILLION DOLLARS WOULD BE SEVERAL MONTHS. THAT SEEMS TO ME TO BE QUITE EXCESSIVE AND, YOU KNOW, MIGHT GIVE THE PACKERS SOME MANIPULATION OVER THE PROCESS. SO I WOULD STAND IN SUPPORT OF SENATOR SCHNOOR'S AMENDMENT. OF COURSE, I'M STILL OPPOSED TO THE BILL. I THINK IT'S JUST NOT A GOOD IDEA FOR NEBRASKA TO GO DOWN THIS ROAD. WE HEARD ABOUT HOW THIS IS A MORTGAGE LIFTER... [LB176]

SENATOR KRIST: TIME, SENATOR. [LB176]

SENATOR DAVIS: ...OR WAS A MORTGAGE LIFTER IN THE GOOD OLD DAYS. THANK YOU, MR. PRESIDENT. [LB176]

SENATOR KRIST: THANK YOU, SENATOR DAVIS AND SENATOR SCHILZ. SENATOR BLOOMFIELD, YOU ARE RECOGNIZED. [LB176]

SENATOR BLOOMFIELD: THANK YOU, MR. PRESIDENT. COLLEAGUES, THAT LAST VOTE TELLS US ONLY ONE THING THAT I CAN REALLY BE CLEAR OF AND THAT'S THERE'S 14 OF US HERE THAT REALLY DON'T WANT TO TALK ABOUT ANYTHING ELSE THIS SESSION, SO THAT'S PROBABLY WHERE WE'RE GOING TO END UP. I'VE NEVER...I DON'T KNOW THAT I'VE EVER SEEN 14 PRESENT AND NOT VOTING BEFORE, BUT THAT IS A HIGH NUMBER. WE SPENT A LOT OF TIME IN EARLIER DEBATE TALKING ABOUT WHAT PEOPLE THAT CAME TO THE COMMITTEE HAD TO SAY. I WOULD ASK YOU TO GO BACK AND LOOK AT THE COMMITTEE REPORT AND SEE HOW MANY MORE PEOPLE CAME IN AND TESTIFIED IN OPPOSITION TO THIS BILL THAN THERE WERE IN SUPPORT OF IT. THEY TALKED ABOUT PEOPLE FROM IOWA COMING OVER AND SUPPORTING THE BILL. WELL, THERE WAS A CONTINGENCY FROM IOWA ALSO THAT OPPOSED THE BILL AND FOR A LOT OF THE REASONS WE'VE DISCUSSED ALREADY THIS MORNING OR THE AFTERNOON NOW AS IT GOES ON, AND THAT'S THE POLLUTION THAT OCCURRED IN IOWA THAT MADE THEIR WATER UNFIT TO DRINK. IT MADE THEIR HIGHWAYS WHEN IT RAINS PARTICULARLY DANGEROUS TO DRIVE ON BECAUSE OF MANURE SPILLS ON THE ROAD SURFACE AROUND THESE LARGE FACILITIES. THERE ARE A MULTITUDE OF REASONS NOT TO FORCE OUR WAY INTO THIS PROCESS. WE

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SPENT A LOT OF TIME EARLIER THIS SESSION DEBATING LB106, WHICH WOULD HAVE ALLOWED THESE SAME ENTITIES TO PRETTY MUCH REGULATE WHERE THEY COULD PUT THEM. WE MANAGED TO GET THAT WATERED DOWN TO WHERE THE COUNTIES WILL STILL HAVE SOME CONTROL. THAT WASN'T THE INTENT OF THESE BIG PRODUCERS WHEN THE BILLS WERE INTRODUCED. MONSTROUS CORPORATE...PARTICULARLY FOREIGN-OWNED CORPORATE AGRICULTURE IS NOT IN THE BEST INTEREST OF INDEPENDENT NEBRASKANS. I DON'T KNOW AT WHAT POINT WE TOTALLY WANT TO LAY DOWN OUR INDEPENDENCE AND SAY, WELL, WE'RE A MEMBER OF A WORLD. THE ONE WORLD GOVERNMENT THING DOESN'T SEEM TO WORK. I DON'T KNOW THAT ONE WORLD PORK PRODUCTION WORKS. SENATOR FRIESEN MENTIONED THAT THE PORK WILL GO WHERE THE MARKET IS. IF THE PORK IS OWNED BY CHINA, NO MATTER WHAT THE MARKET IS, IF CHINA NEEDS THE PORK THAT'S WHERE IT'S GOING. IF YOU THINK THIS IS GOING TO REDUCE THE PRICE OF A PORK CHOP ON YOUR PLATE WHEN THE HOGS ARE OWNED BY CHINA AND THERE ARE HUNGRY CHINESE IN THE WORLD, YOU'RE SADLY MISTAKEN. THANK YOU, MR. PRESIDENT. [LB176 LB106]

SENATOR KRIST: THANK YOU, SENATOR BLOOMFIELD. SENATOR SULLIVAN, YOU'RE RECOGNIZED. [LB176]

SENATOR SULLIVAN: THANK YOU, MR. PRESIDENT. AND GOOD AFTERNOON, COLLEAGUES. AS I INDICATED EARLIER, I JUST FEEL THAT THERE ARE A LOT OF DETAILS ABOUT LB176 THAT STILL NEED TO BE WORKED OUT AND, THEREFORE, AT THIS POINT IN THE PROCESS I WOULD THINK THAT THERE WOULD BE A LOT TO BE SAID FOR TAKING THIS BACK TO THE AGRICULTURE COMMITTEE TO WORK OUT SOME OF THOSE DETAILS. THIS IS NOT ABOUT BAD-MOUTHING CHINA. THIS IS EVEN NOT ABOUT CHINA BUYING SOME HOGS. THIS IS ABOUT LEVELING THE PLAYING FIELD WITH THE PRODUCER, AND TRULY THE PRODUCER MEANING THE PRODUCER WHO OWNS THE LIVESTOCK AND THE PROCESSOR TO WHOM THAT PRODUCER MIGHT SELL HIS LIVESTOCK. SO I THINK ONE OF THE DETAILS THAT REALLY NEEDS TO BE WORKED OUT IN THIS IS HOW THESE CONTRACTS WOULD ULTIMATELY WORK. IT WAS MENTIONED EARLIER THAT IN IOWA SOME ELEMENTS OF THE CONTRACTS ARE PUT ON A WEB SITE. WELL, I SUSPECT THAT THAT IS JUST MAYBE THE TIP OF THE ICEBERG THAT CLEARLY THERE WOULD NOT BE ALL DETAILS OF A CONTRACT BETWEEN A PACKER AND A PRODUCER PUT ON A WEB SITE. AND, FURTHERMORE, I'M NO ATTORNEY BUT I DO KNOW THAT CONTRACT LAW IS A VERY COMPLICATED AREA OF THE LAW. AND SO TO MAKE IT SOUND OVERSIMPLISTIC JUST TO PUT THAT CONTRACT ON A WEB SITE, I THINK THAT COVERS UP SOME OF THE

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DETAILS. AND CLEARLY IN THESE CASES, THE DEVIL WOULD BE IN THE DETAILS. IT WAS ALSO MENTIONED THAT MAYBE THERE SHOULD BE...I THINK SENATOR RIEPE MENTIONED SOMETHING ABOUT A PRODUCER'S BILL OF RIGHTS. WELL, CERTAINLY, THAT WOULD BEAR LOOKING AT AS WELL, BUT THAT'S NOT IDENTIFIED IN THIS LEGISLATION. AND I THINK THAT, TOO, WOULD BEAR SOME FURTHER DISCUSSION TO LOOK OUT FOR THE PRODUCER. WE KEEP TALKING ABOUT THE PRODUCER. KEEP IN MIND, THESE CONTRACTS, BY AND LARGE, ARE ALL IN FAVOR OF THE PROCESSOR. THAT'S WHO WANTS THESE CONTRACTS. THERE'S A PROFESSOR AT UNL, DAVE AIKEN, WHO'S BEEN THERE FOR MANY, MANY YEARS AND WORKS IN THE AREA OF AGRICULTURAL LAW. AND I THINK HIS FIRST TAKE ON HIS ASSESSMENT OF LB176 WAS, IN LIGHT OF SOME OF THE LACK OF RESTRICTIONS OR DESCRIPTIONS AND IDENTIFIERS IN FEDERAL POLICY, LB176 FAILS TO CONTAIN CONTRACT PROVISIONS TO PROTECT THE INTERESTS OF PORK PRODUCERS. AGAIN, I'M NOT AN ATTORNEY. I HAVEN'T LOOKED AT CONTRACT LAW. NEITHER HAVE I LOOKED AT SOME OF THE FEDERAL POLICIES. BUT AGAIN, WHEN YOU LOOK AT--AND AIKEN REFERS TO THIS--THE USDA'S GRAIN INSPECTION, PACKERS AND STOCKYARDS ADMINISTRATION STANDARDS, WHEN YOU LOOK AT THOSE STANDARDS IN RESPECT TO WHAT'S GOING ON WITH THE POULTRY INDUSTRY, THOSE STANDARDS FAIL TO RESTRICT INTEGRATORS FROM RETALIATING AGAINST GROWERS TO JOIN GROWER ASSOCIATIONS, TO SHARE INFORMATION ABOUT THEIR CONTRACTS WITH OTHER GROWERS, TO SPEAK OUT PUBLICLY ABOUT GROWER PROBLEMS AND ISSUES; OR TO PARTICIPATE IN STATE OR FEDERAL LEGISLATIVE EFFORTS THAT DEAL WITH POULTRY ISSUES AND PRACTICES. I WOULD VENTURE TO GUESS THAT WITHOUT CLEAR AND CONCISE DETAILS ABOUT HOW THESE CONTRACTS WOULD OPERATE HERE IN NEBRASKA, WE WOULD FIND OURSELVES IN THOSE SAME SITUATIONS WITH RESPECT TO PORK PRODUCERS. SO I STILL FIND MYSELF BEING VERY CONCERNED ABOUT THE FACT THAT THIS TRULY TIPS THE SCALES IN FAVOR OF THE PROCESSOR. THAT'S WHO WANTS IT. THEY'RE NOT GOING TO THE PRODUCER TO PAY MORE. THEY'RE GOING TO THE PRODUCER BECAUSE IT WORKS IN FAVOR OF THE PROCESSOR. [LB176]

SENATOR KRIST: ONE MINUTE. [LB176]

SENATOR SULLIVAN: THANK YOU, MR. PRESIDENT. AND, AGAIN, I STAND IN SUPPORT OF SENATOR SCHNOOR'S AMENDMENT, BUT STILL IN OPPOSITION TO LB176. THANK YOU. [LB176]

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SENATOR KRIST: THANK YOU, SENATOR SULLIVAN. SENATOR SCHUMACHER, YOU ARE RECOGNIZED. [LB176]

SENATOR SCHUMACHER: THANK YOU, MR. PRESIDENT AND MEMBERS OF THE BODY. WOULD SENATOR SCHILZ YIELD TO A QUESTION OR TWO? [LB176]

SENATOR KRIST: SENATOR SCHILZ, WILL YOU YIELD? [LB176]

SENATOR SCHILZ: YES. [LB176]

SENATOR SCHUMACHER: SENATOR SCHILZ, THERE'S BEEN SOME CONCERN ARTICULATED THAT THE PACKERS WOULD CONDUCT DISCRIMINATORY CONTRACTS, BLACKBALL CERTAIN PRODUCERS, SHAME CERTAIN PRODUCERS INTO BAD DEALS. IS THERE ANYTHING IN THIS PARTICULAR ACT THAT TAKES ACTIONS OF THE PRODUCERS OUTSIDE OF NEBRASKA'S ANTICOMPETITIVE STATUTES, LIKE THOSE IN 59-800 THAT MAKES IT ILLEGAL TO DO SUCH THINGS? [LB176]

SENATOR SCHILZ: NO. ALL OF THAT IS NOT TOUCHED BY THIS BILL. THAT'S ALL IN PLACE AS IS THE FEDERAL PROTECTIONS TOO. [LB176]

SENATOR SCHUMACHER: SO, BASICALLY, THERE IS RECOURSE IF THAT WOULD HAPPEN? [LB176]

SENATOR SCHILZ: THAT IS CORRECT, MY UNDERSTANDING. [LB176]

SENATOR SCHUMACHER: OKAY. THANK YOU, SENATOR SCHILZ. THIS DISCUSSION TODAY IS INTERESTING BECAUSE IT KIND OF BEGINS TO FORESEE NEBRASKA'S FUTURE. WHEN I WAS GROWING UP, FARMS WERE 160, 320 ACRES IN OUR PART OF THE COUNTRY. EVERYBODY HAD ABOUT 18 HOGS, SOWS, A FEW MILK COWS, A BUNCH OF CHICKENS THAT YOU HATED TO CLEAN. AND THAT WAS FARMING. A LITTLE TRACTOR THAT COULD DO A FOUR-ROW OR TWO-ROW OPERATION UP AND DOWN AND YOU SPENT ALL DAY TO GET 40 ACRES CULTIVATED. WELL, THAT'S ALL CHANGED AND IT'S CHANGED BECAUSE AGRICULTURE HAS GOTTEN BIGGER, IN FACT, MUCH, MUCH BIGGER. IT IS NOW BIG, MULTIMILLION-DOLLAR-A-YEAR BUSINESS. AND NOTHING THAT THE LEGISLATURE OR ANYONE ELSE COULD DO COULD STOP THAT. EVEN AN INITIATIVE BY THE PEOPLE COULDN'T STOP THAT. AND THAT'S THE WAY LIFE IS GOING TO BE. WE HAVE NOW DYNASTY

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FARMS, A FEW FAMILIES OWNING GREAT PORTIONS OF MANY OF OUR COUNTIES. SOMETIMES IT'S A BIG CORPORATION OR A CHURCH, BUT IN MY PART OF THE COUNTRY IT'S A FEW FAMILIES AND THEY'RE GROWING. AND SOMEHOW THEY'RE DELUDED INTO THINKING THAT IF THEY GO TO THE RIGHT ESTATE PLANNING LAWYER THAT THEIR DYNASTY WILL BE LIKE SOUTHFORK ON DALLAS AND GO ON FOREVER AND EVER. AND WE ALL KNOW THAT'S NOT GOING TO HAPPEN BECAUSE HEIRS FIGHT AND SUBDIVIDE THINGS. SO ULTIMATELY AS THEY REINCORPORATE INTO CORPORATE FARMING AND LLCs, EVENTUALLY THOSE CORPORATIONS ARE GOING TO BE BOUGHT BECAUSE THE REMOTE HEIRS AND THEIR GRANDCHILDREN WANT TO JUST SELL OUT FOR THE CASH. WE'RE RAPIDLY MOVING TO A CORPORATE AGRICULTURAL SYSTEM AND THERE'S NOTHING WE CAN DO TO STOP THAT. IT IS PART OF THE TREND. WHAT WE SEE HERE IN THIS PARTICULAR PIECE OF LEGISLATION IS AT LEAST AN ACKNOWLEDGMENT THAT THAT'S PART OF THE TREND, AND WE'RE GOING TO HAVE TO DEAL WITH REGULATING THAT TYPE OF AGRICULTURE BY REGULATORY MECHANISMS BY LAW JUST LIKE WE DO ALL KINDS OF OTHER MULTINATIONAL ENTERPRISES. IT'S NOT A HAPPY SIGHT, BUT IT MIGHT BE A HAPPY SIGHT AS WE SEE RURAL COMMUNITIES THAT USED TO BE VIABLE COMMUNITIES WHEN FARMING WAS WHAT IT WAS, NOW ALMOST INEXORABLY LOSING POPULATION AND THAT TREND IS NOT GOING TO BE TURNED AROUND. OUR CHALLENGE--AND I WISH WE HAD MORE TIME TO DO IT AND EVEN IN TWO TERMS IN THE LEGISLATION I HAD MORE TIME TO DO IT--IS HOW DO WE TAKE THAT DEPOPULATING PHENOMENA THAT EXISTS IN RURAL NEBRASKA AND THE ECONOMIES THAT ARE PROPELLING IT AND HOW DO WE TAKE A STRATEGIC MOVE TO DO SOMETHING SO THAT OMAHA, LINCOLN METRO IS NOT THE ONLY PLACE WHERE PEOPLE CHOOSE TO LIVE IN THIS STATE. WE DON'T HAVE TIME FOR THAT DISCUSSION. WE DON'T HAVE A FORUM FOR THAT DISCUSSION. BUT CERTAINLY THERE'S A WHOLE BIG AREA OF... [LB176]

SENATOR KRIST: ONE MINUTE. [LB176]

SENATOR SCHUMACHER: ...ROUGHLY 65 MILLION SQUARE MILES OF...65,000 SQUARE MILES OF RURAL NEBRASKA THAT NEEDS A POPULATION CENTER. AND MAYBE THERE'S A WAY SOMEHOW WE CAN FIGURE OUT TO DO THAT OVER THE NEXT FEW YEARS AND HOW WE CAN STRATEGICALLY BUILD THAT POPULATION CENTER SO THAT ALL THE POPULATION DOESN'T DRAIN TO THE EAST. BUT TIMES ARE CHANGING AND LB176 IS A HALLMARK OF THAT. THANK YOU. [LB176]

SENATOR KRIST: THANK YOU, SENATOR SCHUMACHER. SENATOR SCHNOOR, YOU'RE RECOGNIZED. [LB176]

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SENATOR SCHNOOR: THANK YOU, MR. PRESIDENT. SENATOR SCHILZ BROUGHT UP A FEW THINGS THAT I'D LIKE TO DISCUSS. TALKED ABOUT DIRECT AND INDIRECT OWNERSHIP AND HE BROUGHT UP SOME THINGS THAT ARE EXTREMELY CONFUSING TO A LOT OF PEOPLE IN THIS BILL. HECK, THEY ARE CONFUSING TO ME AND I FEED LIVESTOCK FOR A LIVING. BUT HE TALKED ABOUT HOW THEY USED TO RUN THEIR OPERATION AND THAT THEY WOULD GET THE CHECK FROM THE PACKER FOR SOMEBODY ELSE'S CATTLE AND I GUESS THAT'S DONE AT PLACES. WHERE I WORK OR THE PLACE I OWN, I DON'T THINK THERE'S A CATTLE FEEDER THAT WOULD EVER ALLOW THAT BECAUSE THEY OWN THE CATTLE, THEY OWN THE COMMODITY. SO THEY'RE GOING TO WANT THE CHECK AND THAT IS 100 PERCENT UNDERSTANDABLE. SO THEY HAVE DIRECT OWNERSHIP AND THEN THEY PAY ME FOR ANY FEED SUPPLIES OR ANY YARDAGE, IF YOU REMEMBER THAT TERM, WHICH IS BASICALLY THE RENT AND THE LABOR, AND THAT'S HOW I DO IT. THERE IS NO INDIRECT OWNERSHIP. BUT I STILL LOOK AT THIS AS CHANGING THIS FROM \$250,000 TO \$1 MILLION. SENATOR SCHILZ LOOKS AT THIS AS WE ARE PROTECTING THE PRODUCER WHICH, IN FACT, NOW THE PRODUCER... YOU'RE JUST THE LABORER, YES, YOU'RE GROWING THEM, BUT YOU DON'T OWN ANYTHING. IT JUST ALLOWS THAT PACKER TO HAVE MORE OF A COST THAT HE CAN TAKE ON HIMSELF. SO THIS IS ALL DESIGNED FOR THE PACKER. THIS IS NOT WRITTEN OR DESIGNED FOR THE PERSON THAT OWNS THE BUILDINGS OR THE PERSON THAT'S DOING ALL THE WORK. THEY WANT YOU TO BELIEVE THAT THIS IS A BENEFIT FOR THEM, BUT IT IS NOT. IT IS A BENEFIT FOR THE BIG INDUSTRY. AND AS SENATOR SCHUMACHER SAID AND I THINK SENATOR FRIESEN HAD SAID, YOU KNOW, IS THAT THE WAY OUR INDUSTRY IS GOING? YES, IT IS, UNFORTUNATELY. IS IT INEVITABLE? IT MIGHT BE. BUT I GUESS WHILE I'M HERE, I WILL DO MY PART TO TRY AND STOP THAT AND AT LEAST SLOW IT DOWN. AND, HOPEFULLY, I CAN CONVINCED A FEW PEOPLE HERE TODAY THAT THIS IS NOT GOOD LEGISLATURE FOR THE PEOPLE. THIS IS BAD FOR OUR FARMERS. THIS IS GOOD FOR BIG BUSINESS, GOOD FOR BIG INDUSTRY. BUT MY AMENDMENT JUST... I LOOK AT IT AS IT JUST PROTECTS THEM FARMERS. IT BRINGS THIS DOLLAR VALUE DOWN TO A BETTER, MANAGEABLE AMOUNT, YOU KNOW, IF YOU CAN CALL A QUARTER OF A MILLION DOLLARS MANAGEABLE. EVEN THAT'S STILL A LOT OF MONEY. SO I JUST ASK YOU TO SUPPORT THIS AMENDMENT, MAKE THE BILL A LITTLE BIT BETTER. YOU KNOW, OBVIOUSLY, IT'S MY AMENDMENT, SO I'M GOING TO SUPPORT IT. BUT I WILL STILL STAND AGAINST LB176 AND I WILL STILL CONTINUE TO TALK AND TRY TO CONVINCED MORE THAT THIS IS JUST NOT GOOD FOR OUR ECONOMY. [LB176]

SENATOR KRIST: TIME, SENATOR. [LB176]

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SENATOR SCHNOOR: THANK YOU. [LB176]

SENATOR KRIST: THANK YOU, SENATOR SCHNOOR. SENATOR SCHILZ, YOU'RE RECOGNIZED. [LB176]

SENATOR SCHILZ: THANK YOU, MR. PRESIDENT AND MEMBERS OF THE BODY. IT WAS INTERESTING WHAT SENATOR SCHNOOR SAID. SENATOR SCHNOOR RUNS HIS BUSINESS DIFFERENTLY THAN I DO MINE. AND GUESS WHAT? THAT'S OKAY. IT'S ALL RIGHT. AND THAT'S THE WAY IT SHOULD BE. SO LET'S THINK ABOUT THIS A LITTLE BIT. JUST BECAUSE SENATOR SCHNOOR THINKS THAT THAT'S TOO MUCH MONEY, DOES THAT REALLY CONSTITUTE A REASON FOR MOVING IT BACK FROM \$1 MILLION TO \$250,000? MAYBE IT DOESN'T AFFECT HIS OPERATION. I DON'T KNOW, I DON'T ASK PEOPLE HOW THEY DO THINGS. BUT HE MENTIONED THAT HE AUTOMATICALLY GIVES THAT MONEY RIGHT BACK TO THOSE PRODUCERS. AND THAT'S FINE. THAT'S GREAT. RUN YOUR BUSINESS HOW YOU SEE FIT. GET TO MAKE THE DECISIONS TO MAKE YOUR BUSINESS OPERATE AS BEST IT CAN WITH YOU. I'M NOT TRYING TO TELL SENATOR SCHNOOR HOW TO DO HIS BUSINESS. BUT IF HE MOVES THAT FROM \$1 MILLION TO \$250,000, HE WILL BE TELLING MANY PEOPLE HOW THEY SHOULD OR SHOULDN'T DO THEIR BUSINESS OR RUN THEIR OPERATION. AND I STILL WANT TO KNOW, WHAT'S THE PROBLEM WITH BIG OPERATIONS? I'D LOVE TO HAVE BIG OPERATIONS DEFINED. I DON'T THINK IT'S DEFINED ANYWHERE. IF YOU'RE A 20,000 HEAD FEEDYARD RIGHT NEXT TO 100,000 HEAD FEEDYARD, WELL, WHAT'S BIG? A HUNDRED THOUSAND HEAD SEEMS PRETTY BIG. BUT IF YOU'RE A 20,000 HEAD FEEDYARD NEXT TO A 5,000 HEAD FEEDYARD, THAT CAN LOOK PRETTY BIG TOO. THESE ARE ALL SUBJECTIVE THINGS THAT WE'RE HEARING HERE, FOLKS. AND THESE ARE THINGS THAT GOVERNMENT SHOULD NOT GET INTO. IF YOU WANT TO GROW YOUR COMPANY AND MAKE IT WORK AND MAKE IT AS BIG AS YOU CAN, FOLKS, ISN'T THAT WHAT WE USED TO CALL OR WHAT WE STILL CALL THE AMERICAN DREAM? MY GRANDFATHER WAS THE OLDEST OF 12 CHILDREN. HE MOVED FROM McCOOK, NEBRASKA, IN THE LATE '30s, EARLY '40s BECAUSE THE FARM THAT THEY HAD COULDN'T SUSTAIN HIM AND ALL OF HIS SISTERS AND BROTHERS. SO HE CAME TO BRULE, NEBRASKA, AND HE GOT A JOB WITH A GUY THAT OWNED SIX RANCHES IN THE SANDHILLS. SOME OF YOU MIGHT BE FAMILIAR WITH HIS NAME, IT WAS GEORGE MCGINLEY. DON MCGINLEY USED TO BE LIEUTENANT GOVERNOR AND CONGRESSMAN FOR THIS STATE. GEORGE MCGINLEY OWNED SIX DIFFERENT RANCHES IN THE '20s AND '30s. WHAT HE WOULD DO IS HE WOULD BRING THOSE CATTLE DOWN TO THE FEEDYARD AT BRULE AND HE WOULD FEED THOSE CATTLE, AND THEN HE WOULD TAKE THEM TO OMAHA AND DENVER TO THE STOCKYARDS AND HE WOULD SELL THEM. NINETEEN

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TWENTY-THREE, HE WAS OWNING THOSE CATTLE ALL THE WAY THROUGH UNTIL THEY GOT TO THE PACKER. WAS THAT WRONG AT THE TIME? NO. THAT WAS JUST GOOD BUSINESS. IT MADE SENSE, AND IT WORKED. WHAT I WANT TO DO IS OPEN THE DOOR SO THAT BUSINESS CAN MAKE SENSE FOR MORE THAN ARE IN IT RIGHT NOW BECAUSE THAT'S WHAT WE NEED IN NEBRASKA. WE HAVE TO HAVE THAT, FOLKS. IF YOU WANT ALL THESE THINGS THAT SOME PEOPLE ESPOUSE THEY WANT, PROPERTY TAX RELIEF, GOOD ROADS, LOCAL CONTROL, YOU NEED TO HAVE PEOPLE MOVING INTO YOUR DISTRICT. YOU NEED TO HAVE PEOPLE STARTING BUSINESSES. YOU NEED TO HAVE PEOPLE TAKING THE RISKS IN WHATEVER FORM THEY DEEM NECESSARY TO BE SUCCESSFUL. [LB176]

SENATOR KRIST: ONE MINUTE. [LB176]

SENATOR SCHILZ: SO IF A PERSON OR AN ENTITY WANTS TO OWN 100,000 HEAD FEEDYARD AND THEY COMPLY WITH ALL THE RULES AND REGULATIONS AND ALL THE ENVIRONMENTAL STUFF, MORE POWER TO THEM. IF THEY WANT TO OWN A 5,000 HEAD FEEDYARD OR A 2,000 HEAD FEEDYARD OR FEED 1,500 HOGS OR 10,000 HOGS OR A MILLION HOGS, AS LONG AS THEY FOLLOW THE RULES AND THEY DON'T CAUSE ISSUES, SHOULD WE STOP THEM? I THINK THE ANSWER IS NO. AND IF YOU REALLY LOOK AND REALIZE AND LOOK DEEP DOWN INTO YOUR HEART, YOU WOULD WANT THE SAME OPPORTUNITY AS WELL. AND YOU DON'T WANT THE STATE TO DECIDE THAT YOU'RE, QUOTE UNQUOTE, TOO BIG. THANK YOU, MR. PRESIDENT. [LB176]

SENATOR KRIST: THANK YOU, SENATOR SCHILZ. THOSE STILL WISHING TO SPEAK: SENATOR DAVIS AND SENATOR BLOOMFIELD. SENATOR DAVIS, YOU ARE RECOGNIZED. [LB176]

SENATOR DAVIS: THANK YOU, MR. PRESIDENT. I'VE ENJOYED LISTENING TO WHAT HAS BEEN SAID HERE TODAY. AS YOU KNOW, I'M STILL RISING IN SUPPORT OF THE AMENDMENT AND OPPOSED TO THE BILL. BUT I THINK THERE ARE SOME THINGS THAT I'D LIKE TO GO BACK AND TALK ABOUT. IN THE 90'S AT THE TIME THAT THE PORK INDUSTRY BASICALLY COLLAPSED IN THE STATE OF NEBRASKA AND WE HAD A LOT OF PEOPLE THAT HAD A LOT OF SMALL LITTLE HERDS OF HOGS ON THE PLACE. AND WE HEARD IN HERE ABOUT THE...I GUESS WE'LL CALL IT THE RAPID INCREASE IN POPULATION IN THE HOG INDUSTRY--WHICH IS QUITE DIFFERENT FROM THE CATTLE INDUSTRY--A SIGNIFICANT CHANGE THERE, SIGNIFICANT DIFFERENCE. BUT ANYWAY, ALL THOSE LITTLE INDEPENDENT PEOPLE THAT WERE PRODUCING HOGS FOR THE MARKET, THE FREE MARKET,

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THE INDEPENDENT MARKET THAT EXISTED AT THE TIME ALSO WERE DEALING WITH PEOPLE WHO HAD CONTRACTS WITH SOME OF THESE BIG PACKING OUTFITS. SO EVERYTHING WAS DONE ON THE BASIS OF THE FUTURES MARKET AND PEOPLE LOCKED IN THEIR PRICES FOR SOME TIME. SO WHAT I OBSERVED AT THE TIME WAS, WHEN THE MARKET COLLAPSED AND HOGS LITERALLY WENT TO LIKE \$5, YOU COULD BUY A WHOLE HOG FOR FIVE BUCKS. AND YOU HEARD ME TALK A LITTLE BIT ABOUT THE JOKE ABOUT THE PANELS BEING STOLEN AND THE HOG'S STILL THERE WHEN THE PERSON HAD A SIGN ON THE HIGHWAY THAT SAID "FREE." BUT ANYWAY, THE FREE MARKET PEOPLE WERE OUT OF LUCK. THEY WERE DONE. THE MARKET FELL OUT OF BED AND THEY WERE WIPED OUT. BUT THE PEOPLE THAT HAD THE CONTRACTS, THEY WERE STILL GETTING THE PRICE THAT THEY HAD BEEN PROMISED, SO THEY SURVIVED. SO HOW DOES THAT REFLECT ON THE CONVERSATION THAT WE'RE HAVING TODAY? THERE'S NOTHING THAT SAYS THAT WOULDN'T HAPPEN AGAIN, EXCEPT THERE'S HARDLY ANY MARKET LEFT ANYMORE. WE USED TO HAVE A...THE PACKERS AND STOCKYARDS ACT OF 1921 CAME OUT BECAUSE THE FEDERAL GOVERNMENT WAS CONCERNED THAT THERE WAS TOO MUCH CONCENTRATION IN THE AGRICULTURAL INDUSTRY AND THE PACKING INDUSTRY. AND THERE WERE I THINK FOUR OR FIVE BIG PACKERS AT THE TIME, AND SO THESE RULES WERE PUT IN PLACE TO TRY TO PROTECT COMPETITION, PRESERVE THE MARKETS, AND KEEP THINGS OPEN. WELL, TODAY WE'VE MOVED COMPLETELY AWAY FROM THAT MODEL. NOW WE'RE MUCH MORE INTO A MODEL OF CONTROLLED OLIGOPOLY STRUCTURES. THAT JUST REALLY IMPEDES PEOPLE GETTING IN EARLY AND IN THE LONG RUN. AND SO HERE'S THE WAY I LOOK AT THIS HAPPENING. SO WE'VE GOT THE PEOPLE THAT HAVE THE CONTRACTS. AND WHO ELSE ARE THEY GOING TO COMPETE WITH IN NEBRASKA? WELL, THEY'RE GOING TO COMPETE WITH THE OPEN MARKET PEOPLE. SO THE OPEN MARKET PEOPLE ARE GOING TO HAVE TO BE A LITTLE BIT MORE ON TOP OF THINGS AND ABLE TO STAND A LITTLE BIT MORE RISK THAN THE PEOPLE THAT ARE IN THE CONTRACTS. SO OVER TIME THOSE FOLKS ARE PROBABLY GOING TO BE PUSHED OUT. YOU KNOW? DAD WILL RETIRE AND THE KIDS SAY, I DON'T WANT THE RISK. I DON'T WANT TO COME BACK TO THE FARM AND DO THAT, BUT I MIGHT COME BACK AND ENTER THE CONTRACT. WE END UP REDUCING OUR MARKET CONSTANTLY, CONSTANTLY, CONSTANTLY. YOU'VE GOT TO HAVE A MARKET, FOLKS, IN ORDER TO SET A PRICE. AND NEBRASKA HAS BEEN THE MARKET IN THE BEEF INDUSTRY FOR YEARS BECAUSE TEXAS AND KANSAS AND OKLAHOMA HAVE LONG SINCE DONE AWAY WITH PACKER BAN ON OWNERSHIP. SO THERE'S NOT MUCH OF A MARKET LEFT THERE ANYMORE, SO THEY RELY A LOT ON NEBRASKA FOR THE MARKET. SO, YOU KNOW, WE'VE...ONE OF THE REASONS I'M CONCERNED ABOUT THIS BILL IS, EVEN IF I THOUGHT IT WAS

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GOOD FOR THE PORK INDUSTRY--WHICH I DON'T THINK--I DO THINK IT'S THE CAMEL'S NOSE UNDER THE TENT--AND YOU ALWAYS HEAR THAT EXPRESSION. AND SOON WE'RE GOING TO BE SEEING THE SAME THING IN HERE BECAUSE WE'RE GOING TO HAVE PEOPLE SAYING, WELL, I WANT TO HAVE A DEAL WITH TYSON FOODS BUT I JUST CAN'T DO IT BECAUSE OF NEBRASKA'S LAWS. THAT'S A CONCERN OF MINE. IF YOU TAKE A LOOK AT THE CHICKEN INDUSTRY, CHICKENS WERE SOMETHING THAT...YOU HEARD DISCUSSION HERE EARLIER ABOUT HOW THE CHICKENS WERE ALL RAISED ON...EVERYBODY HAD A FEW CHICKENS. WE ALWAYS HAD 300 CHICKENS AT OUR PLACE. BELIEVE ME, NOBODY LIKED IT IN THE FALL WHEN THOSE ALL HAD TO BE CLEANED, BUT, YOU KNOW, IT WAS ONE OF THE SACRIFICES THAT PEOPLE HAD TO PUT UP WITH. [LB176]

SENATOR KRIST: ONE MINUTE. [LB176]

SENATOR DAVIS: THANK YOU, MR. PRESIDENT. SO THE CHICKEN INDUSTRY HAS BECOME EXTREMELY VERTICALLY INTEGRATED, TO THE POINT THAT IT'S EVEN HARD TO GET A CONTRACT SOMETIMES WITH THOSE PEOPLE. BUT THE CONTRACT THAT THOSE FOLKS SIGN UP FOR IS VERY RESTRICTIVE IN TERMS OF WHAT THEY CAN AND CAN'T DO. YOU ALL MAY REMEMBER A FEW MONTHS AGO I PUT A PIECE OUT THAT CAME OUT IN THE THE NEW YORK TIMES ABOUT THE CONDITIONS IN SOME OF THE CHICKEN PLACES. I BELIEVE IT WAS IN FLORIDA, MAYBE NORTH CAROLINA. BUT IN THAT PARTICULAR CASE, THE CONTRACT EVEN SPECIFICALLY SAID TO THIS CHICKEN GROWER, YOU ARE NOT ALLOWED TO TALK TO THE MEDIA. HE DID IT ANYWAY AND BROUGHT THE MEDIA IN AND LOOKED AT THE FACILITY. IS THAT DEMOCRACY AND IS THAT WHAT IS GOOD FOR NEBRASKA? NO. BAD BILL, GOOD AMENDMENT. THANK YOU, MR. PRESIDENT. [LB176]

SENATOR KRIST: THANK YOU, SENATOR DAVIS. SENATOR BLOOMFIELD, YOU'RE RECOGNIZED. [LB176]

SENATOR BLOOMFIELD: THANK YOU, MR. PRESIDENT. I'VE GOT A LETTER HERE THAT CAME TO THE COMMITTEE. IT'S FROM DON GOEBEL, GOEBEL FARMS, INC. THANK YOU FOR THE OPPORTUNITY TO TESTIFY TODAY. LB176 WILL HELP THE PORK PROCESSORS TAKE OVER WHAT'S LEFT OF THE HOG INDUSTRY IN OUR STATE. LB176 IS A GREAT DEAL FOR THE CHINESE. THEY WILL GET THE OWNERSHIP BENEFITS OF THE NEBRASKA HOG PRODUCTION. CONTRACTING IS NOT THE SAME AS HAVING A REAL MARKET. CONTRACTING IS THE OPPOSITE OF WHAT A MARKET IS SUPPOSED TO DO. IT PULLS DOWN THE SHADES SO NO ONE

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KNOWS FOR SURE WHO PAID WHAT FOR THE HOG. LB176 WILL BRING MORE CONTRACTING TO NEBRASKA. MORE CONTRACTING MEANS THE BIG WILL GET BIGGER AND THE LITTLE GUY WILL GET SHUT OUT. I ASK THE COMMITTEE NOT TO ADVANCE LB176. DON GOEBEL. COLLEAGUES, I GO BACK TO THE INDEPENDENT OPERATOR. THIS WILL BE THE DEATH KNELL FOR THE GUY THAT WANTS TO RAISE 400 OR 500 HOGS A YEAR. YOU'RE BEING TOLD HE'S ALREADY DEAD AND GONE. HE'S NOT. THERE ARE A NUMBER OF THEM IN MY DISTRICT. BUT IF THEY HAVE NO PLACE TO GO WITH THE LIVESTOCK ONCE THEY GET IT PRODUCED, THEIR FAMILY CAN'T EAT THEM ALL. AND WE'RE TOLD HOW IT'S SUCH A GREAT DEAL THAT IOWA IS GETTING THIS NEW PLANT AND IT'S BECAUSE WE HAVE THIS OUTDATED LAW. HERE'S THE REAL REASON. THIS IS OUT OF THE SIoux CITY JOURNAL. THE CITY AND STATE PLEDGED MILLIONS OF DOLLARS IN TAX AND JOB TRAINING INCENTIVES TO LAND THE PLANT. THE NEGOTIATED DEAL IS CONTINGENT ON THE CITY COUNCIL AND IOWA ECONOMIC DEVELOPMENT AUTHORITY GIVING FINAL APPROVAL AT SEPARATE MEETINGS NEXT WEEK. THEY WENT TO WHERE THEY COULD GET THE BIGGEST TAX BREAK. I THINK SENATOR SCHUMACHER USED TO CALL THIS A RACE TO THE BOTTOM WHEN WE WERE COMPETING TO GET INDUSTRIES INTO OUR STATES. I SUPPOSE IF WE'D RUSHED UP THERE AND OFFERED THEM 500 ACRES OF LAND AND FREE ELECTRICITY AND EVERYTHING ELSE FOR THE FIRST TEN YEARS AND NO TAXES, MAYBE THEY WOULD HAVE CONSIDERED COMING TO NEBRASKA ON IT. BUT, AGAIN, THIS IS NOT A COMPANY THAT IS GOING TO BUY ANYTHING FROM THE LOCAL PRODUCER UP THERE. THEY WILL OWN THE HOG FROM THE TIME IT IS CONCEIVED IN THE BELLY OF THEIR SOW, WHICH THEY ALSO OWN, UNTIL IT GOES TO THE GROCERY SHELF. AND THEY WILL DETERMINE WHICH GROCERY STORE WILL GET THAT PORK CHOP. SO WHILE THIS WILL BRING SOME JOBS TO SIOUX CITY, THE QUALITY OF THE JOBS IS CERTAINLY IN QUESTION. AND JUST ANY OLD JOB, WHILE IT MAY BE BETTER THAN NO JOB, IS NOT ECONOMIC DEVELOPMENT. IN THIS CASE, SIOUX CITY IS VIRTUALLY GIVING AWAY THE FARM TO GET THIS IN. THEY HAD SOME PRIDE BACK IN THE DAY OF BEING THE MEAT PRODUCING CENTER OF THE COUNTRY. [LB176]

SENATOR KRIST: ONE MINUTE. [LB176]

SENATOR BLOOMFIELD: THAT HAS GONE AWAY. THIS IS A VAIN ATTEMPT TO TRY TO BRING SOME OF THAT BACK, BUT WITH NO BENEFIT TO THE PRODUCERS OTHER THAN THE PRODUCER-OWNERS THAT WILL OWN THIS FACILITY. THANK YOU, MR. PRESIDENT. [LB176]

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SENATOR KRIST: THANK YOU, SENATOR BLOOMFIELD. SENATOR GROENE, YOU'RE RECOGNIZED. [LB176]

SENATOR GROENE: THANK YOU, MR. PRESIDENT. I STAND IN SUPPORT OF SENATOR SCHNOOR'S AM1633. THE ORIGINAL BILL HAD THE \$250,000 IN IT. AND I'M AGAINST LB176, OF COURSE, BECAUSE OF FREE MARKET FACTORS AND SENTIMENTAL VIEW OF WHAT FAMILY FARMING AND FREE ENTERPRISE AND WHAT REALLY IS THE NEXT GENERATION HAS AN OPPORTUNITY TO CREATE WEALTH AND START A FARMING OPERATION. THIS MAKES SENSE IF WE'VE BEEN TOLD THIS IS FOR THE YOUNG FARMER WHO WANTS TO STAY HOME WITH HIS DAD AND PUT A CONFINEMENT BUILDING UP ON A CORNER OF THE QUARTER THEY'VE GOT, A 4,000 HEAD UNIT. TWO HUNDRED FIFTY THOUSAND DOLLARS WOULD COVER THAT, WOULD BE MORE THAN ADEQUATE TO GET THAT INDIVIDUAL INTO A CASH FLOW SITUATION. SO I DON'T UNDERSTAND WHY WE NEED A MILLION IF THIS IS...I DON'T UNDERSTAND WHY THE LANGUAGE ISN'T IN THE BILL THAT THIS IS FOR NEW OPERATORS, NEW FACILITIES. WHY DOESN'T IT LIMIT THE...IF IT LIMITS THE MONEY, WHY DOESN'T IT LIMIT THE AMOUNT OF HEADS THAT ONE INDIVIDUAL CAN CONTRACT WITH A...THAT WOULD MAKE SENSE. IF WE WANTED TO GET MORE INDIVIDUALS INVOLVED, WE WOULD PUT LIMITS ON THAT. BUT NO MATTER WHAT YOU LOOK AT, COMPLETE FREE MARKETS, WE WOULDN'T HAVE THIS BILL. WE WOULD ALLOW CORPORATIONS TO OWN THE CORNFIELD, OWN THE SOWS, OWN THE PIGLETS, OWN THE FACILITIES, OWN THE...ALL THE WAY TO THE END, CRADLE TO GRAVE. THEY WOULD ALLOW THEM TO...SMITHFIELD TO OWN THE GROCERY STORE TOO. WHY NOT? THAT'S TRUE FREE MARKETS. AND I'M A FREE MARKET GUY BUT EVERY GENERATION DESERVES A CHANCE AT CREATING THEIR OWN WEALTH. CORPORATIONS DON'T DIE, THEY GO ON AND ON AND ON. THEY DON'T PAY INHERITANCE TAX EITHER, BY THE WAY, BECAUSE THEY NEVER DIE. BUT I STAND IN OPPOSITION YET TO LB176 BECAUSE I DON'T SEE THE NEED FOR IT. WE'VE DISCUSSED THIS. THIS WAS BROUGHT HERE BY LARGE PACKERS WHO WANT TO INCREASE THEIR PROFIT. THAT IS FREE MARKET. AND IF THEY CAN CHANGE OUR LAWS, AND THEY CAN PUT MORE MONEY IN THEIR STOCKHOLDERS' POCKETS, MORE POWER TO THEM. BUT I DON'T WANT OUR COUNTRY AND OUR RURAL AREAS TO GO THAT WAY. WE JUST PASSED AN AGRITOURISM BILL. I DON'T THINK THEY WANT TO GO OUT...THEY CAN GO OVER TO IOWA AND SEE HOG CONFINEMENT, ONE RIGHT AFTER THE ANOTHER RIGHT UP AGAINST THE ROAD. I WOULD PREFER FREE MARKETS, THE LOCAL PEOPLE OWNING THE FACILITIES THAT HAVE TO LIVE AMONGST THEM. WHERE I HAVE...ONE OF MY...MY CABIN, A HOG CONFINEMENT WENT UP NOT FIVE, SIX, SEVEN MILES AWAY. I THOUGHT IT WAS FINE. THEY SAID IT WOULD NEVER

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SMELL. BUT THESE HEAVY MORNINGS, THESE HEAVY AIR WITH NO WIND, THAT SMELL COMES FLOATING DOWN THE RIVERBEDS, THE RIVER VALLEYS. THAT'S QUALITY OF LIFE ALSO. I CAN APPROACH THAT INDIVIDUAL AND ASK HIM WHAT'S GOING ON AND HE CAN SAY HE MADE A MISTAKE, LET TOO MUCH OF THE AFFLUENT PRODUCT OUT. AND I CAN UNDERSTAND THAT. I CAN WORK WITH HIM. A HUGE CORPORATION LIKE SMITHFIELD, I DON'T THINK THEY CARE. [LB176]

SENATOR KRIST: ONE MINUTE. [LB176]

SENATOR GROENE: THEY DON'T LIVE THERE. THEIR MANAGEMENT DON'T LIVE IN THOSE RURAL AREAS. THE FARMER DOES. I CAN WORK WITH HIM. BUT IF IT'S A CORPORATION THAT'S TELLING THAT FARMER WHAT TO DO AND WHAT DATE TO HAVE THAT PRODUCTION READY AND SQUEEZES HIS PROFIT MARGIN, HE MIGHT TRY TO GET AROUND SOME QUALITY BECAUSE HE'S GOT TO SURVIVE. SO ANYWAY, I SUPPORT SENATOR SCHNOOR'S AMENDMENT. LET'S GET IT BACK THERE. IF THIS IS FOR YOUNG FARMERS TO START OUT, \$250,000 IS PLENTY. THANK YOU. [LB176]

SENATOR KRIST: THANK YOU, SENATOR GROENE. SENATOR SCHNOOR, YOU'RE RECOGNIZED. [LB176]

SENATOR SCHNOOR: THANK YOU, MR. PRESIDENT. IT WAS BROUGHT UP EARLIER ABOUT WORLD MARKET AND THAT WE HAVE TO BE AWARE OF THAT. OH, THERE'S NO DOUBT ABOUT THAT, THAT WE ARE IN A WORLD MARKET. AND MOST OF THAT, IF NOT ALL OF IT, IS OUT OF OUR CONTROL HERE. BUT WHAT WE DO HAVE SOME CONTROL OVER IS WHO OWNS THE PRODUCT AND THAT'S WHAT THIS BILL IS ABOUT. DO WE WANT FARMERS IN NEBRASKA OWNING IT OR DO WE WANT THE CHINESE OWNING IT? I THINK WHAT WE GET DOWN TO IS THAT'S WHAT WE HAVE TO LOOK AT BECAUSE THAT'S WHAT THE FREE AND OPEN MARKET IS ALL ABOUT. IF YOU CAN'T OWN THE ASSET OR THE COMMODITY--IN THIS CASE, THE HOGS--THEN THAT FREE AND OPEN MARKET DISAPPEARS. AND IT'S KIND OF IRONIC AND A LITTLE SCARY, ACTUALLY, THIS BILL IS ABOUT PACKER OWNERSHIP OF HOGS. YET, NEARLY HALF OF OUR DISCUSSION HAS BEEN ABOUT CATTLE. SO I GUESS MY THOUGHT IS, WHAT IS THIS LEADING TO IN THE FUTURE? IF WE THEN ALLOW PACKER OWNERSHIP OF HOGS, ARE THOSE SAME PACKERS GOING TO COME AND SAY WE WANT LEGISLATION, WE WANT TO BE ABLE TO OWN THE CATTLE TOO? THAT'S WHAT I ENVISION HAPPENING, BECAUSE THEN WE ALWAYS TALK ABOUT LAWSUITS. IS THAT ANOTHER ONE

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THAT'S DOWN THE ROAD? OR IS THERE THEN A CONSTITUTIONALITY ISSUE? YOU KNOW, THAT'S HOW COMPLICATED THIS ALL GETS. SO THAT'S WHY WE SHOULDN'T EVEN ENACT THIS LEGISLATION TO BEGIN WITH BECAUSE, LIKE SENATOR McCOY HAD TALKED ABOUT EARLIER ABOUT INITIATIVE 300 WHEN THAT WAS RULED UNCONSTITUTIONAL, YOU KNOW, THAT WAS...I DON'T REMEMBER WHEN THAT HAPPENED. I CERTAINLY WASN'T FARMING THEN. BUT THAT IS, I FEEL, ONE OF THE WORST THINGS THAT HAPPENED TO NEBRASKA FARMS BECAUSE THAT PROTECTED THE FAMILY FARMS, BUT THAT WENT AWAY. AND NOW THERE'S MANY CORPORATIONS INVOLVED IN FARM ENTITIES. I WOULD SAY A LARGE MAJORITY OF THEM ARE FAMILY CORPORATIONS. [LB176]

SENATOR KRIST: ONE MINUTE. [LB176]

SENATOR SCHNOOR: THANK YOU, SIR. AND THAT IS MERELY FOR TAX PURPOSES. ARE THERE BIG CORPORATE GIANTS THAT OWN FARM GROUND? NOT THAT I'M AWARE OF. BUT THIS IS ONE STEP IN THE WRONG DIRECTION WHERE WE'LL HAVE BIG CORPORATE GIANTS OWNING LIVESTOCK. THE CHICKEN MARKET IS ALREADY CONTROLLED BY THE INDUSTRY. THE HOG MARKET WILL NOW BE CONTROLLED BY THE INDUSTRY. AND, MARK MY WORDS, BUT YOU'LL SEE THE CATTLE MARKET HERE SOON IF WE TAKE THIS STEP AND THAT WOULD BE A SHAME. [LB176]

SENATOR KRIST: TIME, SENATOR. [LB176]

SENATOR SCHNOOR: THANK YOU. [LB176]

SENATOR KRIST: THANK YOU, SENATOR SCHNOOR. SENATOR SULLIVAN, YOU'RE RECOGNIZED. [LB176]

SENATOR SULLIVAN: THANK YOU, MR. PRESIDENT. I THINK IT'S IMPORTANT TO REMEMBER WHAT LB176 IS. IN MY ESTIMATION, IT SIMPLY IS A MEATPACKER BILL THAT TRANSFERS OWNERSHIP, CONTROL, AND THE MAJORITY OF THE ECONOMIC BENEFITS OF PORK PRODUCTION IN NEBRASKA TO THE PORK PROCESSORS AT THE EXPENSE OF THE PORK PRODUCERS. THIS HAS BEEN A LONGSTANDING, COORDINATED EFFORT ON THE PART OF THE MEATPACKERS TO BEAT DOWN ALL STATE RESTRICTIONS ON THE DIRECT OWNERSHIP OF LIVESTOCK. THE MEATPACKERS DON'T WANT A HEALTHY, FUNCTIONING AGRICULTURAL MARKETPLACE. THEY DON'T WANT A MARKETPLACE THAT IS ACCESSIBLE, TRANSPARENT, AND COMPETITIVE AND FAIR. INSTEAD, THEY

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WANT A LOW-COST, DEPENDABLE, RAW MATERIAL PROCUREMENT SYSTEM THAT THEY CAN CONTROL. SO LET'S BE CLEAR ABOUT THIS. LET'S NOT BLAME THE STATE FOR PUTTING IN RESTRICTIONS. THE COMMENT WAS MADE, OKAY, THE PRODUCER IS GOING TO BE FINE AS LONG AS THEY FOLLOW THE RULES. WELL, WHOSE RULES? THE RULES WILL BE THOSE SET BY THE PROCESSOR, BY THE MEATPACKER. THE COMMENT HAS BEEN MADE, THIS IS INEVITABLE. THERE'S NOTHING WE CAN DO ABOUT IT. CAVE IN. I WOULDN'T SIGN A CONTRACT, BUT LET OTHERS DO IT. WELL, IT REMINDS ME OF ONE OF MY FAVORITE QUOTES BY MARGARET MEAD. NEVER UNDERESTIMATE THE ABILITY OF A SMALL GROUP OF PEOPLE TO CHANGE THE WORLD BECAUSE, IN FACT, THOSE ARE THE ONES THAT HAVE CHANGED THE WORLD. I'M NOT GOING TO CAVE IN JUST BECAUSE THIS APPEARS TO BE THE WAY OF THE WORLD AND THE WAY OF BIG BUSINESS. AND IT'S NOT ABOUT SMALL FARMS VERSUS BIG FARMS. IT'S ABOUT PRESERVING FREE ENTERPRISE AND IT IS ABOUT GOOD BUSINESS THAT SHOULD BE FAIR, THAT SHOULD BE TRANSPARENT, SHOULD BE A LEVEL PLAYING FIELD. SO I STAND IN FULL SUPPORT OF SENATOR SCHNOOR'S AMENDMENT, BUT STILL IN OPPOSITION TO LB176. THANK YOU, MR. PRESIDENT. [LB176]

SENATOR KRIST: THANK YOU, SENATOR SULLIVAN. SENATOR BAKER, YOU'RE RECOGNIZED. [LB176]

SENATOR BAKER: THANK YOU. I'VE ENJOYED LISTENING TO BOTH SIDES OF THIS THING AND SOMEONE JUST SUGGESTED TO ME, WHY DON'T YOU SPEAK TO THE ISSUE OF WHAT'S GOOD FOR THE CONSUMER. SO WITHOUT SAYING FURTHER, I'D LEAVE THAT TO BOTH PROPONENTS AND OPPONENTS TO ADDRESS THAT QUESTION OF HOW IS THIS GOING TO IMPACT THE CONSUMER? [LB176]

SENATOR KRIST: THANK YOU, SENATOR BAKER. SENATOR SCHILZ, YOU'RE RECOGNIZED. [LB176]

SENATOR SCHILZ: THANK YOU, MR. PRESIDENT. [LB176]

SENATOR KRIST: THIS IS YOUR THIRD TIME. [LB176]

SENATOR SCHILZ: THANK YOU. THANK YOU. OKAY. WE HEARD ABOUT SENATOR GROENE TALK ABOUT HOW SMITHFIELD DOESN'T CARE ABOUT THE ENVIRONMENT OR ANYTHING LIKE THAT. I DON'T KNOW WHERE HE KNOWS THIS FROM, BUT OKAY. THAT'S WHY IN THE BILL WE PRECLUDE ANY OF THE PROCESSORS FROM OWNING LAND OR OWNING FACILITIES, BECAUSE THAT WAY

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WE MAKE SURE THAT THE LANDOWNERS WHO CARE AND RESPECT THE LAND TAKE CARE OF IT. WE ASK WHAT THIS DOES FOR THE CONSUMER. I THINK YOU HEARD SENATOR FRIESEN TALK ABOUT HOW THIS WORKS OUT THERE. IF YOU WANT TO TALK ABOUT WHAT'S BEST FOR THE CONSUMER, TRULY BEST FOR THE CONSUMER, AS FEW MIDDLEMEN AS POSSIBLE MAKE THE PROCESS AS CHEAP AS POSSIBLE. SO WHEN YOU TALK ABOUT THAT, BE CAREFUL, BECAUSE IF YOU WANT IT TO BE CHEAP AND VALUE FOR THE CONSUMER, THE MODEL SAYS THAT YOU STREAMLINE IT AS MUCH AS POSSIBLE. AND WE DON'T NECESSARILY WANT TO DO THAT COMPLETELY BECAUSE WE UNDERSTAND THAT PEOPLE NEED TO MAKE A LIVING AT THIS. ONCE AGAIN, IF SENATOR SCHNOOR SAID IT'S CORRECT, AND IT'S ALL ABOUT THE LARGE PRODUCERS AND THEY'RE ALL FOR THIS AND IT'S PROFITABLE FOR THEM, THEN IT SHOULD ALSO BE PROFITABLE FOR SOMEBODY ELSE THAT GETS IN THE BUSINESS, AS LONG AS THEY OPERATE THEIR BUSINESS DECENTLY AND IN A GOOD MANNER. THEN SENATOR SCHNOOR SAYS, WELL, WHO OWNS THE PRODUCT? WELL, THE PRODUCER CAN OWN AS MUCH AS HE WANTS. THIS DOESN'T PRECLUDE THAT. A PRODUCER CAN BUY HOGS, FEED HOGS, AND SELL HOGS ON THE OPEN MARKET, LIKE I SAID BEFORE. SMITHFIELD TODAY IN EVERY STATE OUTSIDE OF NEBRASKA ONLY OWNS 50 PERCENT OF THE HOGS THAT THEY PROCESS. I DON'T THINK YOU'RE GOING TO SEE THAT CHANGE A WHOLE LOT. MAYBE, I DON'T KNOW, BUT I DON'T THINK SO. AND THEN LET'S TALK ABOUT IT. LET'S TALK ABOUT WHY WE TALK ABOUT CATTLE IN THIS BILL, BECAUSE EVERYONE HAS TOLD ME, WE DON'T WANT CATTLE TO BE PART OF THIS. THAT'S WHY CATTLE ARE IN THE BILL, TO PRECLUDE THEM FROM THE THINGS THAT WE'RE TALKING ABOUT AND TO HELP PROTECT THEM GOING FORWARD SO THAT WE DON'T RUN INTO CONSTITUTIONAL ISSUES. AND THOSE CONSTITUTIONAL ISSUES, FOLKS, THEY'RE REAL AND THEY'RE OUT THERE. ASK SOUTH DAKOTA, ASK IOWA, ASK ANYPLACE ELSE THAT'S HAD A PACKER BAN IN THE PAST. YOU'LL FIND THEY'RE NOT THERE ANYMORE. AND THEY'RE NOT THERE BECAUSE THEY WERE UNCONSTITUTIONAL. I THINK THAT MEANS SOMETHING TO US, THE CONSTITUTION. AT LEAST IT USED TO. WHEN WE TALK ABOUT PRODUCER PROTECTIONS, HAS ANYBODY EVER HEARD OF PACKERS IN STOCKYARDS? IN 1921 THE FEDERAL GOVERNMENT CREATED PACKERS IN STOCKYARDS TO PROTECT PRODUCERS. AND THERE'S A LOT OF THINGS THAT ARE PROTECTED, INCLUDING CONTRACTING FOR HOGS. IT'S MENTIONED IN THERE. DID YOU KNOW THAT A GROWER HAS A RIGHT TO CANCEL THEIR CONTRACT? IT'S A LOT LIKE WHEN YOU BUY A CAR. IF YOU BUY A CAR AND YOU GO BACK WITHIN 24 HOURS, YOU CAN CANCEL THAT, NO QUESTIONS ASKED AND OFF YOU GO. IF IT'S AGREED TO IN THE CONTRACT, YOU CAN CANCEL AT ANY TIME. IT HAS TO BE

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AGREED TO BY BOTH PARTIES, BUT THAT'S THE NATURE OF A CONTRACT. THAT'S HOW YOU GET TO SOMETHING. [LB176]

SPEAKER HADLEY PRESIDING

SPEAKER HADLEY: ONE MINUTE. [LB176]

SENATOR SCHILZ: THANK YOU. AND WE CAN GO ON. BUT, FOLKS, I'M TELLING YOU, THIS IS NOT GOING TO BE THE DEATH OF AGRICULTURE IN THE STATE OF NEBRASKA. I DON'T THINK SO. IN FACT, I THINK WHAT YOU'LL SEE IS YOU'LL SEE AN INFUSION OF NEW OPPORTUNITIES FOR FOLKS AS THEY WANT TO STEP INTO THIS INDUSTRY FOR THE FIRST TIME. AND WE NEED FIRST-TIME FARMERS, GUYS. I DON'T KNOW IF YOU'VE NOTICED. THE MEDIAN AGE OF FARMERS, LIKE I SAID, IS GOING UP AND UP AND UP. DO YOU KNOW HOW MANY FARMERS ARE 45 YEARS OLD OR YOUNGER IN THE STATE OF NEBRASKA? SIXTEEN PERCENT. SIXTEEN PERCENT. I DON'T THINK THAT'S A HEALTHY NUMBER. AND THAT 16 PERCENT HAS COME AROUND... [LB176]

SPEAKER HADLEY: TIME, SENATOR. [LB176]

SENATOR SCHILZ: THANK YOU. [LB176]

SPEAKER HADLEY: THANK YOU, SENATOR SCHILZ. SENATOR DAVIS, YOU'RE RECOGNIZED AND THIS IS YOUR THIRD TIME. [LB176]

SENATOR DAVIS: THANK YOU, MR. PRESIDENT. AND, AGAIN, I RISE IN SUPPORT OF THE AMENDMENT BUT IN OPPOSITION TO THE BILL. I THINK I WANTED TO SHARE SOME NUMBERS WITH YOU AND THEN I WANT TO TALK ABOUT SOME OTHER ISSUES THAT ARE IMPORTANT. THIS CAME FROM SUCCESSFUL FARMING MAGAZINE. IT'S THE NUMBER OF SOWS IN 2014. NUMBER ONE IN THE WORLD, ACTUALLY, BUT THIS IN THE UNITED STATES, IT'S SMITHFIELD FOODS--IMAGINE THAT--WH GROUP, 887,000 SOWS. SO THE SECOND LARGEST--NOW, THIS IS WORLDWIDE--1,111,000 SOWS, SO A GOOD CHUNK OF THEM ARE IN THIS COUNTRY. SECOND IS AN ENTITY CALLED TRIUMPH FOODS OUT OF ST. JOSEPH, MISSOURI, WITH 407,000. WE ALL KNOW OF THE PILLEN OPERATION IN NEBRASKA--PRETTY SUCCESSFUL--THEY HAVE 55,000 SOWS. MY POINT BEING, ONCE YOU TAKE AWAY THE FIRST TWO, THEN DROPPING DOWN FROM THREE ON DOWN, YOU REDUCE RATHER QUICKLY DOWN TO 26,000 FOR NUMBER 25, 26,000

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SOWS. SO JIM PILLEN THEN IS AT 13 AT 55,000. YOU'VE GOT SOME BIG HEAVY HITTERS AND THE BIGGEST HEAVY HITTER OF ALL IS SMITHFIELD FOODS, WHICH IS--LIKE IT OR NOT--OWNED BY THE COMMUNIST PARTY, THE GOVERNMENT OF CHINA WHICH IS COMMUNIST PARTY RUN, ALWAYS HAS BEEN. IF WE WERE BACK 30 YEARS AGO, AND AN ENTITY LIKE THIS WAS TRYING TO TAKE OVER OUR HOG INDUSTRY, DO YOU THINK OUR COUNTRY WOULD STAND FOR THAT ONE MINUTE? NO. DO SOME RESEARCH ON THIS COMPANY. YOU'LL FIND OUT HOW THEY GOT STARTED. IT WAS STARTED AS ONE OF THE LONG-RANGE PLANS IN 1958, THE GREAT LEAP FORWARD IN A PROVINCE THERE AND IT WAS SET UP BY THE LOCAL GOVERNMENT IN THAT PROVINCE IN CHINA. THEY'VE DEVELOPED AND THEY'VE MOVED ON AND HERE THEY ARE TODAY, THE LARGEST HOG PRODUCER IN THE WORLD WITH GOVERNMENT ASSISTANCE. GOVERNMENT HELPED ALL THE WAY, GOVERNMENT OWNED. THIS ISN'T ANY PRIVATE CORPORATE STRUCTURE THAT'S OUT THERE. IT'S PLAIN AND SIMPLE. OWNED BY THE COMMUNIST PARTY OF CHINA, THE GOVERNMENT. AND IN NEBRASKA WE'RE SAYING THAT WE HAVE TO MAKE A DEAL WITH THESE FOLKS IN ORDER FOR OUR PEOPLE TO BE COMPETITIVE. I THINK SOMETIMES YOU LAY DOWN THE LAW AND YOU SAY, NO, WE'RE NOT GOING TO DO THAT. AND THAT'S WHAT WE NEED TO DO HERE TODAY. WE NEED TO SAY, WE'RE NOT INTERESTED. THERE ARE BETTER WAYS TO GO ABOUT IT. I AGREE WITH SENATOR SCHILZ. THERE'S SOME THINGS ABOUT THE BILL THAT I THINK ARE GOOD AND THAT WOULD BE HELPFUL. BUT REMOVING THE PACKER BAN ON OWNERSHIP IS NOT THE SOLUTION TO THE PROBLEM. AND SMITHFIELD FOODS IS NOT WHO I WANT AS MY NEIGHBOR IN THE STATE. IF YOU KIND OF DO SOME RESEARCH ON YOUR OWN ON THE CHINESE FOOD PRODUCTION PROCESS, IT'S POSSIBLE THAT THE HOGS COULD BE SHIPPED OUT OF THIS COUNTRY, GO TO CHINA AND COME BACK HERE BECAUSE THOSE PRODUCTS ARE NOT REQUIRED TO HAVE COUNTRY OF ORIGIN LABELING, WHICH IS SOMETHING THAT I'M A BIG BELIEVER IN AND UNFORTUNATELY THE U.S. GOVERNMENT IS WILLING TO SELL US DOWN THE ROAD ON THAT TOO. BUT IF YOU REMEMBER A FEW YEARS AGO, WE WERE HAVING A LOT OF PETS THAT WERE KILLED. AND THEY WERE KILLED BECAUSE SOME FOOD WAS COMING IN FROM CHINA THAT HAD BEEN CONTAMINATED. AND I THINK WE HAD AN ISSUE WITH BABY FORMULA. SO, YOU KNOW, OUR HOGS COULD BE PRODUCED HERE, THEY COULD BE KILLED, SHIPPED OVER THERE, THEY COULD BE SHIPPED BACK TO THIS COUNTRY AS SOME SORT OF CONTAMINATED BACON OR SOMETHING SIMILAR. IS A DEAL WITH SMITHFIELD THAT VALUABLE? THEY'VE HIRED A HIGH-DOLLAR LOBBY TEAM TO WORK THEIR ISSUES OUT HERE TO TRY TO CONVINCING YOU THAT WE HAVE TO DO THIS, THAT THIS IS THE MOST IMPORTANT THING THAT WE CAN DO. LISTEN TO YOUR HEARTS... [LB176]

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SPEAKER HADLEY: ONE MINUTE. [LB176]

SENATOR DAVIS: ...AND LISTEN TO YOUR FELLOW NEBRASKANS. DID YOU SAY ONE MINUTE, MR. PRESIDENT? [LB176]

SPEAKER HADLEY: YES, ONE MINUTE. [LB176]

SENATOR DAVIS: THANK YOU. SO DO YOUR OWN RESEARCH ON THE COMPANY, READ A LITTLE BIT ABOUT HOW THE CHINESE COMMUNIST PARTY RUNS ITS STATE ENTITIES ACROSS THE WORLD. YOU'VE ALL HEARD THE EXPRESSION, I'M SURE, THAT THE CHINESE DON'T LOOK A YEAR DOWN THE ROAD, THEY'RE LOOKING 100 YEARS DOWN THE ROAD. THEY'RE NOT OUR FRIENDS, WHETHER WE THINK THEY ARE OR NOT. AND THIS IS NOT THE WAY I WANT TO SEE NEBRASKA GO. THANK YOU, MR. PRESIDENT. [LB176]

SPEAKER HADLEY: THANK YOU, SENATOR DAVIS. SENATOR LARSON, YOU'RE RECOGNIZED. [LB176]

SENATOR LARSON: THANK YOU, MR. PRESIDENT. YOU KNOW, LISTENING TO THE DEBATE HAS BEEN INTERESTING, TO SAY THE LEAST. TO LISTEN TO INDIVIDUALS THAT USUALLY REALLY BELIEVE IN FREEDOM AND THE FREE MARKET AND INDIVIDUAL RESPONSIBILITY, THEN TO HEAR THEM COME OUT AND NOT ONLY TALK ABOUT THINGS LIKE I-300, WHICH WE KNOW WAS UNCONSTITUTIONAL, WE KNOW WAS BAD FOR NEBRASKA. THE CONCEPT THAT AGAIN THE STATE COULD TELL INDIVIDUALS THAT THEY CAN'T INVEST IN SOMETHING IS LUDICROUS. IF YOU WANT INVESTMENT IN RURAL NEBRASKA, YOU HAVE TO WORK FOR THAT INVESTMENT. AND IF I WANT TO ASK AN INDIVIDUAL THAT MIGHT NOT BE INVOLVED ON THE RANCH OR THE FARM TO INVEST IN ME BECAUSE THEY BELIEVE IN ME, THAT SHOULD BE A POSSIBILITY. WITH I-300 THAT WASN'T. SO TO STAND UP AND SUPPORT IT IS BACKWARDS. IF YOU WANT INVESTMENT, IF YOU WANT TO GROW RURAL NEBRASKA, LET'S GROW IT. WE ALSO...I HEARD WHEN I WAS LISTENING THAT WE HAVE AN OPPORTUNITY TO DECIDE WHO ACTUALLY OWNS THE CATTLE OR NOT THE CATTLE, THE HOGS. AND THAT'S THE REAL THING. WE SHOULDN'T BE WORRIED ABOUT THE WORLD ECONOMY BECAUSE WE CAN'T CONTROL IT. WE JUST NEED TO CONTROL WHAT WE CAN CONTROL. WELL, FOLKS, HERE'S THE CONCEPT IN SIMPLE, SIMPLE ECONOMICS. CHINA OWNS FOREIGN DEBT, CHINA HAS TRILLIONS OF DOLLARS SQUIRRELLED AWAY IN STRAIGHT CASH. WE DON'T WORK WITH CHINA, WE DON'T TRADE WITH CHINA, WE DON'T CREATE THINGS LIKE THE TRANS-PACIFIC PARTNERSHIP,

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CHINA FLOODS OUR MARKET WITH CASH. AT THAT POINT, INFLATION HAPPENS. WHEN THAT INFLATION HAPPENS, YOUR BUYING POWER DECREASES, YOUR COUNTRY GOES INTO RECESSION. THAT IS AS SIMPLE AS I CAN MAKE IT. WE WANT TO WORK, WE WANT TO TRADE, WE WANT FREE TRADE. IF YOU CAN'T UNDERSTAND THE SIMPLE ECONOMICS OF WHAT IS HAPPENING, YOU'RE SHORTSIGHTED. WE KNOW THAT FREE TRADE WORKS. IT'S INTERESTING TO SEE THE DEMOCRATS IN THE U.S. SENATE SOUND JUST LIKE SOME OF THE REPUBLICANS I SEE HERE ON THIS FLOOR FIGHTING THIS BILL; PROTECTIONIST, ANTITRADE, ANTIFREE MARKET. SENATOR SCHNOOR IS ECHOING THE WORDS OF ELIZABETH WARREN AND I'M SHOCKED. SHE THINKS THAT WE DO NEED TO BE MORE PROTECTIONIST. FRANKLY...OH, MY GOSH, I'M GOING TO SAY THIS ON A SECOND ISSUE, I AGREE WITH PRESIDENT OBAMA. HE UNDERSTANDS THE NECESSARY ASPECTS OF FREE TRADE. HE SUPPORTS THE TRANS-PACIFIC TRADE PARTNERSHIP. I GUESS HE HAS THAT AND HE HAS EDUCATION REFORM, CHARTER SCHOOLS. NOT GOING TO TALK ABOUT THAT RIGHT NOW. BUT TO HEAR WHAT I CONSIDERED PEOPLE THAT ARE USUALLY ALWAYS WITH ME ON FREE-MARKET ISSUES SOUND MORE LIKE ELIZABETH WARREN AND BARBARA BOXER IS FRUSTRATING BECAUSE I DISAGREE WITH THEM ON HOW THEY BELIEVE THE MARKET SHOULD WORK AND HOW GOVERNMENT INTERVENTION SHOULD BE USED. I-300 WAS A FAILURE. IT LIMITED RURAL ECONOMIC INVESTMENT. IT DIDN'T LET PEOPLE GROW, INNOVATE. SENATOR DAVIS TALKS ABOUT COMMUNISM IN CHINA. WELL, I DON'T KNOW HOW MUCH HE KNOWS ABOUT THE CHINESE ECONOMY OR HOW BUSINESSES ARE RUNNING IN CHINA, THERE ARE SOME STATE-OWNED ENTITIES. THEY RUN KIND OF LIKE NPPD. YOU KNOW, STATE-OWNED ENTITY. AND, FRANKLY, THEIR STRUCTURE IS SIMILAR TO NPPD. SO I DON'T KNOW IF HE'S A HUGE FAN OF PUBLIC POWER, BUT THAT'S THE TYPE OF STATE-OWNED ENTITIES THAT CHINA HAS. SAME TYPE OF STRUCTURE. ACTUALLY, THEY'RE A LITTLE MORE FREE MARKET ACTUALLY WITH THEIR STATE-OWNED ENTITIES BECAUSE THEY STILL HAVE PRIVATE SHAREHOLDERS... [LB176]

SPEAKER HADLEY: TIME, SENATOR. [LB176]

SENATOR LARSON: ...THAT OWN PART OF THE...ONE MINUTE? [LB176]

SPEAKER HADLEY: TIME, SENATOR. THANK YOU, SENATOR LARSON. THOSE IN THE QUEUE ARE SENATOR BLOOMFIELD--THIS IS YOUR THIRD TIME--SENATOR LARSON, AND SENATOR SCHUMACHER. SENATOR BLOOMFIELD, YOU'RE RECOGNIZED. [LB176]

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SENATOR BLOOMFIELD: THANK YOU, MR. PRESIDENT. COLLEAGUES, I'M GOING TO READ ANOTHER LETTER INTO THE RECORD. DEAR SENATOR BLOOMFIELD: WELL, HERE WE GO AGAIN. ONE YEAR LATER AND STARING AT A DO-OVER ON THE SAME SUBJECT THAT SENATOR SCHILZ TRIED TO GET THROUGH THE AG COMMITTEE LAST YEAR. AND LAST YEAR IT WAS LB942. THIS YEAR'S VERSION HAS A LITTLE MORE SUGAR COATING ON IT AND SOME INTERESTING LANGUAGE PROMOTING MANDATORY PRICE REPORTING. MPR WILL BE A JOKE TO PORK PRODUCERS WHEN THE PACKING INDUSTRY HAS SECURED THEIR GRIP ON THE SWINE FEEDING OPERATIONS IN NEBRASKA UNDER LB176. MAKE NO MISTAKE, IF THIS PIECE OR ANY SIMILAR LEGISLATION BECOMES LAW IN NEBRASKA, YOU WILL HAVE INITIATED THE FINAL CURTAIN CALL ON ANOTHER INDUSTRY THAT ONCE THRIVED AS A FAMILY-OWNED SEGMENT OF THE NEBRASKA AG ECONOMY. I AM THE FIFTH GENERATION PRODUCER ON OUR FAMILY-OWNED 135-PLUS-YEAR-OLD FARM-RANCH OPERATION HERE IN CUSTER COUNTY. I FIND IT VERY HARD NOT TO TAKE THIS PROPOSAL AS A PERSONAL ASSAULT ON OUR ABILITY TO SURVIVE IN A FREE MARKET AGRICULTURE SOCIETY. I HAVE FOUGHT FIRE, FLOOD, DROUGHT, ECONOMIES, AND MARKET FLUCTUATIONS AS DID MY FOREBEARS. I'M NOT LARGE ENOUGH NOR POWERFUL ENOUGH TO SURVIVE THE PACKERS EVENTUALLY OWNING THE MARKETPLACE AND COMPETING DIRECTLY WITH MY ABILITY TO PRODUCE FOR MY FAMILY AND OUR NEXT GENERATION. I CONSIDER LB176 AS ESSENTIALLY SELLING OUT OUR BIRTHRIGHT AND CAUSING OUR FUTURE PRODUCERS TO FALL FOR THE TEMPTATION OF BECOMING GLORIFIED SURFS FOR THE PACKING INDUSTRY IN THE NAME OF ATTRACTING CHILDREN BACK TO THE FARM. THERE ARE PLENTY OF OPPORTUNITIES TO ATTRACT OUR CHILDREN BACK NOW, AND IT IS HAPPENING ALL THE TIME UP HERE IN CUSTER COUNTY. THOMAS LIVESTOCK OF BROKEN BOW IS A FAMILY-OWNED SWINE PRODUCTION OPERATION THAT'S BEEN VERY SUCCESSFUL AND HAS CONTRACTED WITH MANY PRODUCERS' FAMILIES ENABLING THE YOUNGER GENERATION WITH OPPORTUNITIES TO RETURN TO THE FARM. I WAS LOOKING THROUGH MY STACK OF NEBRASKA FARM BUREAU LEGISLATIVE PAPERS AND I CAME ACROSS THIS NEWS RELEASE--AND HE SENT AN ATTACHMENT THAT I WILL NOT READ AT THIS TIME--BUT HE SAYS HE FINDS IT IRONIC THAT NEBRASKA FARM BUREAU, OF WHICH HE IS A MEMBER, HAS COME OUT SO STRONGLY FOR LB942--WHICH WAS THE OLD BILL, NOW LB176--WHEN JUST A FEW YEARS AGO THEY WERE ADAMANTLY OPPOSED TO PACKER OWNERSHIP OF ALL LIVESTOCK. IN VIEW OF THE FACT THAT THE ORGANIZATION'S CURRENT POSITION WAS APPROVED BY A JUST A ONE-VOTE MARGIN AT THEIR ANNUAL SESSION IN 2013, IT WOULD BE INTERESTING TO SHOW THIS ARTICLE TO THEIR LOBBYIST AND ASK WHAT HAS CHANGED IN THE INDUSTRY THAT WOULD CAUSE THEIR CONCERNS TO NOW BE INVALID.

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COLLEAGUES, I HAVE MULTIPLE OF THESE LETTERS AND, I GUESS, IF I NEED TO FILL THE REMAINING FOUR HOURS BY READING THEM I CAN DO SO, BUT THE SMALL PRODUCERS OUT THERE DO NOT WANT THIS. YOU KNOW, IT'S KIND OF LIKE BACK ON LB106 WHEN NACO CAME IN AND SAID THE COUNTIES ALL WANTED THAT ZONING THING. [LB176 LB106]

SPEAKER HADLEY: ONE MINUTE. [LB176]

SENATOR BLOOMFIELD: THE BOARD OF NACO WANTED THE ZONING THING, THE COUNTIES DIDN'T, AND THAT'S WHAT WE'RE LOOKING AT HERE. PERHAPS THE BOARD OF THE PORK PRODUCERS WANT THIS. THE PEOPLE THAT ARE ACTUALLY PRODUCING THE MEAT DO NOT. THIS IS NOT GOOD FOR THE INDEPENDENT OPERATOR. IT IS THEIR DEATH KNELL. THANK YOU, MR. PRESIDENT. [LB176]

SPEAKER HADLEY: THANK YOU, SENATOR BLOOMFIELD. SENATOR LARSON, YOU'RE RECOGNIZED. [LB176]

SENATOR LARSON: THANK YOU, MR. PRESIDENT. REAL QUICK, SENATOR SCHUMACHER DID BRING UP A DECENT POINT TO ME. MORE THAN LIKELY THE CHINESE AREN'T GOING TO CALL IN THEIR DEBT IMMEDIATELY. IT WOULD PLUNGE THE WORLD INTO ECONOMIC DEPRESSION. HE WAS RIGHT, BUT AS THE CHINESE MIDDLE CLASS CONTINUES TO GROW AND THE U.S. CONSUMER ECONOMY CONTINUES TO RACK UP DEBT, AS WE CONTINUE TO HAVE DONE SO, AND USE DEBT AS LEVERAGE WE WILL THEN BE FACED IN A SITUATION THAT WE ARE GOING TO STRUGGLE BECAUSE WHEN THEY NO LONGER RELY ON AMERICAN CONSUMERISM OR WE DIP INTO A RECESSION IN AND OF OURSELVES AND THEY CAN RELY ON THEIR OWN MIDDLE CLASS, THEN IT WILL BE MUCH EASIER TO CALL IN THOSE BONDS OR PUT SOME OF THAT CASH THEY HAVE INTO THE MARKET. SO THANK YOU, SENATOR SCHUMACHER, FOR POINTING OUT THAT THEY PROBABLY WILL NOT CALL THAT IN RIGHT AWAY. HE IS RIGHT. BACK TO THE CONCEPT THAT SENATOR DAVIS, TRYING TO PINPOINT THE COMMUNIST NATURE OF THE CHINESE ECONOMY. FRANKLY, AS I SAID, I'M NOT SURE HOW MUCH RESEARCH HE'S DONE INTO THE CHINESE ECONOMY OR CHINESE BUSINESS, BUT FRANKLY THEY'VE DONE A VERY GOOD JOB. AND I'M GOING TO USE THE ADAM SMITH VERSION OF THE WORD, LIBERALIZING THEIR ECONOMY. I'M NOT USING IT AS LIBERAL CONSERVATIVE IN THE PURE POLITICAL SENSE, I'M USING IT IN THE ECONOMIC SENSE. THEY'VE COME A LONG WAY SINCE MAO ZEDONG. AND THE CURRENT PRESIDENT, XI JINPING, HAS CRACKED DOWN CULTURALLY BUT ECONOMICALLY HE IS STILL BY FAR AND AWAY PUSHING

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CHINA INTO A MUCH MORE FREE MARKET. THEY DO HAVE STATE-OWNED ENTITIES, I'M NOT GOING TO LIE. BUT AS I SAID, EACH ONE OF THOSE STATE-OWNED ENTITIES ACTUALLY HAVE PRIVATE SHAREHOLDERS AS WELL. NPPD DOESN'T, IT'S A COMPLETELY STATE-OWNED ENTITY. SO MAYBE WE HAVE COMMUNISM HERE IN NEBRASKA BECAUSE THE STATE OWNS IT ALL, WHEREAS IN CHINA THEY DON'T. AND WE'RE GOING TO CONTINUE IF LB176 DOESN'T, TO HAVE LESS OF A--AGAIN, I'LL USE IT IN THE ECONOMIC SENSE--LESS OF A LIBERAL MARKET THAN CHINA DOES WHEN IT COMES TO BUSINESS BECAUSE WE, AS A GOVERNMENT, ARE GOING TO TELL PEOPLE WHO THEY CAN AND CANNOT ENTER INTO CONTRACTS WITH. SO BEFORE YOU INVOKE CHINESE COMMUNISM I THINK YOU NEED TO UNDERSTAND HOW THE CHINESE ECONOMY WORKS AND HOW THAT BUSINESS HAS GROWN AND HOW THE STATE ENTITIES THAT THEY DO HAVE AND DO CONTROL--WITH THE MAJORITY STAKE USUALLY--ACTUALLY OPERATE, INSTEAD OF JUST CALLING THEM COMMUNISTS. IF YOU WANT TO GET DOWN TO COMMUNISTS WE CAN TALK ABOUT VIETNAM OR...WELL, NORTH KOREA IN AND OF THEMSELVES, I GUESS, IS MORE OF A DICTATORSHIP, BUT CHINESE ECONOMY AND THEIR BUSINESSES IS NOT COMMUNIST. WHEN THEY CREATED THE XI JINPING'S ZONE, FREE-TRADE ZONE AND THAT EXPERIMENT IN THE '70s AND THEY HAVE CONTINUED TO MOVE TOWARDS A CAPITALIST SOCIETY. THEY REALIZE WHEN YOU HAVE A BILLION PEOPLE YOU HAVE TO MOVE TOWARDS A CAPITALIST SOCIETY. THAT IS WHY THEY HAVE A GROWING MIDDLE CLASS. IT'S NOT BECAUSE THE GOVERNMENT IS PROVIDING... [LB176]

SPEAKER HADLEY: ONE MINUTE. [LB176]

SENATOR LARSON: ...THAT MANY SUBSIDIES. THE GOVERNMENT IS DOING A LOT FOR INFRASTRUCTURE AND BUILDING, BUT NOT SUBSIDIZING BUSINESSES OR CONTROLLING BUSINESSES LIKE YOU SEE IN OTHER COMMUNIST AREAS OR OTHER COMMUNIST COUNTRIES. SO UNDERSTAND WHAT YOU'RE TALKING ABOUT BEFORE YOU JUST CALL THEM COMMUNISTS BECAUSE YOU'RE GOING TO MAKE YOURSELF SOUND LIKE YOU DON'T KNOW WHAT'S HAPPENING. UNDERSTAND THE WORLD ECONOMY BEFORE YOU JUST SAY WE DON'T WANT CHINA BECAUSE THEY'RE BAD TO DO BUSINESS WITH BECAUSE, FRANKLY, WE HAVE TO DO BUSINESS WITH THEM. AND IF WE CHOOSE NOT TO WE WILL SUFFER. IT FRUSTRATES ME WHEN WE DISCUSS ISSUES SUCH AS THIS THAT HAVE SUCH A WORLD VIEW... [LB176]

SPEAKER HADLEY: TIME, SENATOR. [LB176]

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SENATOR LARSON: THANK YOU. [LB176]

SPEAKER HADLEY: THANK YOU, SENATOR LARSON. SENATOR SCHUMACHER, YOU'RE RECOGNIZED. [LB176]

SENATOR SCHUMACHER: THANK YOU, MR. SPEAKER, MEMBERS OF THE BODY. WE CAN BLAME SENATOR LARSON FOR GETTING US OFF ON CHINA TODAY, BUT THAT IS AN INTERESTING TOPIC WHEN WE TALK ABOUT AGRICULTURE AND WE TALKED ABOUT THE WORLD ECONOMY. CERTAINLY CHINA IS OUR BIGGEST CREDITOR, BUT THINK ABOUT IT IN TERMS OF AGRICULTURE. CHINA HAS GOT TO BE LOOKING TO SOUTH AMERICA, TO BRAZIL, AND ARGENTINA, BOTH INCREDIBLY LAND- AND LIVESTOCK-RICH AREAS, AND THOSE COUNTRIES ARE IN THE PROCESS OF ESTABLISHING TRADE RELATIONS WITH CHINA. AND OVER THE NEXT 50 YEARS THERE WILL BE AN INTERESTING DANCE THAT GOES ON BETWEEN THE UNITED STATES AND CENTRAL AND SOUTH AMERICA AND BETWEEN CHINA AND ARGENTINA AND BRAZIL AND NECESSARILY A RIPPLE EFFECT NORTH THROUGH CENTRAL AMERICA. AND THERE'S NO WAY AROUND THAT. WE'RE GOING TO BE PART OF THAT DANCE. NOW, OVERLAY THAT JUST A LITTLE BIT BECAUSE PARTS OF CENTRAL AMERICA AND MEXICO ARE RATHER POOR. PARTS OF THEM ARE DOMINATED BY VARIOUS DRUG LORD INTERESTS AS WELL AS SOME IN COSTA RICA AND THOSE AREAS. AND THOSE DRUG LORDS, TO A CERTAIN EXTENT, GAIN THEIR POWER AND THEIR INFLUENCE FROM THE FACT THAT WE PROVIDE A MARKET FOR THEIR PRODUCTS HERE IN THE UNITED STATES. AND WE PROVIDE A MARKET FOR ILLEGAL DRUGS IN THE UNITED STATES BECAUSE WE'VE OUTLAWED THOSE FORMS OF DRUGS IN THE UNITED STATES TO THE EXTENT WE KEEP THEM POOR IN CENTRAL AMERICA AND IN MEXICO. THERE'S INCENTIVES FOR MIGRATION FROM THOSE AREAS OF EXTREME POVERTY AND LAWLESSNESS INTO THE UNITED STATES. AND THEN THAT GIVES RISE TO ISSUES LIKE WE WRESTLED WITH EARLIER THIS YEAR ON THE UNDOCUMENTED CHILDREN WHO WANT DRIVER'S LICENSES. SO SOMEHOW ALL THIS PICTURE BEGINS TO NET TOGETHER. AND IT IS KIND OF INTERESTING THAT IN THIS CHAMBER WE ARE SEEING RAMIFICATIONS OF LARGER POLICY AND RAMIFICATIONS OF GLOBALIZATION THAT WE CANNOT ESCAPE. AND WE ARE MOVING TO A GLOBAL WORLD. WE ARE MOVING TO CAPITAL MARKETS. EVEN IN CHINA THEY'VE MOVED TO CAPITAL MARKETS OF STOCK-HELD COMPANIES THAT ARE FOLLOWING A CORPORATE MODEL. AND WE ARE PLAYING A MUCH DIFFERENT GAME THAN WE PLAYED JUST 20 OR 30 YEARS AGO. IN FACT, SOME OF THE THINGS WE SHOULD BE LOOKING AT IS WHETHER OUR UNIVERSITY SHOULD BE STEPPING UP ITS DEPARTMENTS IN INTERNATIONAL LAW, INTERNATIONAL TRADE, FINANCE. IT'S NOT DOING MUCH

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OF THOSE THINGS. WE NEED TO GET REALLY, REALLY SHARP AT IT OTHERWISE WHAT'S GOING TO HAPPEN IS, YES, INDEED OUR FARM WORKERS AND OUR AGRICULTURAL POPULATION WILL BE RATHER INDENTURED TO LARGE CORPORATE INTERESTS. BUT WE CAN'T STOP THOSE CORPORATE INTERESTS. WHAT WE CAN DO IS BECOME VERY SOPHISTICATED IN HOW WE DEAL WITH THOSE CORPORATE INTERESTS. AND THAT WE ARE A LONG WAY FROM DOING. AND THIS BODY IS A LONG WAY FROM ANALYZING HOW WE SHOULD DEAL WITH THOSE AND WHAT WE CAN DO TO LEVERAGE OUR TREMENDOUS AGRICULTURAL WEALTH IN THIS NEW AND EXCITING TIME. IT IS SAID THAT WE HAVE GOT TO FEED THE WORLD, AN EXTRA 2 BILLION PEOPLE, UP TO 9 BILLION BY 2050. WELL, YOU KNOW WHAT? WE CAN GROW ALL THE WHEAT AND CORN AND COWS WE WANT... [LB176]

SPEAKER HADLEY: ONE MINUTE. [LB176]

SENATOR SCHUMACHER: ...WE'RE NOT GOING TO FEED THE WORLD BECAUSE IN JUST THOSE SHORT 25 YEARS YOU WOULD HAVE TO DEVELOP A DISTRIBUTION MECHANISM TO DISTRIBUTE THE FOOD AND TO DO IT IN SUCH A WAY THAT IT WOULD NOT DISRUPT LOCAL ECONOMIES. AND THAT'S A FAR HARDER THING TO DO THAN JUST FIGURING OUT HOW TO GROW THE FOOD WITH ENHANCED SEED AND FERTILIZER. WE'VE GOT A LOT TO DO. OTHER LEGISLATURES AND THE UNITED STATES NATIONAL GOVERNMENT HAS GOT A LOT TO DO. BUT IT'S INTERESTING TO SEE FACETS OF IT EXPOSE THEMSELVES IN THIS SETTING. THANK YOU. [LB176]

SPEAKER HADLEY: SENATOR GROENE, YOU'RE RECOGNIZED. [LB176]

SENATOR GROENE: THANK YOU, MR. PRESIDENT. LET'S COME BACK HOME TO NEBRASKA, WHICH WE ARE THE LEGISLATURE FROM NEBRASKA. WE'RE NOT PART OF THE UN OR THE WORLD TRADE ASSOCIATION OR U.S. GOVERNMENT WHO DOES TREATIES OR PRESIDENT OBAMA. NOBODY'S AGAINST TRADE. NOBODY'S AGAINST CHINA DOING TRADE WITH US. AND I'VE READ AND SEEN COMMENTS BY CHINESE OFFICIALS AND THEIR PRESIDENT. PRETTY BLUNT; THEY DON'T LIKE US, THEY DON'T LIKE OUR FORM OF GOVERNMENT, AND THEY DON'T HOLD THEIR Ps AND Qs AND WORRY ABOUT OFFENDING US. THEY KNOW THE DOLLAR TALKS AND THEY HAVE TO COME TO US. SO EXCUSE ME IF SOMEBODY IN THIS LEGISLATURE, NOT ME, MADE DISPARAGING COMMENTS ABOUT OR TRUTHFUL COMMENTS ABOUT THEIR FORM OF GOVERNMENT. DO YOU REALLY THINK THEIR FEELINGS ARE GOING TO BE HURT AND THEY'RE NOT

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GOING TO DO BUSINESS HERE? COME ON. I DON'T LIKE THEIR FORM OF GOVERNMENT. I DON'T LIKE THE WAY THEY TREAT THEIR PEOPLE. BUT I'LL DO TRADE WITH THEM. THEY WANT TO BUY A PRODUCT WE PRODUCE, NEBRASKA FARMERS DO, FINE, BUY IT. BUT BUY IT, DON'T OWN IT. DON'T PRODUCE IT IN OUR STATE. BUY IT FROM OUR FAMILY FARMERS AND OUR LOCALLY OWNED FARM CORPORATIONS. THAT'S WHAT WE'RE TALKING ABOUT HERE. AND THEY WILL COME HERE BECAUSE WE DO PRODUCE AN AWFUL LOT OF GRAIN. WE DO PRODUCE A LOT OF LIVESTOCK. WE HAVE HARD WORKING INDIVIDUALS THAT OWN THEIR FAMILY FARMS AND OWN THEIR FARMING OPERATIONS AND THEY DO QUITE WELL PRODUCING THOSE CROPS. AND THEY WILL COME AND THEY WILL BUY THEM. THIS ISN'T THE DAYS IN THE '70s WHERE WE OFFENDED RUSSIA AND THEY DIDN'T BUY CORN FROM US AGAIN AND WE PUT GRAIN BINS UP ALL OVER. THOSE DAYS ARE OVER, FOLKS. POPULATION IS GROWING FAST. WE WENT FROM 150 AVERAGE YIELD OF CORN TO 300 DARN NEAR IN A LOT OF PLACES BECAUSE OF TECHNOLOGY. WE'RE PRODUCING. WE'RE PRODUCING AND THEY'RE BUYING AND THEY'LL CONTINUE TO BUY. AND THEY WILL BUY; NOT OWN CRADLE TO GRAVE. MAKE THEM BUY IT FROM US. THEY WILL. IOWA CAN ONLY PRODUCE SO MUCH. WE WILL PRODUCE ALL WE CAN. I LOOKED AT THE UNEMPLOYMENT RATE IN NEBRASKA. WE DON'T HAVE A CRISIS HERE, 2.6 PERCENT. I THINK NORTH DAKOTA OR SOUTH DAKOTA IS THE CLOSEST TO US AT 3.1 PERCENT. WE DON'T HAVE A LOT OF FOLKS RUNNING AROUND LOOKING FOR JOBS, QUALITY INDIVIDUALS. SO WE DON'T NEED TO DO THIS TO TRY TO CREATE JOBS FOR EXISTING NEBRASKANS. DO YOU WANT TO BRING IN MORE FOREIGN IMMIGRANTS? YOU WILL IF YOU PUSH THIS LIVESTOCK TO THE POINT WHERE IT BECOMES ONE ON EVERY SECTION'S CORNER, SOMETHING LIKE IOWA. I DON'T WANT TO GET THERE. I LIKE IT TO JUST GROW AS INDIVIDUAL FARMERS WANT TO BUILD AND GET INVOLVED AND WHEN IT'S ECONOMICALLY FEASIBLE FOR THEM. THAT'S FREE MARKETS, NOT SOMEBODY DREAMING THAT THEY CAN MAKE A CONTRACT WITH A FOREIGN OWNERSHIP PACKER AND THEN GET CAUGHT IN THE SITUATION WHERE THEY JUST GIVE THEM ENOUGH TO GET BY, TO SURVIVE. THE DREAM OF THE FREE MARKET IS TO HIT IT BIG ONE YEAR. SOME OF OUR FARMERS DID THE LAST TEN YEARS BECAUSE OF FINALLY, FINALLY THE COMMODITY PRICES GOT TO THE POINT WHERE PROFITS COULD BE MADE, BUT THEY HAD A LOT OF LEAN TIMES. BUT THEY APPRECIATE IT BECAUSE THEY DID IT. IT WASN'T A STERILE ENVIRONMENT OF GUARANTEED CONTRACTS AND MAKE \$33 A HEAD OR \$35. YOU DO ALL THE WORK AND THAT'S IT, THAT'S WHAT YOU'RE GOING TO GET? I DON'T KNOW HOW YOU CALL THAT FREE MARKETS. BUT LET'S GET BACK TO NEBRASKA. [LB176]

SPEAKER HADLEY: ONE MINUTE. [LB176]

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SENATOR GROENE: CHINA WILL DO WHAT IT DOES AND THEY WILL COME TO US AS THEY ALWAYS HAVE. AND, YES, WE BUY THINGS FROM THEM, BUT THEY PRODUCE IT OVER THERE AND THEY OWN IT. AND THEN WE BUY IT FROM THEM. WE DON'T GO OVER THERE AND BUILD IT. WE CONTRACT OUR...OUR CORPORATIONS DO WHAT FACTORIES OVER THERE FOR THEM TO BUILD THINGS FOR THEM, BUT THEY'RE MULTINATIONAL COMPANIES. SO IS SMITHFIELD. SENATOR SCHILZ WOULD YOU...IS HE HERE? WOULD YOU YIELD FOR A QUESTION? [LB176]

SPEAKER HADLEY: SENATOR SCHILZ, WILL YOU YIELD? [LB176]

SENATOR SCHILZ: YES, I WOULD. [LB176]

SENATOR GROENE: COULD YOU CLARIFY YOUR COMMENT? I DON'T KNOW THE ANSWER, I'M NOT TRYING TO TRAP YOU HERE. YOU SAID SMITHFIELD IN THE OTHER STATES OWN UP TO 50 PERCENT OF THEIR INPUT, THEIR HOGS? [LB176]

SENATOR SCHILZ: YEAH. IN ALL THE OTHER STATES WHERE THIS IS LEGAL, SMITHFIELD EITHER OWNS...YEAH, OWNS 50 PERCENT OF WHAT THEY NEED. [LB176]

SENATOR GROENE: IS THAT A NATIONAL AVERAGE, 50 PERCENT, OR IS THAT BY STATE? [LB176]

SENATOR SCHILZ: THAT'S A NATIONAL AVERAGE. [LB176]

SENATOR GROENE: ALL RIGHT, ALL RIGHT. THANK YOU. [LB176]

SPEAKER HADLEY: TIME, SENATOR. [LB176]

SENATOR GROENE: SO YOU THROW IN A BIG CHUNK FROM NEBRASKA THAT THEY DON'T OWN... [LB176]

SPEAKER HADLEY: TIME, SENATOR. [LB176]

SENATOR GROENE: WHAT'S THAT? [LB176]

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SPEAKER HADLEY: TIME, SENATOR. [LB176]

SENATOR GROENE: THANK YOU. [LB176]

SPEAKER HADLEY: THANK YOU, SENATOR GROENE, THANK YOU SENATOR SCHILZ. SENATOR SULLIVAN, YOU'RE RECOGNIZED. [LB176]

SENATOR SULLIVAN: THANK YOU, MR. PRESIDENT. [LB176]

SPEAKER HADLEY: AND THIS IS YOUR THIRD. [LB176]

SENATOR SULLIVAN: THANK YOU. AND IT IS APPROPRIATE THAT WE NOT WAVER TOO FAR FROM WHAT THIS BILL IS ALL ABOUT. YOU KNOW, IT'S NOT BASHING CHINA. IT'S NOT NECESSARILY ABOUT FEEDING THE WORLD, ALTHOUGH A LOT OF THESE ISSUES COME INTO THIS DISCUSSION. THE COMMENT AND THE QUESTION WAS MADE EARLIER, I THINK, BY SENATOR BAKER POSED THE QUESTION, WELL, WHAT IMPACT DOES THIS HAVE ON THE CONSUMER? AND THE COMMENT WAS MADE, WELL, TO A CERTAIN EXTENT IT'S ALL ABOUT CHEAP FOOD. DO WE WANT TO CONTINUE THIS CHEAP FOOD POLICY THAT WE HAVE IN THE UNITED STATES? WELL, I WOULD SUGGEST THAT IT'S A LITTLE MORE COMPLICATED THAN THAT. AND WE ALSO IN THE PROCESS OF WANTING CHEAP FOOD ASK OURSELVES WHAT WE SACRIFICE FOR PART OF THAT. AND YOU LOOK AT--IT'S KIND OF A CONTINUUM--CHEAP FOOD OVER HERE AND THEN A GROWING OF INTEREST IN THE PART OF THE CONSUMER TODAY OF WHERE THEIR FOOD COMES FROM. AND WHEN WE TALK ABOUT VERTICAL INTEGRATION, SOMETIMES I'VE OFTEN THOUGHT ABOUT IT FROM THE STANDPOINT OF THE PRODUCER TRYING TO ACHIEVE FULL VERTICAL INTEGRATION. AND I WOULD SUGGEST THAT IF WE WANT TO REPOPULATE RURAL NEBRASKA TO A CERTAIN EXTENT, AND PARTICULARLY MAIN STREET IN SMALL RURAL COMMUNITIES, VERTICAL INTEGRATION ON THE PART OF THE PRODUCER MIGHT BE ONE OF THE ALTERNATIVES. YEARS AGO THERE USED TO BE A LOCKER PLANT IN EVERY LITTLE TOWN. FORTUNATELY, IN CEDAR RAPIDS WE STILL HAVE ONE. SEGUE TO OMAHA OR LINCOLN AND A CONSUMER THERE WHO WOULD VERY MUCH LIKE TO KNOW WHERE THEIR MEAT COMES FROM, WHETHER IT'S PORK OR BEEF, IF THEY COULD DEVELOP A RELATIONSHIP WITH A PRODUCER WHO IS RAISING THAT HOG OR RAISING THAT BEEF CATTLE AND CAN THEN TAKE THAT ANIMAL TO THE LOCAL FOOD PROCESSOR OR THE LOCKER PLANT, RATHER, AND THEN HAVE THAT ANIMAL CUT UP AND SUPPLY THAT PORK AND THAT BEEF TO THAT CONSUMER IN OMAHA OR LINCOLN AND THEN

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SUDDENLY DEVELOP A DIRECT RELATIONSHIP, THAT'S VERTICAL INTEGRATION, THAT'S ECONOMIC DEVELOPMENT AT THE RURAL LEVEL. FROM A PRACTICAL STANDPOINT I KNOW THAT THAT IS NOT REALISTIC IN THE BIG SCHEME OF THINGS. BUT MY POINT IS WE NEED TO RETAIN DIVERSITY. AND WHAT CONCERNS ME ABOUT LB176 IS WE ARE MOVING TOTALLY IN THE OPPOSITE DIRECTION. WE ARE WANTING A PRODUCER TO JUST BE A SMALL COG BECAUSE THE PROCESSOR WANTS THAT CAPTIVE SUPPLY, WANTS TO BE TOTALLY IN CONTROL, AND TO ME THAT THEN IN TERMS OF WHAT IMPACT IT HAS ON THE CONSUMER RAISES THE QUESTION OF FOOD INSECURITY. IF WE WANT THAT ONE, SOLE ENTITY TO HAVE SO MUCH CONTROL OVER ONE PRODUCT, WHAT ADVANTAGE IS THERE FOR THE CONSUMER BECAUSE I WOULD SUGGEST TO YOU DIVERSITY AND WHAT THE FREE ENTERPRISE DOES TO PROVIDING THAT DIVERSITY TO THE CONSUMER IS MUCH MORE IMPORTANT THAN WHAT WE CAN ACHIEVE WITH HAVING A PROCESSOR HAVE FULL CONTROL OF THE WHOLE PROCESS UNDER LB176. THANK YOU, MR. PRESIDENT. [LB176]

SPEAKER HADLEY: THANK YOU, SENATOR SULLIVAN. SENATOR GROENE, YOU'RE RECOGNIZED AND THIS IS YOUR THIRD TIME. [LB176]

SENATOR GROENE: THANK YOU, MR. PRESIDENT. I'D LIKE TO FINISH MY THOUGHT. THE POINT IS THIS, IF IT'S 50 PERCENT NATIONWIDE, SMITHFIELD, AND THEN YOU THROW A BIG CHUNK OF NEBRASKA IN IT THAT THEY CANNOT OWN THEIR OWN PRODUCTION, I WOULD SAY IN SOME OF THOSE OTHER STATES IT'S PUSHING THE TIPPING POINT WHERE IT'S PROBABLY 70 PERCENT. SEE AND THAT'S A PROBLEM. WHEN THE PACKER CAN OWN THE MAJORITY OF THEIR SLAUGHTER, THEY DON'T NEED THE INDEPENDENT PRODUCER. NOW THEY CAN KEEP THAT PRODUCTION LINE GOING WITH THEIR PRODUCT AND THE INDEPENDENT PRODUCER, HIS SUPPLY THAT HE CREATES IS AT THE MERCY OF THE PRODUCER. FREE MARKETS WORK...WHEN THE PRICE GOES TOO LOW, PRODUCTION GOES DOWN, PRICE GOES UP. WHEN YOU TAKE OUT THAT FACTOR YOU TAKE OUT THE FREE MARKET PRINCIPLES. AND THAT'S WHAT HAPPENS WITH CRADLE TO GRAVE LIVESTOCK, PRODUCERS OWN IT ALL THE WAY THROUGH. SO ANYWAY, WE DON'T NEED THIS. I MEAN, I NEVER HEARD ANYBODY SAY THERE WAS A PROBLEM, ANYBODY TELL ME THERE WAS A PROBLEM AND I DEAL IN AGRICULTURE. I TRAVEL KANSAS, COLORADO, WESTERN NEBRASKA, WYOMING, ANYWHERE I CAN GO TO GET A SALE IN THE WESTERN PART OF THE WORLD. I KNOW A LOT OF BIG OPERATORS, THEY'RE DOING JUST FINE. THEY'RE NOT ASKING FOR THIS. THEY'RE RAISING THEIR CATTLE. THEIR GRAIN HAS A MARKET. ALL OF THEIR GRAIN HAS A MARKET AND THEY GET PAID AS WELL HERE AS THEY DO IN ANY OTHER STATE FOR THEIR

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MARKET FOR THEIR GRAIN PRODUCTION. THE ETHANOL IS PRODUCED, THE BY-PRODUCT IS FED AND HAS A MARKET WITH OUR CATTLE FEEDERS. I JUST DON'T UNDERSTAND THE PURPOSE OF THIS. I KNOW OF SOME INDEPENDENT PRODUCERS THAT ARE ALWAYS LOOKING FOR SOMEBODY WHO WANTS TO PUT A CONFINEMENT BUILDING ON THEIR FARM AND WORK WITH THEM. THAT'S ALREADY THERE, BUT WHEN THE INDEPENDENT PRODUCER DOES IT THERE'S STILL A BREAK BETWEEN THE PRODUCER AND THE PROCESSOR WHERE THERE'S MARKET FACTORS INVOLVED. THE SYSTEM AS IS WORKS. THIS ISN'T...I CAN'T...I JUST READ THIS AND LOOK AT IT AND I DON'T SEE A RATIONALE THAT IT'S FOR NEW, YOUNG FARMERS GETTING INTO THE BUSINESS. THIS IS FOR ESTABLISHED BUSINESSES WHO WANTS TO ELIMINATE MAYBE THAT LITTLE GUY THAT THEY'RE WORKING WITH NOW AND THEY CAN GO RIGHT TO SMITHFIELD AND CONTRACT WITH THEM FOR 100,000 HEAD, 200,000 HEAD. THEN WE JUST GOT TWO OR THREE PLAYERS IN THIS THING AND NOT A WHOLE BUNCH OF SMALL GUYS. THIS IS BAD POLICY. IT MAKES NO SENSE. AND BELIEVE ME, MAYBE I'M A SKEPTIC, BUT I CAN SEE THE CATTLE PEOPLE SAYING, WAIT A SECOND, THIS IS UNCONSTITUTIONAL. THEY'RE PICKING HOGS OVER CATTLE. WHAT'S THE DIFFERENCE? IT'S LIVESTOCK. I CAN SEE A LAWSUIT, AND I CAN SEE NO LEGISLATION TO CHANGE IT IN THE FUTURE. I SEE A LAWSUIT THAT PUTS CATTLE IN THE SAME BOAT. YOU MAY CALL ME A SKEPTIC, BUT I SEE LAWYERS ALREADY LOOKING AT THIS AND SAYING, HOW CAN YOU PICK ONE COMMODITY OVER ANOTHER? HOW CAN YOU DO THAT? I MEAN, ETHANOL, MILO CAN BE USED, OTHER BY-PRODUCTS CAN BE USED. WHAT WOULD HAPPEN IF IT SAID IT WAS ONLY CORN? PROBABLY WOULDN'T HAVE WORKED TOO WELL. MIGHT HAVE BEEN A LAWSUIT. SO IS THE REASON CATTLE ARE LEFT OUT BECAUSE THEY DIDN'T WANT TO GO THAT FAR? BUT A LAWSUIT COULD JUST FIX THAT IN A HURRY. AND... [LB176]

SPEAKER HADLEY: ONE MINUTE. [LB176]

SENATOR GROENE: THANK YOU, MR. PRESIDENT. THIS IS NOT NECESSARY. AG'S DOING JUST FINE IN NEBRASKA. WE DON'T HAVE A GLUT OF LIVESTOCK FACILITIES, THANK GOD. THEY'RE RATIONAL, THEY'RE SPACED OUT, QUALITY OF LIFE IN THE RURAL AREAS REMAINS GOOD. IF IT'S NECESSARY TO BUILD ONE, LOCAL PEOPLE WILL WORK WITH IT AND THEY WILL BUILD...THEY WILL ALLOW THE LOCAL FARMER TO BUILD ONE. WE DON'T NEED THIS. THIS IS...I DON'T UNDERSTAND THE GENESIS OF IT AND THE PURPOSE OF IT. SO THANK YOU, MR. PRESIDENT, FOR THE TIME. [LB176]

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SPEAKER HADLEY: THANK YOU, SENATOR GROENE. SEEING NO ONE IN THE QUEUE, SENATOR SCHNOOR, YOU'RE RECOGNIZED TO CLOSE ON YOUR AMENDMENT. [LB176]

SENATOR SCHNOOR: THANK YOU, MR. PRESIDENT. AND SEEING HOW IT'S A KIND OF A SLIM CROWD HERE I'D LIKE TO ASK FOR A CALL OF THE HOUSE AND I'LL WAIT TO GIVE MY CLOSING. [LB176]

SPEAKER HADLEY: THERE'S BEEN A REQUEST TO PLACE THE HOUSE UNDER CALL. THE QUESTION IS, SHALL THE HOUSE GO UNDER CALL? ALL THOSE IN FAVOR VOTE AYE; ALL THOSE OPPOSED VOTE NAY. RECORD, MR. CLERK. [LB176]

ASSISTANT CLERK: 14 AYES, 0 NAYS TO GO UNDER CALL, MR. PRESIDENT. [LB176]

SPEAKER HADLEY: THE HOUSE IS UNDER CALL. SENATORS, PLEASE RECORD YOUR PRESENCE. THOSE UNEXCUSED SENATORS OUTSIDE THE CHAMBER PLEASE RETURN TO THE CHAMBER AND RECORD YOUR PRESENCE. ALL UNAUTHORIZED PERSONNEL PLEASE LEAVE THE FLOOR. THE HOUSE IS UNDER CALL. SENATOR SCHNOOR, YOU CAN START YOUR CLOSING. [LB176]

SENATOR SCHNOOR: OKAY. MR. PRESIDENT, I'M GOING TO WAIT FOR JUST A LITTLE BIT UNTIL A FEW MORE PEOPLE CHECK IN. [LB176]

SPEAKER HADLEY: SENATORS GARRETT, HILKEMANN, KOLTERMAN, CHAMBERS, HUGHES, KOLOWSKI, KRIST, GLOOR, BOLZ, WILLIAMS, HANSEN, CAMPBELL, NORDQUIST, AND COOK. THE HOUSE IS UNDER CALL. [LB176]

SENATOR SCHNOOR: MR. PRESIDENT, I'LL GO AHEAD AND START WITH MY CLOSING, IF I MAY. OBVIOUSLY, TO A LOT OF PEOPLE THIS IS A PRETTY DRY SUBJECT, SO I GUESS WE'RE SORRY FOR THAT. WHAT WE'RE AT HERE IS AM1633 TO AM495 AND IT'S AN AMENDMENT THAT I HAVE THAT WILL CHANGE THE AMOUNT THAT IF THIS BILL IS ENACTED THE AMOUNT THAT A PACKER CAN OWE YOU OR THE OWNER OF ANY LIVESTOCK, IT WILL CHANGE THAT FROM \$1 MILLION TO \$250,000. SO THIS BILL, LB176, WHICH IS PACKER OWNERSHIP OF HOGS IS PROMOTED TO GET SMALL PRODUCERS INTO BUSINESS, SO THEY DON'T HAVE TO FOOT THE BIG BILL FOR THE LIVESTOCK ITSELF, FOR THE PRODUCT ITSELF, BUT YET WHAT WE WILL NOW ALLOW IS THAT PRODUCER...THAT OWNER, THE PACKER TO BE INDEBTED TO THEM UP TO \$1 MILLION. [LB176]

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SPEAKER HADLEY: ONE MINUTE. [LB176]

SENATOR SCHNOOR: SO WE WANT A SMALL PRODUCER TO GET INTO BUSINESS, BUT YET WE'VE INCREASED THE AMOUNT OF DEBT THAT CAN BE OWED TO THEM FROM \$250,000 TO \$1 MILLION. SO MY AMENDMENT BRINGS THAT BACK TO \$250,000. I AM STILL AGAINST THIS LEGISLATION BUT THIS IS GOING TO BE...MAKE IT A LITTLE MORE FRIENDLY TO ME. LIKE I SAY, IF WE ARE WANTING SMALL PRODUCERS TO GET INTO BUSINESS LET'S NOT STRAP THEM WITH \$1 MILLION OF OVERHEAD FROM THIS BIG INDUSTRY. YOU KNOW, BECAUSE \$1 MILLION TO AN INDUSTRY IS A DROP IN THE BUCKET, \$1 MILLION TO A GUY THAT HAS A \$1 MILLION BILL AT THE BANK FOR...JUST TO PUT UP THE BUILDING, THAT'S QUITE A BIT. PLUS MOST BANKS HAVE LIMITS. [LB176]

SPEAKER HADLEY: TIME, SENATOR. [LB176]

SENATOR SCHNOOR: THANK YOU, SIR. [LB176]

SPEAKER HADLEY: SENATOR, HOW WOULD YOU LIKE TO PROCEED WITH THE VOTE? [LB176]

SENATOR SCHNOOR: I WOULD LIKE A ROLL CALL VOTE IN REVERSE ORDER, PLEASE. [LB176]

SPEAKER HADLEY: THERE'S BEEN A REQUEST FOR A ROLL CALL VOTE IN REVERSE ORDER, MR. CLERK. [LB176]

ASSISTANT CLERK: (ROLL CALL VOTE TAKEN, LEGISLATIVE JOURNAL PAGE 1869.) 10 AYES, 17 NAYS, MR. PRESIDENT. [LB176]

SPEAKER HADLEY: THE AMENDMENT FAILS. THE CALL IS RAISED. MR. CLERK FOR AN ANNOUNCEMENT. [LB176]

ASSISTANT CLERK: MR. PRESIDENT, COMMUNICATION FROM THE GOVERNOR. (READ RE LB268.) IN ADDITION TO THAT, I HAVE A MOTION FROM SENATOR CHAMBERS THAT LB268 BECOME LAW NOTWITHSTANDING THE OBJECTIONS OF THE GOVERNOR. OTHER ITEMS, MR. PRESIDENT. YOUR COMMITTEE ON ENROLLMENT AND REVIEW REPORTS LB457 TO SELECT FILE WITH AMENDMENTS; LB577, LB581 AND LB581A TO SELECT FILE. I HAVE REPORTS

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FROM GENERAL AFFAIRS AND HEALTH AND HUMAN SERVICES REGARDING THE APPOINTMENT OF CERTAIN GUBERNATORIAL APPOINTMENTS. NEW RESOLUTION: LR262, BY SENATOR NORDQUIST; THAT WILL BE LAID OVER. AND FINALLY, AN AMENDMENT TO BE PRINTED BY SENATOR HOWARD TO LB315. (LEGISLATIVE JOURNAL PAGES 1869-1878.) [LB268 LB457 LB577 LB581 LB581A LR262 LB315]

RETURNING THEN TO LB176, PRIORITY MOTION: SENATOR BLOOMFIELD WOULD MOVE TO RECONSIDER THE VOTE JUST TAKEN ON AM1633. [LB176]

SPEAKER HADLEY: SENATOR BLOOMFIELD, YOU'RE RECOGNIZED TO OPEN ON YOUR RECONSIDER MOTION. [LB176]

SENATOR BLOOMFIELD: THANK YOU, MR. PRESIDENT. SO ON WE GO. COLLEAGUES, MY OPPOSITION TO THIS BILL HAS NOT ALTERED, AS HAS SENATOR SCHILZ'S DETERMINATION TO PASS IT I'M SURE HAS NOT ALTERED. SO SOMEWHERE AFTER 7:00 TONIGHT WE WILL FINALLY REACH THAT DECISION. THE DESIRE TO RECOMMIT IS, AS YOU'RE ALL AWARE, OF NOTHING MORE THAN AN OPPORTUNITY TO CONTINUE DISCUSSION TO GET US TO THE 7:00 HOUR. SO THAT'S WHERE WE'RE OFF TO. I'VE HAD SOME MORE E-MAILS BROUGHT UP THAT I'LL BE ABLE TO READ INTO THE RECORD AS WE GO FORWARD. AND WE WILL. AND THE SUN WILL COME UP TOMORROW. THANK YOU, MR. PRESIDENT. [LB176]

SPEAKER HADLEY: ANYONE WISHING TO SPEAK ON THE RECOMMIT MOTION? SENATOR SCHNOOR, YOU'RE RECOGNIZED. [LB176]

SENATOR SCHNOOR: THANK YOU, MR. PRESIDENT. YOU KNOW, I'M ALL FOR FINDING WAYS TO GET SMALL PRODUCERS INTO BUSINESS. I DISAGREE WITH THIS WAY. SENATOR HUGHES HAD BROUGHT UP EARLIER ABOUT GETTING INVOLVED IN FARMING, YOU KNOW, WHAT IT TAKES. AND IF YOUR...AND YOU KNOW, IF YOUR FAMILY'S NOT IN IT, IT'S NEXT TO IMPOSSIBLE FOR YOU TO BE...GET INVOLVED IN IT. SO THIS IS JUST...THIS IS A WAY THAT IS BEING SOLD TO YOU GUYS TO GET...TO INCREASE AGRICULTURE IN NEBRASKA, TO GET THOSE YOUNG PRODUCERS INVOLVED, BUT YET WITH THIS AMENDMENT THEN WE INCREASE THE AMOUNT OF DEBT THAT COULD BE OWED TO THEM BY AN OWNER OF THE LIVESTOCK. WE INCREASED THAT FROM \$250,000 TO \$1 MILLION. SO WE SAY, YES, YOU CAN INVOLVE, BUT WE'RE GOING TO INCREASE YOUR DEBT AND WE'RE GOING TO MAKE IT THAT MUCH HARDER FOR YOU TO DO IT. SO THAT'S WHY I SUBMITTED THE AMENDMENT TO MAKE IT A LITTLE MORE...TO

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PROTECT THAT YOUNG PRODUCER, OR I WOULDN'T EVEN CALL HIM A PRODUCER NOW, THAT YOUNG LABORER. YES, HE'S GROWING HOGS FOR SOMEBODY ELSE, BUT HE DOESN'T OWN THE PRODUCT. HE DOESN'T OWN THE ASSET. HE DOESN'T OWN ANYTHING EXCEPT THE BUILDING AND THESE MULTIMILLION DOLLAR CORPORATIONS NOW CAN BE INDEBTED TO THEM FOR UP TO \$1 MILLION. SO I SUBMITTED IT TO JUST HELP PROTECT THAT LITTLE...THAT YOUNG FARMER THAT WANTS TO GET STARTED. NOW OBVIOUSLY THE MAJORITY OF THE PEOPLE DON'T AGREE WITH ME OR THEY DON'T UNDERSTAND AND THEY'RE JUST NOT VOTING OR THIS IS SOMETHING THAT REALLY DOESN'T AFFECT THEM SO THEY'RE NOT THAT CONCERNED. BUT THE REASON THE PACKERS WANT TO OWN HOGS IS MERELY SO THEY CAN MAKE MORE MONEY. THAT'S ALL IT...THAT'S WHAT IT COMES DOWN TO, BECAUSE YOU CAN MAKE MORE MONEY IF YOU OWN THE HOGS THAN IF YOU'RE BUYING THEM. THAT'S JUST THE WAY IT IS. DO THEY STAND ALL THE RISK? OH, I WOULD SAY TO A CERTAIN DEGREE THEY WITHSTAND SOME. IT DEPENDS WHAT THESE CONTRACTS ARE GOING TO SAY, BUT YET THE CONTRACTS ARE WRITTEN WITH CONFIDENTIALITY AGREEMENTS. SO HOW CAN YOU EVEN TAKE IT ANYWHERE, TAKE IT TO YOUR OWN ATTORNEY AND HAVE THEM PROOFREAD IT FOR YOU? AND WE ALL KNOW HERE, YOU KNOW, UNLESS YOU'RE AN ATTORNEY AND UNDERSTAND THAT TYPE OF LANGUAGE, THAT STUFF CAN BE VERY CONFUSING. WE SEE IT A LOT HERE. [LB176]

SPEAKER HADLEY: ONE MINUTE. [LB176]

SENATOR SCHNOOR: THANK YOU, SIR. BUT THAT'S WHAT MY AMENDMENT WAS FOR, WAS TO PROVIDE SOME PROTECTION, AND I WOULD JUST REALLY ASK YOU TO RECONSIDER THAT AND LOOK TO...LOOK AT HOW YOU CAN PROTECT THAT YOUNG FARMER THAT WANTS TO GET INTO BUSINESS INSTEAD OF US STRAPPING HIM WITH ALL THE DEBT THAT THIS BIG COMPANY HAS THE ABILITY TO DO. SO PLEASE RECONSIDER YOUR MOTION AS WE GO THROUGH THIS ARGUMENT. AND I JUST ASK YOU TO RECONSIDER AND VOTE GREEN ON AM1633. THANK YOU. [LB176]

SPEAKER HADLEY: THANK YOU, SENATOR SCHNOOR. SENATOR BLOOMFIELD, YOU'RE RECOGNIZED. [LB176]

SENATOR BLOOMFIELD: THANK YOU, MR. PRESIDENT. HERE'S A LETTER FROM TESTIMONY ON FEBRUARY 10. THANK YOU, CHAIRMAN JOHNSON AND MEMBERS OF THE AGRICULTURE COMMITTEE. MY NAME IS BEN GOTSCHALL, AND I RAISE

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DAIRY CATTLE IN RAYMOND, NEBRASKA, WHERE I ALSO MARKET MY FAMILY'S ORGANIC, HUMANE-CERTIFIED, GRASS-FED BEEF THAT MY DAD AND BROTHERS RAISE ON OUR RANCH IN HOLT COUNTY. I OPPOSE LB176 BECAUSE I OPPOSE THE PACKER OWNERSHIP OF ALL LIVESTOCK, NOT JUST HOGS. I BELIEVE PASSAGE OF LB176 OPENS THE DOOR TO PACKER OWNERSHIP OF BEEF, WHICH WILL BE DEVASTATING TO THE INDEPENDENT CATTLE RANCHERS OF NEBRASKA, LIKE ME AND MY FAMILY. WHEN A CHINESE CORPORATION PURCHASED SMITHFIELD AT ABOUT THE SAME TIME AS THEN-GOVERNOR HEINEMAN WAS TOURING CHINA AND TALKING ABOUT INTERNATIONAL AGRICULTURAL TRADE, I KNEW WE WOULD SEE ANOTHER INCARNATION OF LAST YEAR'S LB942. HERE IT IS. WE DON'T ALLOW FOREIGN CORPORATIONS TO OWN FARMLAND IN NEBRASKA, AND WE SHOULD NOT ALLOW THEM TO OWN LIVESTOCK EITHER. PACKER OWNERSHIP OF LIVESTOCK VIRTUALLY ELIMINATES MANY OF THE MAJOR COMPONENTS OF A FUNCTIONING AGRICULTURE ECONOMY, INCLUDING TRANSPARENCY, FAIRNESS, COMPETITION, AND PRICE DISCOVERY. FARMERS SHOULD NOT HAVE TO HAVE A CORPORATE CONTRACT IN ORDER TO PARTICIPATE AND COMPETE IN THE MARKETPLACE. FARMERS WHO DO NOT HAVE A CORPORATE CONTRACT SHOULD NOT BE COMPETING AGAINST CORPORATIONS WHO, IN THAT SCENARIO, HAVE RESOURCES AND UNFAIR ADVANTAGES THAT ALLOW THEM TO EXPLOIT THE SYSTEM TO THEIR ADVANTAGE TO THE DETRIMENT OF INDEPENDENT FAMILY FARMERS. I HAVE SEEN FIRSHTHAND THE PROBLEMS WITH THE CHICKEN INDUSTRY IN NORTH CAROLINA. PEOPLE IN IOWA, WHO CAN'T DRINK THEIR WATER DUE TO POLLUTION FROM HOG WASTE, ARE NOW SEEING THE IMPACT OF UNCHECKED CORPORATE AGRICULTURAL GROWTH IN THEIR STATE. WE DO NOT WANT TO SEE THOSE PROBLEMS COME TO NEBRASKA. OUR STATE WAS BUILT ON THE TRADITION OF FAMILY FARMS AND RANCH AGRICULTURE BY FARMERS AND RANCHERS WHO GREW CROPS AND RAISED LIVESTOCK THAT THEY WERE PROUD TO SELL TO THEIR NEIGHBORS AND PUT ON THEIR OWN TABLES. I, FOR ONE, DO NOT WANT TO EAT THE ROTTEN PORK SANDWICH THAT WOULD BE LB176 WERE IT TO BE PASSED INTO LAW. I URGE YOU TO VOTE NO ON LB176 AND KILL IT IN THIS COMMITTEE. BEN GOTSCHALL, RAYMOND, NEBRASKA. LET'S GO BACK AGAIN, COLLEAGUES, AND LOOK AT WHAT'S HAPPENED TO THE CHICKEN INDUSTRY. THAT'S WHERE WE'RE HEADED WITH HOGS. IS IT A TREND WE CANNOT AVOID? I DON'T THINK SO. THERE ARE SOME DIFFERENCES. BUT WE SEE WHAT HAPPENED IN THE POULTRY INDUSTRY AND WE SEE, DESPITE THE BEST EFFORTS OF THESE GIANT MEGA FARMS, THEY CAN'T PREVENT DISEASE LIKE THEY'D LIKE YOU TO BELIEVE THEY CAN. THERE ARE PROBLEMS THAT WOULD COME WITH THE PASSAGE OF LB176. WATER POLLUTION IS JUST ONE OF THEM. THE QUALITY OF THE PRODUCT THAT ENDS UP ON THE DINNER PLATE OF THE

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NEBRASKA CONSUMER COULD WELL BE ANOTHER ONE, AND THE COST OF THAT PRODUCT. YOU KNOW, WE'VE BEEN TOLD HOW THE PORK INDUSTRY IS STRUGGLING AND PROBABLY FAILING IN NEBRASKA. WELL, I THINK WE'RE STILL FOURTH LARGEST IN THE NATION. WE MIGHT BE FIFTH. [LB176]

SPEAKER HADLEY: ONE MINUTE. [LB176]

SENATOR BLOOMFIELD: THANK YOU, MR. PRESIDENT. BUT IN THE OVERALL SCHEME OF THINGS, THAT'S NOT BAD. IF THIS PACKER OWNERSHIP IS A GOOD THING FOR THE PORK INDUSTRY, I WONDER WHY IT'S NOT A GOOD THING FOR THE BEEF INDUSTRY. THAT'S THE NEXT STOP, AND WE'RE ALREADY ON BOARD THIS TRAIN. IF WE CAN'T STOP THE TRAIN, THE BEEF INDUSTRY IS JUST ON DOWN THE TRACK A LITTLE FURTHER. THANK YOU, MR. PRESIDENT. [LB176]

SENATOR SCHEER PRESIDING [LB176]

SENATOR SCHEER: THANK YOU, SENATOR BLOOMFIELD. SENATOR McCOY, YOU'RE RECOGNIZED. [LB176]

SENATOR McCOY: THANK YOU, MR. PRESIDENT AND MEMBERS. I RISE AGAIN THIS AFTERNOON THE SAME AS I DID IN EARLIER TIMES ON THE MICROPHONE TODAY IN STRONG OPPOSITION TO LB176. THIS ISSUE IS ONE THAT, AS I TALKED ABOUT THIS MORNING, IS NEAR AND DEAR TO ME BECAUSE OUR FAMILY FOR SEVERAL GENERATIONS WERE ONE OF THESE SMALL FAMILY PORK PRODUCERS. THE RANCH WHERE I GREW UP IS JUST A FEW MILES AWAY FROM THE KANSAS BORDER AND FROM THE NEBRASKA BORDER IN EASTERN COLORADO. AND IT'S WHERE MY FAMILY HAS CALLED HOME NOW FOR FIVE GENERATIONS AND IT'S STILL IN THE FAMILY TODAY. BUT OUR FAMILY IS NO LONGER IN THE HOG BUSINESS PRIMARILY BECAUSE OF THE DOWNTURN IN THE MARKETS IN THE EARLY 1990s, BUT ALSO BECAUSE EVEN WHEN PRICES REBOUNDED SOMEWHAT, IT BECAME MORE DIFFICULT AND EVEN MORE DIFFICULT AFTER THAT TO MARKET HOGS. AND AS HAS BEEN TALKED ABOUT EARLIER TODAY, I FEAR THE "CHICKENIZATION" OF THE HOG INDUSTRY IN THE SAME WAY THAT, AND IT'S BEEN TALKED ABOUT BY OTHERS, THAT WE SEE IN THE POULTRY INDUSTRY. I THINK IT'S VERY INTERESTING AND VERY TELLING WHEN YOU LOOK AT THE ORIGINAL INITIATIVE 300 LEGISLATION THAT WAS PASSED BY A VOTE OF THE PEOPLE, PUT ON THE BALLOT BY THE PEOPLE OF NEBRASKA IN 1982, THE POULTRY INDUSTRY WAS EXEMPTED FROM THAT INITIATIVE. YOU KNOW, I'VE HAD SEVERAL PEOPLE ASK ME, WELL, WHY IS THAT? AND THE ANSWER IS,

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OBVIOUSLY, THE POULTRY INDUSTRY ALREADY WAS VERTICALLY ALIGNED IN THE SAME WAY THAT WE'RE DISCUSSING THE PORK INDUSTRY, SWINE INDUSTRY TODAY. THE POULTRY INDUSTRY IS INCREDIBLY VERTICALLY ALIGNED IN VIRTUALLY EVERY PART OF THE UNITED STATES AND IT HAS BECOME VERY DIFFICULT FOR SMALL POULTRY PRODUCERS, WHETHER THEY BE IN THE BROILER BUSINESS FOR MEAT OR IN EGGS, TO SURVIVE AND TO THRIVE. MY FAMILY HAS A VERY GOOD FRIEND THAT LIVES IN RURAL MISSOURI NOT TOO FAR FROM SPRINGFIELD. AND THEY WERE ONE OF THOSE FAMILIES THAT WAS A SMALL POULTRY PRODUCER, THAT ABOUT 20 YEARS AGO THEY MADE THE CONSCIOUS DECISION, AT RISK OF EVERYTHING THAT THEY HAD, TO GET BIG. AND THEY DID GET BIG, VERY LARGE. THEY'RE ONE OF THE LARGEST POULTRY PRODUCERS IN THE STATE OF MISSOURI TODAY. BUT I WILL TELL YOU THAT THAT FAMILY SAYS THEY BELIEVE THAT THAT ONLY HAPPENED BECAUSE THEY GOT LUCKY ON A FEW ACCOUNTS AND THEY GOT VERY BLESSED WITH SOME GOOD FORTUNE ALONG THE WAY BECAUSE THERE AREN'T VERY MANY FAMILY-OWNED OPERATIONS LIKE THEM THAT EXIST, NOT JUST IN THE STATE OF MISSOURI BUT IN THE STATE OF NEBRASKA OR ANYWHERE IN THE UNITED STATES. DO WE REALLY WANT THAT FOR OUR SWINE INDUSTRY? YOU KNOW, I QUIZZED SENATOR SCHILZ ON THE MICROPHONE AT AN EARLIER TIME TODAY DISCUSSING THE NUMBERS OF HOG FARMS. EARLY '80s, WE HAD AROUND ABOUT 16,000 HOG FARMS... [LB176]

SENATOR SCHEER: ONE MINUTE. [LB176]

SENATOR McCOY: ...TODAY WE HAVE A LOT LESS THAN THAT, SOMEWHERE AROUND 3,000, THE NUMBERS THAT I'VE SEEN. WHAT'S INTERESTING TO NOTE, MEMBERS, IS THOSE NUMBERS CONTINUE TO GO DOWN EVEN AFTER INITIATIVE 300 WAS THROWN OUT BY THE COURTS IN 2007. I THINK THAT'S BECAUSE WE HAVE TO GO ABOUT THIS IN A DIFFERENT WAY THAN WHAT WE'RE DOING WITH LB176. WE HAVE TO FIND WAYS BESIDES "CHICKENIZATION" OF THE INDUSTRY IN ORDER TO GROW JOBS IN RURAL NEBRASKA. THAT'S WHY I OPPOSE THIS BILL. THANK YOU, MR. PRESIDENT. [LB176]

SENATOR SCHEER: THANK YOU, SENATOR McCOY. SENATOR SULLIVAN, YOU'RE RECOGNIZED. [LB176]

SENATOR SULLIVAN: THANK YOU, MR. PRESIDENT. LET'S BE CLEAR ABOUT WHAT LB176 PROPOSES TO DO. AND I WILL TELL YOU THAT IN ALL THIS TALK ABOUT HELPING PRODUCERS, IT REALLY PUTS HOG PRODUCERS IN A VULNERABLE AND

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DEPENDENT POSITION. YOU CAN'T MAKE PAYMENTS ON A HOG UNIT IF YOU DON'T HAVE ANY HOGS. AND THERE IS NO GUARANTEE IN THIS SITUATION THAT A HOG PRODUCER WILL HAVE A CONTRACT THAT GUARANTEES HIM OR HER WILL HAVE HOGS ON AN INDEFINITE BASIS. IT'S ALSO NOT THE ANSWER FOR REPOPULATING AND REINVIGORATING OUR RURAL COMMUNITIES. THERE HAVE BEEN SEVERAL MENTIONS LATELY IN TESTIMONY REFERENCING TO THE "CHICKENIZATION." WELL, OKAY, THERE WILL BE SOME THAT SAY DON'T COMPARE THE TWO. HOWEVER, YOU CAN ALSO LOOK AT WHAT'S HAPPENED WITH CHICKEN PRODUCTION IN OTHER STATES. AND THERE WAS RESEARCH DATA GENERATED BY A PROFESSOR AT THE UNIVERSITY OF MISSOURI OVER A 30-YEAR PERIOD. AND IT SHOWED THAT OVER THE LONG HAUL, THOSE COMMUNITIES THAT HAD MORE POULTRY CONTRACTING HAD MORE POVERTY AND MORE DEPOPULATION THAN DID THOSE RURAL COMMUNITIES THAT DID NOT HAVE CONTRACT POULTRY PRODUCTION. WHY IS THAT? WELL, YOU CAN SUSPECT THAT THE POWER DISPARITY BETWEEN THE PROCESSOR AND PRODUCER IS SO GREAT THAT THE PROCESSOR WILL EVENTUALLY USE THEIR POWER TO SQUEEZE THE PRODUCER'S SHARE OF MARGIN DOWN TO NEXT TO NOTHING SO THEY CAN PUT MORE MONEY IN THEIR OWN CORPORATE POCKETS. AS SENATOR McCOY JUST SAID, WE HAVE TO FIGURE OUT THAT THERE IS MORE THAN ONE WAY TO HELP PRODUCERS TO REINVIGORATE RURAL COMMUNITIES. AND AGAIN, I FALL BACK ON MY COMMENTS EARLIER ABOUT DIVERSITY AND THE MOTHER OF INVENTION BEING OUR FREE ENTERPRISE THAT GOES RIGHT ALONG WITH THAT. AND I'M HAPPY TO SAY THAT IN MY COMMUNITY, MY DISTRICT, SPECIFICALLY BOONE COUNTY, WE'VE HAD A LOT OF YOUNG PEOPLE RETURN TO THE AREA, YOUNG PROFESSIONALS. ONE OF THEM IS GOING TO BE MY SON-IN-LAW THAT WILL BE JOINING OUR COMMUNITY BANK. WE'VE HAD YOUNG PROFESSIONALS COME BACK. AND CLEARLY WE'VE ALSO SEEN AT OUR BANK YOUNG FARMERS, SOME OF WHOM ARE GETTING A START ON THEIR OWN, SOME OF WHOM ARE BEING THE NEXT, SECOND, OR THIRD GENERATION IN THEIR FAMILY FARM OPERATIONS. AND WE JUST APPLAUD THEM EVERY CHANCE WE GET AND WE SUPPORT THEM EVERY CHANCE THAT WE GET. WE ALSO HAVE IN BOONE COUNTY A PROLIFERATION, I MIGHT ADD, OF HOG UNITS. MANY OF THEM ARE OWNED BY TWO ENTITIES WHO CONSIDER THEMSELVES TO BE FAMILY FARM CORPORATIONS. AND I'LL BE UP-FRONT ABOUT IT. WHEN JIM PILLEN CAME TO TOWN TEN-PLUS YEARS AGO, I WASN'T VERY HAPPY ABOUT IT. AND I WAS A GROUP OF INDIVIDUALS WHO WERE NOT IN SUPPORT OF THAT. HOWEVER, I CANNOT ARGUE WITH THE FACT THAT MR. PILLEN EMPLOYS A GREAT NUMBER OF PEOPLE WHO ARE EMPLOYED IN HIS HOG UNITS. AND THEN WE HAVE ANOTHER FAMILY-OWNED OPERATION THAT HAVE NUMEROUS HOG UNITS, THE MASCHOFF FAMILY. AND THEY, TOO, EMPLOY A LOT OF PEOPLE IN

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BOONE COUNTY, AND THOSE JOBS ARE VERY IMPORTANT. THEY'RE VERY NECESSARY. BUT I WILL ALSO TELL YOU THAT NEITHER ONE OF THOSE ENTITIES TESTIFIED AT THE HEARING FOR LB176. I SUSPECT THAT THEY WANT CONTROL OF THEIR OPERATIONS. [LB176]

SENATOR SCHEER: ONE MINUTE. [LB176]

SENATOR SULLIVAN: YES, THEY MAY CONTRACT WITH, WHETHER IT'S SMITHFIELD OR ANY OF OUR OTHER PROCESSORS, BUT THEY WANT CONTROL OF THE HOGS THAT THEY HAVE IN THEIR UNITS. AND AT THE END OF THE DAY, I FALL BACK ON THAT COMMENT FROM THAT ORDER BY...THAT COMMISSION COMPANY THAT HELPED US MARKET OUR CATTLE YEARS AGO: NO ORDER BUYER EVER WENT TO THE COUNTRY TO PAY MORE. NO PROCESSOR IS GOING TO SIGN A CONTRACT THAT IS MORE ADVANTAGEOUS TO THE PRODUCER THAN IT IS TO THAT PROCESSOR. SO AT THE END OF THE DAY, I STILL STAND IN OPPOSITION TO LB176. THANK YOU, MR. PRESIDENT. [LB176]

SENATOR SCHEER: THANK YOU SENATOR SULLIVAN. SENATOR BLOOMFIELD, YOU ARE RECOGNIZED. THERE ARE NO OTHERS IN THE QUEUE, IF YOU'D LIKE TO USE THIS AS A CLOSING. [LB176]

SENATOR BLOOMFIELD: OKAY. THANK YOU, MR. PRESIDENT. HERE'S A SHEET OF INFORMATION WE RECEIVED. CURRENT STATE LAW DOES NOT ALLOW MEAT PACKING COMPANIES TO OWN OR RAISE HOGS IN NEBRASKA. BACK IN THE 1990s, NEBRASKA PASSED A LAW WHICH PROHIBITED PACKERS FROM OWNING HOGS OR CATTLE IN NEBRASKA. THE LAW WAS TITLED THE NEBRASKA COMPETITIVE LIVESTOCK MARKETS ACT. LAST YEAR, A BILL WAS INTRODUCED IN THE AG COMMITTEE SIMILAR TO LB176. AT THE HEARING ON THE PROPOSED BILL, 25 OPPONENTS TESTIFIED AGAINST THE BILL. ONLY A FEW SUPPORTED IT, BUT THE POWERFUL PROPONENTS WORKED HARD TO GET THE BILL OUT OF COMMITTEE. THE AG COMMITTEE WAS BARELY ABLE TO HOLD THE BILL IN COMMITTEE. COLLEAGUES, AGAIN, THIS YEAR THERE WERE MORE OPPONENTS IN THE AG COMMITTEE THAN THERE WERE PROPONENTS. SENATOR SCHILZ INTRODUCED LB176 WHICH IS A RECONSTITUTION OF THE BILL HELD IN THE AG COMMITTEE LAST YEAR. THIS YEAR, THE POWERFUL PREVAILED AND THE BILL CAME OUT OF COMMITTEE STRONGLY SUPPORTED BY THE FARM BUREAU. IN ORDER FOR THIS BILL TO WORK WELL, SUPPORTERS FEEL THAT LB106 WOULD BE A NEEDED COMPANION BILL. WELL, WE NARROWED LB106 DOWN A LITTLE BIT. IT WON'T BE AS HELPFUL TO THEM AS IT ONCE COULD HAVE BEEN. LB176 COULD CLEAR THE

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WAY FOR CHINESE-OWNED SMITHFIELD FOODS TO OWN, CONTROL, AND FEED HOGS THROUGH CONTRACT SWINE OPERATIONS. LB176 IS A STEP TOWARD THE INDUSTRIALIZATION OF SWINE JUST AS IT OCCURRED FOR CHICKENS. LB176'S IMPACT ON THE FUNCTION OF NEBRASKA'S COMPETITIVE LIVESTOCK MARKETS ACT IS NOT KNOWN BUT UNDER PRESENT EXISTING ACT, CATTLE ARE BENEFITING. LB176 WILL HAVE AN EFFECT ON THE COMPETITIVE MARKET FOR THE SWINE PRODUCER THAT SHOULD BE A MAJOR CONCERN. LB176'S EFFECT ON THE COMPETITIVE MARKET SHOULD BE A MAJOR CONCERN, AND WHERE NEBRASKA HOG INDUSTRY GOES, THE STATE CATTLE INDUSTRY IS SURE TO FOLLOW. THERE'S A LOT MORE TO THIS AND I'LL GET INTO THAT AS WE GO ALONG. BUT I ASK YOU TO SERIOUSLY RECONSIDER THE VOTE ON AM1633. COLLEAGUES, \$250,000 IS A BIG DEBT FOR A YOUNG FAMILY TO ENTER INTO. A MILLION DOLLAR INVESTMENT IN DEBT THAT THEY MAYBE HAVE TO CARRY WHILE WAITING FOR PAYMENT FROM MEGA CORPORATIONS IS AN OVERLOAD. LET'S TAKE THIS BACK TO THE \$250,000 IT HAS BEEN. THAT WOULD GO A WAYS TOWARD MAKING A BAD BILL BETTER. I STILL COULD NOT SUPPORT THE BILL BUT WE WOULD AT LEAST GIVE THE GUYS SIGNING THOSE CONTRACTS A FIGHTING CHANCE. SO, RECONSIDER AM1633. LET'S PUT A GREEN VOTE ON THAT AND THEN WE'LL MOVE FORWARD. THANK YOU, MR. PRESIDENT. [LB176 LB106]

SENATOR SCHEER: THANK YOU, SENATOR BLOOMFIELD. THE QUESTION BEFORE US IS THE RECONSIDERATION OF THE VOTE TO AM495 (SIC--AM1633). [LB176]

SENATOR BLOOMFIELD: WE BETTER HAVE A CALL OF THE HOUSE. [LB176]

SENATOR SCHEER: THERE HAS BEEN A REQUEST TO PLACE THE HOUSE UNDER CALL. THE QUESTION IS, SHALL THE HOUSE GO UNDER CALL? ALL THOSE IN FAVOR VOTE AYE; ALL THOSE OPPOSED VOTE NAY. PLEASE RECORD. [LB176]

ASSISTANT CLERK: 13 AYES, 0 NAYS TO GO UNDER CALL, MR. PRESIDENT. [LB176]

SENATOR SCHEER: THE HOUSE IS UNDER CALL. SENATORS, RECORD YOUR PRESENCE. THOSE UNEXCUSED SENATORS OUTSIDE THE CHAMBER PLEASE RETURN TO THE CHAMBER AND RECORD YOUR PRESENCE. THE HOUSE IS UNDER CALL. SENATOR KRIST, GLOOR, COOK, NORDQUIST, KUEHN, BOLZ, CAMPBELL, MURANTE, CHAMBERS, SCHUMACHER, GARRETT, GROENE, HILKEMANN, KOLTERMAN, HANSEN, PLEASE REPORT TO THE FLOOR. THE HOUSE IS UNDER CALL. SENATORS GARRETT, HILKEMANN, KOLTERMAN, CHAMBERS, SCHUMACHER, MURANTE, KRIST, KUEHN, BOLZ, AND NORDQUIST, PLEASE

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RETURN TO THE FLOOR. THE HOUSE IS UNDER CALL. SENATOR NORDQUIST, HILKEMANN, KOLTERMAN, CHAMBERS, AND GARRETT, PLEASE RETURN TO THE FLOOR. THE HOUSE IS UNDER CALL. SENATOR HILKEMANN, SENATOR CHAMBERS, PLEASE RETURN TO THE FLOOR. THE HOUSE IS UNDER CALL. SENATOR CHAMBERS, SENATOR HILKEMANN, PLEASE RETURN TO THE FLOOR. THE HOUSE IS UNDER CALL. THERE HAS BEEN A REQUEST FOR A ROLL CALL VOTE IN REGULAR ORDER. MR. CLERK. CLARIFYING, THIS VOTE IS A RECONSIDERATION OF THE VOTE TO ADOPT AM495 (SIC--AM1633). [LB176]

ASSISTANT CLERK: (ROLL CALL VOTE TAKEN, LEGISLATIVE JOURNAL PAGES 1878-1879.) VOTE IS 11 AYES, 21 NAYS ON THE MOTION TO RECONSIDER, MR. PRESIDENT. [LB176]

SENATOR SCHEER: THE AMENDMENT FAILS. MR. CLERK. RAISE THE CALL. [LB176]

ASSISTANT CLERK: MR. PRESIDENT, THE NEXT AMENDMENT TO THE COMMITTEE AMENDMENT, SENATOR SCHNOOR, AM1672. (LEGISLATIVE JOURNAL PAGE 1711.) [LB176]

SENATOR SCHEER: SENATOR SCHNOOR, YOU'RE ACKNOWLEDGED TO OPEN. [LB176]

SENATOR SCHNOOR: THANK YOU, MR. PRESIDENT. [LB176]

SENATOR SCHEER: EXCUSE ME, SENATOR SCHNOOR, IF YOU COULD HOLD FOR ONE MOMENT. SENATOR HADLEY FOR AN ANNOUNCEMENT. [LB176]

SPEAKER HADLEY: THANK YOU, MR. PRESIDENT. WE WILL GO TONIGHT UNTIL WE FINISH THIS BILL, WHICH WILL BE OUR LAST GENERAL FILE BILL. TOMORROW WE WILL HAVE CONFIRMATIONS. WE WILL HAVE SELECT FILE TOMORROW. SENATOR CHAMBERS HAS FILED AN OVERRIDE ON THE VETO AND THAT WILL BE TAKEN UP AT 1:30 TOMORROW AFTERNOON. SO I WANTED YOU TO KNOW THAT. LUNCH WILL BE SERVED TOMORROW AND IT WILL BE A SHORT LUNCH HOUR. AND AGAIN, SINCE THURSDAY IS THE LAYOVER DAY, WE WILL HAVE TO STAND AT EASE TOMORROW AFTER WE...POSSIBLY AFTER WE GET THE SELECT FILE DONE TO GET THEM UP TO THE BILL DRAFTERS TO GET THEM IN FINAL FORM. AND THURSDAY AND FRIDAY IS STILL UP IN THE AIR AS TO

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HOW...WHAT WE WILL DO ON THAT. AND I JUST WANTED TO LET YOU KNOW HOW TOMORROW WOULD WORK OUT. THANK YOU, MR. PRESIDENT.

SENATOR SCHEER: THANK YOU, SPEAKER HADLEY. SENATOR SCHNOOR, I APOLOGIZE. YOU ARE NOW WELCOME TO OPEN ON YOUR AMENDMENT. [LB176]

SENATOR SCHNOOR: WE GOOD TO GO? OKAY. THAT'S QUITE ALL RIGHT. THANK YOU, MR. PRESIDENT. MY AMENDMENT, AM1672, IT CHANGES A COUPLE WORDS IN THERE, BUT THERE'S ONE POINT IN THERE THAT TALKS ABOUT INDIRECT OWNERSHIP. AND IT WAS CHANGED FROM 5 TO 14 DAYS. AND I'M ASKING THAT THIS GETS CHANGED BACK FROM 14 TO 5. SO THIS...YOU KNOW, THIS WHOLE LEGISLATION IS CONFUSING. SENATOR CRAWFORD WAS ASKING ME A QUESTION. AND IT'S ALL CONFUSING TO ME EVEN, AND I OWN AND FEED LIVESTOCK. I WAS TALKING TO SENATOR DAVIS. THIS IS CONFUSING TO HIM BECAUSE OF ALL THE WORDING OF IT. AND EVERYBODY ASKS ABOUT INDIRECT OWNERSHIP AND WHAT THAT MEANS. AND I'LL BE HONEST WITH YOU, I CAN'T GIVE YOU A GOOD ANSWER BECAUSE IF PACKERS AREN'T SUPPOSED TO OWN HOGS, OR AREN'T SUPPOSED TO OWN LIVESTOCK, HOW CAN THEY EVEN INDIRECTLY OWN THEM? BUT THAT'S WHERE THIS 14- AND THIS 5-DAY TIME FRAME COMES INTO EFFECT. AND SENATOR SCHILZ TALKED ABOUT HOW THEM CATTLE...THEM HOGS WILL BE SOLD TO THE PACKER 5 DAYS AHEAD OF TIME OR 14 DAYS AHEAD OF TIME. THEY WOULD BE HAULED OUT AND WEIGHED UP. AND I WOULD JUST LIKE THIS JUST TO GO...IT JUST NEEDS TO GO BACK TO THE WAY IT IS TO KEEP IT...KEEP MORE PROTECTION IN PLACE FOR THE GROWER, FOR THE FARMER THAT'S OUT THERE. AND I'M JUST LOOKING OUT FOR THAT GUY THAT WANTS TO GET INTO BUSINESS TO...JUST TO HELP HIM OUT AND JUST TO MAKE IT BETTER FOR HIM. IN THIS WHOLE INDIRECT OWNERSHIP, IT JUST EVEN SOUNDS BAD. SO LET'S JUST KEEP THIS THE WAY IT WAS AND LET'S NOT INCREASE IT ANY FURTHER. AND THAT'S WHY I HAVE THIS AMENDMENT. THANK YOU, MR. PRESIDENT. [LB176]

SENATOR SCHEER: THANK YOU, SENATOR SCHNOOR. SENATOR SCHILZ, YOU'RE RECOGNIZED. [LB176]

SENATOR SCHILZ: THANK YOU, MR. PRESIDENT, MEMBERS OF THE LEGISLATURE. I STAND UP IN OPPOSITION TO THIS AMENDMENT. AND ONCE AGAIN, LET ME EXPLAIN TO EVERYONE WHAT THIS IS FOR. WHEN...AND DON'T WORRY ABOUT...IF THIS BILL PASSES, THIS WON'T HAVE...THIS PART OF THE BILL AND THE MILLION DOLLAR PART OF THE BILL WON'T HAVE ANYTHING TO DO WITH

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HOGS BECAUSE YOU CAN...YOU WOULD BE ABLE TO CONTRACT THOSE HOWEVER YOU WANTED BECAUSE IT DOESN'T MATTER ABOUT DIRECT OR INDIRECT OWNERSHIP. THIS DEALS WITH THE PROTECTION OF PRODUCERS FOR CATTLE SO THAT THEY DON'T GET CAUGHT UP IN A PACKER HAVING INDIRECT OWNERSHIP OF THOSE ANIMALS. AND LET ME EXPLAIN IT. OUT IN MY NECK OF THE WOODS, WE SELL A LOT OF CATTLE ON A LIVE BASIS, WHICH MEANS WE BRING THE CATTLE UP TO THE SCALE. WE WEIGH THE CATTLE ACROSS THE SCALE. WE THEN GET PAID FOR WHAT THOSE CATTLE WEIGH, MINUS A SHRINK, RIGHT THERE. IF A PACKER WOULD HAVE SOMETHING GO WRONG--SAY A BLIZZARD WOULD HAPPEN, SAY A PLANT MALFUNCTION, OR LET'S SAY A FLOOD WOULD HAPPEN AND YOU CAN'T GET THE CATTLE TO WHERE THEY NEED TO GO--5 DAYS IS WHAT IT WAS BEFORE. WE LOOKED AT THAT AND SAID, YOU KNOW WHAT, LET'S MOVE THAT OUT TO 14 TO MAKE SURE THOSE PRODUCERS DON'T RUN INTO TROUBLE WITH INDIRECT OWNERSHIP. SO WHAT WOULD HAPPEN IF THAT WOULD HAPPEN? THERE'S A BLIZZARD. WE WEIGH THE CATTLE UP. THE PACKER CALLS US AND SAYS, HEY, WE CAN'T TAKE THOSE CATTLE TODAY. PUT THEM BACK ON FEED. WE'LL PAY THE FEED. YOU DON'T OWN THEM ANYMORE BECAUSE OF THE SHRINK AND EVERYTHING THAT HAPPENS IF YOU RUN THEM BACK AND FORTH TO THE PENS AND STUFF. SO YOU PUT THEM BACK ON FEED. THE PACKER THEN OWNS THEM, INCIDENTAL TO SLAUGHTER. SO WHAT THIS DOES, ONCE AGAIN, IS THIS PROTECTS THAT PRODUCER FROM GETTING CAUGHT UP IN THE INDIRECT LANGUAGE THAT IS IN THE LAW RIGHT NOW. THE ONLY THING THAT'S NOT DONE IS THAT INDIRECT IS NOT DEFINED IN THE LAWS THAT EXIST TODAY. SO IT SITS THERE WAITING FOR SOMEBODY TO CHALLENGE IT IN COURT. WHAT WE TRY TO DO IN SECTION 3 OF THIS WHOLE BILL WAS TO HELP DEFINE WHAT INDIRECT OWNERSHIP MEANS SO THAT IT PROTECTS EVERYBODY. SO, ONCE AGAIN, OBVIOUSLY...I MEAN, THIS...OBVIOUSLY THIS IS A FILIBUSTER AMENDMENT BECAUSE, AS WE'VE HEARD, IT'S CONFUSING. PEOPLE CAN'T UNDERSTAND WHAT IT MEANS. AND IF YOU DON'T UNDERSTAND WHAT IT MEANS, THEN HOW CAN YOU PUT SOMETHING UP THERE THAT SAYS IT SHOULD BE THIS OR THAT. WHEN I DON'T UNDERSTAND SOMETHING, I TRY TO GO FIGURE IT OUT AND ASK THE PEOPLE WHO KNOW. SO HOPEFULLY THAT WILL HAPPEN. BUT I AM AGAINST THIS AMENDMENT. AND THANK YOU, MR. PRESIDENT. [LB176]

SENATOR SCHEER: THANK YOU, SENATOR SCHILZ. THOSE WAITING TO SPEAK: SENATOR SULLIVAN, DAVIS, AND SCHNOOR. SENATOR SULLIVAN, YOU'RE RECOGNIZED. OH, EXCUSE ME. SENATOR GROENE IS FIRST. I APOLOGIZE, SENATOR SULLIVAN. SENATOR GROENE, YOU'RE RECOGNIZED. [LB176]

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SENATOR GROENE: THANK YOU, MR. PRESIDENT. IF YOU'RE TIRED OF LISTENING TO ME, WHY DON'T YOU JUST SAY IT? I'LL SIT DOWN. BUT ANYWAY, NO, I WON'T. I GUESS I GOT TO HELP HERE. BUT SOME FACTS, WHY DO WE RAISE HOGS IN NEBRASKA, WHERE WE'RE FOURTH OR FIFTH RIGHT NOW? I GOT THE USDA LATEST NUMBERS ON CORN PRODUCTION. NUMBER ONE IS IOWA AT 2.16 BILLION. NUMBER TWO IS ILLINOIS IS AT 2.1 BILLION. NUMBER THREE IS NEBRASKA AT 1.623 BILLION. NUMBER FOUR IS MINNESOTA AT 1.3 BILLION. OF THE 50 STATES, THOSE FOUR PRODUCE OVER HALF OF THE 13.9 BILLION BUSHELS. AND WE'RE NUMBER THREE. INPUTS TO HOGS IS WHAT I'M TALKING ABOUT HERE. SOYBEANS, SOYBEAN MEAL IS WHAT THEY FEED THE HOGS. NUMBER ONE IS ILLINOIS, 474 MILLION BUSHELS. NUMBER TWO IS IOWA AT 420 MILLION BUSHELS. NUMBER THREE IS MINNESOTA AT 278 MILLION BUSHELS. NUMBER FOUR IS INDIANA AT 267 BILLION. NUMBER FIVE IS NEBRASKA AT 255 MILLION. EXCUSE ME, MILLION, NOT BILLION. THOSE 5 ADD UP TO OVER HALF OF THE 50 STATES, OF 3.3 BILLION BUSHELS. WE RAISE HOGS IN THIS AREA AND CATTLE BECAUSE WE RAISE THE INPUTS. THAT IS WHY THEY COME HERE. WE HAVE OPEN AREAS. WE HAVE PLENTY OF WATER, SO FAR; IF WE KEEP PUMPING IT INTO A CREEK, WE WON'T. WE HAVE PEOPLE WITH THE KNOW-HOW TO RAISE AGRICULTURE, PEOPLE WHO ARE ACCLIMATED TO AGRICULTURE AND THE SMELLS AND THE NOISES. SO THEY COME HERE. AND WE'RE FOURTH OR FIFTH IN HOG PRODUCTION. THEY DON'T WANT TO SHIP THIS CORN ACROSS THE COUNTRY TO NORTH CAROLINA BECAUSE ALL THEIR CORN, WHICH THEY PRODUCE WHICH ISN'T A LOT, IS FED TO THE TURKEYS AND THE CHICKENS. WE ARE THE CORE OF THE HOG AND CATTLE PRODUCTION IN THE UNITED STATES, BASICALLY THE WORLD, NEBRASKA, IOWA...THE THREE "I" STATES THEY CALL THEM--IOWA, INDIANA, AND ILLINOIS--AND NEBRASKA. KANSAS THROWS SOME IN AS FAR AS THE CORN, 850-SOME MILLION. THEY COME WHERE THE INPUTS ARE. WE DON'T NEED THIS BILL. I SUPPORT AMENDMENT AM1672. FIVE DAYS IS ENOUGH IN MODERN TIMES, I GUESS, TO MAKE SURE THAT THE PACKER DON'T OWN THE LIVESTOCK TOO LONG WITHOUT PLAYING SOME GAMES. IT'S WORKED BEFORE. AND I STAND IN OPPOSITION TO LB176. WHY MESS WITH A GOOD THING? WE HAVE FAMILY FARMS, FAMILY CORPORATIONS. IN MY BUSINESS I TRAVEL AND I'VE RAN INTO LARGE YOU COULD CALL THEM CORPORATIONS WHERE LARGE ENTITIES OWN THE LAND AND THEN THEY CONTRACT FOR PEOPLE TO OPERATE AND RUN THE FARMING OPERATION. YOU WALK ON TO THE BUSINESSES AND THERE'S AN OFFICE AND THERE'S... YOU CHECK IN AND THEY'RE ALL WEARING HARD HATS AND IT IS 8-TO-5 CORPORATE WORLD. YOU GO DOWN THE ROAD TO A FARMING OPERATION THAT'S OWNED... [LB176]

SENATOR SCHEER: ONE MINUTE. [LB176]

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SENATOR GROENE: ...BY A FAMILY, IT'S A WHOLE DIFFERENT WORLD GAME. YOU GOT GRANDPA SITTING THERE, THE PATRIARCH. YOU GOT THE SONS. YOU GOT THE GRANDSONS. YOU GOT WHAT YOU CALL FAMILY FARMING. WE MUST PRESERVE THAT. LB176 PUTS A CHINK IN THAT TRADITION OF WHAT NEBRASKA IS ALL ABOUT, THE CORNHUSKERS. THAT'S FAMILY FARMS. THANK YOU. [LB176]

SENATOR SCHEER: THANK YOU, SENATOR GROENE. SENATOR SULLIVAN, THIS TIME I REALLY AM RECOGNIZING YOU. [LB176]

SENATOR SULLIVAN: THANK YOU, MR. PRESIDENT. AGAIN, I STAND IN OPPOSITION TO LB176. I CAN SUPPORT THIS AMENDMENT THAT WE ARE CURRENTLY DEALING WITH. BUT ADMITTEDLY, EVEN BY THE BILL'S INTRODUCER, THIS BILL AND THE ACCOMPANYING AMENDMENT, THE COMMITTEE ONE, HAS BEEN SOMEWHAT DIFFICULT TO UNDERSTAND. SO I'D FIRST OF ALL LIKE TO SEE IF THE CHAIR OF THE AGRICULTURE COMMITTEE, SENATOR JOHNSON WOULD YIELD FOR A COUPLE OF QUESTIONS. [LB176]

SENATOR SCHEER: SENATOR JOHNSON, WILL YOU PLEASE YIELD? [LB176]

SENATOR JOHNSON: YES, I WILL. [LB176]

SENATOR SULLIVAN: THANK YOU, SENATOR JOHNSON. NOW...AND I'M NOT GOING TO DRILL YOU ON ALL THE COMMITTEE AMENDMENTS OTHER THAN JUST GIVING YOU AN OPPORTUNITY AT THIS POINT IN TIME TO SAY IF YOU'D LIKE TO TELL ME ANYTHING AT ALL ABOUT WHAT THE COMMITTEE DECIDED TO DO WITH LB176. [LB176]

SENATOR JOHNSON: WELL, COMMITTEE FEELS THAT THE AMENDMENT THAT WAS JUST DISCUSSED THAT WE VOTED DOWN AND THIS ONE ARE BOTH WHAT WE FELT IS FRIENDLY TO THE PRODUCER FROM THE STANDPOINT, AND I UNDERSTAND PART OF THAT SYSTEM, WHERE PACKER, ESPECIALLY IN THE CASE OF CATTLE, COMES OUT AND BUYS YOUR ANIMALS AND OWNS THEM. AND THEN FOR WHATEVER REASON, STORM AS SENATOR SCHILZ HAS COMMENTED, OR A ROAD IS OUT OR WHATEVER CONDITION MIGHT BE, THAT THEY STAY IN THE FEEDLOT OR GO BACK IN THE FEEDLOT. AND AT THAT POINT, YOU BECOME AN INDIRECT OWNER. AND THAT'S WHERE IT RUNS INTO PROBLEMS WITH THE LAW. AND THAT PART OF THE LAW I'M NOT AS FAMILIAR AS I SHOULD BE. [LB176]

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SENATOR SULLIVAN: DID I HEAR YOUR SAY EARLIER WHEN YOU HAD COMMENTED ON THIS BILL THAT YOU'VE HAD SOME EXPERIENCE WITH CONTRACTING HOGS? [LB176]

SENATOR JOHNSON: YES, I HAVE. [LB176]

SENATOR SULLIVAN: CAN YOU TELL ME A LITTLE BIT MORE ABOUT THAT EXPERIENCE? [LB176]

SENATOR JOHNSON: YES, I WILL. THIS IS BACK WITH INITIATIVE 300 AND CORPORATE OWNERSHIP OF HOGS OR LIVESTOCK WAS NOT PERMITTED. AND SO AN ENTITY THAT I WAS INVOLVED WITH, WE OWNED FACILITIES IN COLORADO. AND WE FARROWED THE SOWS OUT THERE AND THE PIGS WERE BORN. WHEN THEY BECOME WEANING AGE, WE LOADED THEM UP ON A TRUCK. AND AT THAT POINT, THE PRODUCER BOUGHT THE PIGS OR OWNED THE PIGS BY CONTRACT. THOSE PIGS CAME BACK TO NEBRASKA TO A FINISHING FLOOR THAT THEY OWNED AND WE HAD FEEDING CONTRACTS WITH IT. AND IN SOME CASES, WE WOULD FINANCE THE FEED. AND DURING THIS WHOLE PROCESS, THE PRODUCER HAD AN AGREEMENT WITH THE PACKING COMPANY THAT HAPPENED TO BE LOCATED IN CRETE FOR SHACKLE SPACE AND HAD AN OBLIGATION THEN TO SHIP THOSE ANIMALS TO THAT PACKING PLANT WITHIN A WINDOW. [LB176]

SENATOR SULLIVAN: OKAY. BUT NOT TO INTERRUPT YOU, BUT HOW DOES THAT DIFFER FROM WHAT WE ARE TALKING ABOUT WITH LB176? [LB176]

SENATOR JOHNSON: AT THAT POINT, OWNERSHIP STAYED WITH THE PRODUCER... [LB176]

SENATOR SULLIVAN: OKAY. [LB176]

SENATOR JOHNSON: ...OF THE PIGS THEMSELVES. BUT ALL THE REST OF THE CONTRACT, IT WAS CONTRACTED THROUGH TO THE PACKER. [LB176]

SENATOR SULLIVAN: ALL RIGHT. THANK YOU, SENATOR JOHNSON. I FALL BACK TO THE COMMENTS THAT I HAD MADE EARLIER ABOUT MY CONCERNS WITH THESE CONTRACTS. AND THAT SEEMS TO ME TO BE ONE BIT OF REAL UNFINISHED WORK WITH LB176 THAT NEEDS TO BE THOROUGHLY VETTED AND THAT HAS NOT BEEN DISCUSSED ENOUGH BECAUSE THERE ARE SOME...I

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WOULDN'T EVEN CALL IT...WELL, CERTAINLY NOT OPPORTUNITIES BUT SOME ISSUES AND PROBLEMS WITH HOW THESE CONTRACTS COULD BE DEVELOPED. TRANSPARENCY ASIDE, THERE ARE SOME THINGS THAT HAVE BEEN EXPERIENCED BY PRODUCERS IN OTHER STATES UNDER THESE CONTRACTS THAT BORDER ON BEING...ON BIZARRE. CONTRACT OPERATORS... [LB176]

SENATOR SCHEER: ONE MINUTE. [LB176]

SENATOR SULLIVAN: ...CERTAINLY IN MANY INSTANCES ARE REQUIRED TO SECURE THE PERMITS FOR DISPOSING OF THE HOG MANURE AND THE ENVIRONMENTAL LIABILITY ASSOCIATED WITH THE DISPOSAL. AND I CAN UNDERSTAND THAT. BUT GET THIS, IN SOME CASES, SOME CONTRACTS EVEN HAVE A PROVISION THAT ALLOWS THE PORK PACKER TO EVICT FARMERS FROM THEIR OWN HOG FARMS AND FORCE THEM TO HIRE COMPANY-SELECTED MANAGERS TO FINISH THE HOGS IF THE PACKER DECIDES THAT THE FARMER WAS NOT PROPERLY TAKING CARE OF THE LIVESTOCK THAT THEY WANTED...THE WAY THEY WANTED THEM TO. SO I REMAIN CONCERNED ABOUT WHAT LIMITATIONS ARE GOING TO BE PLACED ON THIS PRODUCER THAT WE SO ARE WANTING TO HELP BY PUTTING THEM IN THIS SUBSERVIENT POSITION OF BEING A PRODUCER THAT IS NOT OWNING THE LIVESTOCK BUT PURELY JUST RAISING THEM FOR THE BENEFIT OF THE OWNER, WHICH IS THE MEAT PROCESSOR. THANK YOU, MR. PRESIDENT. [LB176]

SENATOR SCHEER: THANK YOU, SENATORS JOHNSON AND SULLIVAN. SENATOR DAVIS, YOU'RE RECOGNIZED. [LB176]

SENATOR DAVIS: THANK YOU, MR. PRESIDENT AND MEMBERS. I THINK THE DISCUSSION THAT TOOK PLACE BETWEEN SENATOR SCHILZ AND SENATOR SCHNOOR A FEW MINUTES AGO INDICATES ONE OF THE THINGS THAT I HAVE...ONE OF THE PROBLEMS THAT I HAVE WITH THIS BILL, WHICH TO ME IS THAT IT'S VERY, VERY CONFUSING. SO I'M GOING TO ASK SENATOR SCHILZ IF HE WOULD YIELD TO A FEW QUESTIONS. [LB176]

SENATOR SCHEER: SENATOR SCHILZ, WOULD YOU PLEASE YIELD? [LB176]

SENATOR SCHILZ: YES, I WILL. [LB176]

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SENATOR DAVIS: SO, SENATOR SCHILZ, THE ORIGINAL BILL TALKED ABOUT 5 DAYS AND THEN YOU CHANGED IT TO 14 DAYS. SENATOR SCHNOOR, IS TRYING TO MOVE THAT BACK TO FIVE DAYS. NOW CAN YOU EXPLAIN TO ME WHY FIVE DAYS ISN'T ENOUGH TIME? [LB176]

SENATOR SCHILZ: YOU KNOW, IN MOST INSTANCES, IT WOULD BE. BUT IN SOME INSTANCES, LET'S SAY...AND WE HAD THIS ISSUE IN 2005 WHEN WE HAD THE BIG FLOOD OUT THERE. WE HAD ROADS THAT WERE COMPLETELY WASHED OUT THAT YOU COULDN'T DRIVE TRUCKS OVER OR THROUGH. AND IF YOU'RE A WAYS FROM A PAVED ROAD OR IF YOU'VE GOT ISSUES LIKE THAT AND THERE'S A FLOOD, AND THIS IS JUST ONE EXAMPLE, BUT THE ROAD WOULD GET WASHED OUT. UNDER FIVE DAYS FOR INCIDENTAL OWNERSHIP...OWNERSHIP INCIDENTAL TO SLAUGHTER, THAT WORKS. BUT IF YOU GO TO DAY SIX, THEN ALL OF A SUDDEN BECAUSE IT'S IN THE LAW AS IT IS TODAY, YOU WOULD BE IN VIOLATION OF LB835 TODAY IF YOU DID THAT. SO WHAT WE DID WAS WE SAID, YOU KNOW WHAT, LET'S GIVE THOSE PRODUCERS AS MUCH TIME AS POSSIBLE, 14 DAYS, THAT SEEMED LONG ENOUGH. NOT SO LONG THAT THEY COULD FEED OUT THE LIVESTOCK OR THE CATTLE TO FINISH. BUT IT'S ENOUGH THAT THEY COULD BUY THE CATTLE, PUT THEM BACK ON FEED, AND THEN HAVE A REASONABLE AMOUNT OF TIME TO SHIP THEM TO THE PACKING PLANTS WITHOUT GETTING... [LB176]

SENATOR DAVIS: (INAUDIBLE). [LB176]

SENATOR SCHILZ: ...EXCUSE ME--WITHOUT GETTING THE PRODUCER IN TROUBLE FOR...AND THE PACKER FOR INDIRECT OWNERSHIP. [LB176]

SENATOR DAVIS: THANK YOU, SENATOR SCHILZ. I APPRECIATE THAT. AND I THINK SENATOR SCHILZ'S POINT IS AN INTERESTING ONE BUT PROBABLY SOMETHING THAT ISN'T GOING TO HAPPEN, MAYBE NEVER, MAYBE VERY RARELY. AND I WONDER HOW MUCH ZEAL ANYONE WOULD TAKE TO PROSECUTING A CASE WHERE THERE WAS A FLOOD SITUATION OUT THERE AND THE CATTLE WERE...COULDN'T BE SHIPPED. YOU KNOW, I CAN'T REALLY IMAGINE ANYBODY LATCHING ON TO THAT AND TAKING THAT AND SAYING, BY GOSH, WE'RE PROSECUTE THESE PEOPLE TO THE ENDS OF THE EARTH BECAUSE THEY VIOLATED THIS LAW. SO I THINK THAT...I THINK WHAT I SEE HAPPENING BY MOVING TO 14 DAYS IS YOU'RE OPENING THAT WINDOW WIDER AND WIDER, A LITTLE BIT WIDER THERE. AND I DON'T THINK IT IS NECESSARY. I THINK FIVE DAYS IS PLENTY OF TIME, CONSTITUENTS OUT IN THE COUNTRY AND

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COLLEAGUES HERE. FIVE DAYS WILL SOLVE THE PROBLEM. SO I'D LIKE TO JUST ADDRESS A LITTLE BIT SOME OF SENATOR LARSON'S COMMENTS EARLIER IN TALKING ABOUT THE CHINESE AND SMITHFIELD. AND I'M GLAD SENATOR LARSON HAS A LOT OF FAITH IN THE CHINESE AND HOW THEY DO BUSINESS. I THINK YOU CAN ADMIRE THEM. THEY ARE RUTHLESS. LET'S REMEMBER THAT THE CHINESE ARE THE PEOPLE WHO IMPOSED ONE-CHILD-PER-FAMILY RULES ON THEIR PEOPLE IN ORDER TO CHANGE POPULATION THERE. LET'S REMEMBER THAT THE CHINESE BRUTALLY SUPPRESSED A REVOLUTION IN 1989. LET'S LOOK AT THE WAY THE CHINESE HAVE BROADENED THEIR FIELD OF INFLUENCE IN SOUTHEAST ASIA BY BUILDING ISLANDS OUT IN THE OCEAN SO THAT THEY CAN SAY THAT'S CHINESE TERRITORY. THIS IS REALLY NOT A FRIENDLY NATION. AND THIS COMPANY IS OWNED BY THE CHINESE GOVERNMENT, COLLEAGUES, NO MATTER WHAT YOU HEAR FROM ANYONE ELSE. IT IS A CHINESE-OWNED CORPORATE ENTITY, NOT ATYPICAL OF MANY OTHER THINGS THAT HAPPEN THERE OR IN OTHER COMMUNIST NATIONS IN THE WORLD. WE HAVE HAD AN EMBARGO WITH CUBA FOR... [LB176]

SENATOR SCHEER: ONE MINUTE. [LB176]

SENATOR DAVIS: ...50 YEARS--THANK YOU, MR. PRESIDENT--50 YEARS, A COUNTRY THAT'S RIGHT NEXT DOOR TO US BECAUSE IT'S A COMMUNIST NATION. AND 40-SOME YEARS AGO WHEN RICHARD NIXON WENT TO CHINA TO OPEN THE DOOR TO CHINA IN ORDER TO FIND SOME SORT OF A PIVOT ON THIS BALANCE OF POWER NEGOTIATION WITH THE SOVIETS, I DON'T THINK ANY OF US EVER REALIZED WHAT WE WERE GETTING INTO. BUT THIS IS NOT A FRIENDLY NATION TO THE UNITED STATES. IT IS NOT A FRIENDLY NATION TO NEBRASKA. IT HAS A LARGE POPULATION THAT IT NEEDS TO FEED, AND IT'S BUYING INTO AGRICULTURAL ENTITIES ALL ACROSS THE WORLD IN ORDER TO FEED ITS POPULATION AND MAKE REVENUE. IT'S HIRED A LOBBYING FIRM HERE TO PUSH THIS BILL HARD BECAUSE IT THINKS IT'S NEEDED. IT ALREADY HAS 887,000 SOWS. WE ARE NOT PROTECTING OUR CITIZENS BY PUTTING THIS THROUGH. WE'RE "CHICKENIZING" THE PORK INDUSTRY IN NEBRASKA. WE HAVE GOOD PRODUCERS WHO ARE ALREADY DOING WELL IN OUR STATE. [LB176]

SENATOR SCHEER: TIME, SENATOR. [LB176]

SENATOR DAVIS: THANK YOU, MR. PRESIDENT. [LB176]

SENATOR SCHEER: THANK YOU, YOU SENATOR DAVIS. MR. CLERK. [LB176]

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ASSISTANT CLERK: MR. PRESIDENT, A PRIORITY MOTION. SENATOR SULLIVAN WOULD MOVE TO RECOMMIT THE BILL TO THE AGRICULTURE COMMITTEE. [LB176]

SENATOR SCHEER: SENATOR SULLIVAN, YOU'RE RECOGNIZED TO OPEN ON YOUR MOTION. [LB176]

SENATOR SULLIVAN: THANK YOU, MR. PRESIDENT. I THINK IT'S CLEAR TO ME THAT IN THE DISCUSSION THAT HAS TAKEN PLACE, THE QUESTIONS THAT HAVE BEEN RAISED, THE CONCERNS THAT HAVE BEEN VOICED, THAT THERE IS STILL A LOT OF WORK TO BE DONE WITH THIS LEGISLATION. WE'RE NOT CLEAR ABOUT SOME OF THE DETAILS OF THE BILL IN ITS ORIGINAL FORM. IT'S BEEN HARD TO EXPLAIN THE RATIONALE OF SOME OF THE COMMITTEE CHANGES THAT HAVE BEEN MADE IN THE COMMITTEE AMENDMENT. AND OF COURSE, I HAVE SAID NUMEROUS TIMES THAT I'M VERY CONCERNED ABOUT THE LACK OF DETAILS RELATIVE TO THE WHOLE IDEA OF THE CONTRACTS THAT THE PRODUCERS WOULD BE UNDER WITH THE MEAT PROCESSORS OWNING THE LIVESTOCK. SO FOR ALL OF THESE REASONS, IN ADDITION TO THE FACT THAT IT'S CLEAR THAT THERE IS NOT UNDIVIDED SUPPORT AMONG THE AG COMMUNITY FOR THIS, AND CLEARLY THIS BODY IS DIVIDED, AND TO THAT POINT, WITH THE NUMBER NONVOTING, UNCERTAIN ABOUT THE DETAILS OF IT. SO LET'S DO THE RIGHT THING AND RECOMMIT THIS TO COMMITTEE. LET'S DO THE RIGHT THING BY AGRICULTURE. IT'S CLEAR. I WOULD THINK THAT EVERY SINGLE ONE OF US IN THIS BODY WANT TO SEE AGRICULTURE, THE GREAT SYSTEM, THE GREAT INDUSTRY THAT WE HAVE IN THIS STATE, WE WANT TO SEE IT THRIVE AND BECOME EVEN BETTER THAN IT ALREADY IS. WE'RE PROUD OF WHAT WE HAVE. WE'RE PROUD OF THE PRODUCERS IN THIS STATE. AND I THANK THOSE HOG PRODUCERS FOR DOING THE GREAT JOB THAT THEY ARE RIGHT NOW. BUT WE'RE ALSO UNIQUE, AND WHAT IS WRONG WITH THAT? SO AT THE END OF IT ALL, I WANT US TO DO THE JOB OF MAKING AGRICULTURE EVEN BETTER THAN IT IS. I WANT US TO DO THE JOB OF MAKING LB176 BETTER THAN WHAT IT CAN BE. AND SO TO THAT END, I HOPE YOU WILL VOTE WITH ME TO DO WHAT'S RIGHT, TO CONTINUE TO DO THE WORK TO MAKE THIS BILL BETTER, AND RECOMMIT IT TO COMMITTEE. AND HAVE THEM BRING IT BACK TO US IN A BETTER FORM THAT CAN GARNER ALL OF OUR SUPPORT AND THE SUPPORT OF THE AGRICULTURAL COMMUNITY IN TOTAL, AND TRULY GIVE A BRIGHTER AND BETTER PATH TO THOSE PRODUCERS WHO WANT TO RAISE HOGS UNDER THEIR OWN OWNERSHIP HERE IN NEBRASKA. THANK YOU, MR. PRESIDENT. [LB176]

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SENATOR SCHEER: THANK YOU, SENATOR SULLIVAN. SENATOR SCHNOOR, YOU'RE RECOGNIZED. [LB176]

SENATOR SCHNOOR: THANK YOU, MR. PRESIDENT. I STILL FIND IT IRONIC WE'RE TALKING ABOUT A BILL OF PACKER OWNERSHIP OF HOGS AND WE END UP TALKING MORE ABOUT CATTLE. BUT ONE OF THE...IN SECTION 2, IT SAYS, SECTION 2(1)(b)...WELL, IT SAYS, EXCEPT AS PROVIDED IN THE SUBSECTION (2) OF THIS SECTION, A PACKER SHALL NOT: DIRECTLY OR INDIRECTLY BE ENGAGED IN THE OWNERSHIP, KEEPING, OR FEEDING OF LIVESTOCK, OTHER THAN THE TEMPORARY OWNERSHIP, KEEPING, AND FEEDING NOT TO EXCEED FIVE DAYS WHICH IS NECESSARY AND INCIDENTAL TO, AND IMMEDIATELY PRIOR TO, THE PROCESS OF SLAUGHTER. SO THAT IS...WELL, THAT MAKES PERFECT SENSE TO ME, THAT THE PACKER CAN'T OWN HOGS MORE THAN FIVE DAYS PRIOR TO THEM GOING TO SLAUGHTER, BUT THIS DOESN'T TALK ABOUT HOGS. THIS TALKS ABOUT THE FEEDING OF LIVESTOCK. SENATOR SCHILZ, WILL YOU YIELD TO A QUESTION, PLEASE? [LB176]

SENATOR SCHEER: SENATOR SCHILZ, WOULD YOU PLEASE YIELD? [LB176]

SENATOR SCHILZ: YES. [LB176]

SENATOR SCHNOOR: THANK YOU. SENATOR SCHILZ, YOU TALKED ABOUT THIS, YOU KNOW, OBVIOUSLY THE AMENDMENT AND, WELL, NOW WE HAVE THE RECOMMIT MOTION. BUT I'D LIKE TO TALK ABOUT AMENDMENT A LITTLE BIT SINCE THAT'S WHAT I WAS IN THE QUEUE FOR. BUT THE 5- VERSUS 14-DAY RULE, YOU SAID IN YOUR AREA THAT A LOT OF CATTLE ARE SOLD BASED ON THE LIVE WEIGHT, IS THAT CORRECT? [LB176]

SENATOR SCHILZ: THAT'S CORRECT. YES. [LB176]

SENATOR SCHNOOR: IS THAT...ARE ALL CATTLE SOLD ON LIVE, OR IS THAT JUST SOME OF THEM? [LB176]

SENATOR SCHILZ: IT DEPENDS ON WHERE YOU'RE AT. THE FURTHER WEST YOU GO, THE MORE LIVE BASIS CATTLE YOU SEE SOLD; BUT, NO, NOT ALL OF THEM. YOU HAVE A NUMBER OF OPTIONS ON HOW YOU MARKET THOSE. [LB176]

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SENATOR SCHNOOR: OKAY. IN EASTERN NEBRASKA, AND I'M JUST GUESSING THE PERCENTAGE, BUT I'LL GUESS 90 PERCENT OF THE CATTLE ARE SOLD BASED ON CARCASS WEIGHT. BUT YOU WERE SAYING THAT THE CATTLE...WHERE ARE THE CATTLE, THE CATTLE THAT ARE SOLD, WHERE ARE THEY NORMALLY WEIGHED UP AT? [LB176]

SENATOR SCHILZ: THE CATTLE THAT ARE SOLD WOULD...WELL, NORMALLY THEY WOULD BE EITHER WEIGHED ON A GROUND SCALE AT THE FEEDLOT FACILITY ITSELF, OR LOADED ON TRUCKS AND WEIGHED ACROSS THE TRUCK SCALE, USUALLY EITHER AT THE FACILITY OR NEAR A CO-OP OR SOMETHING LIKE THAT. [LB176]

SENATOR SCHNOOR: SO THEY AREN'T WEIGHED UP AT THE SLAUGHTER PLANT? [LB176]

SENATOR SCHILZ: ABSOLUTELY NOT, NO, NOT...HARDLY EVER. THEY WILL TAKE ANOTHER WEIGHT THERE, BUT IT'S PAID OFF THE WEIGHT FROM THE FEEDYARD SCALE. [LB176]

SENATOR SCHNOOR: WELL, I KNOW THAT THERE ARE PACKERS THAT PAY ON THE FEEDYARD SCALE, BUT I'VE NEVER HEARD OF THEM NEVER BEING WEIGHED AT THE PACKING PLANT BECAUSE...AND YOU KNOW, I'VE BEEN FEEDING CATTLE FOR 15 YEARS. AND EVERY HEAD GETS WEIGHED AT THE PACKING PLANT AND THEN THAT IS WHEN YOU'RE PAID. YOU AREN'T PAID UNTIL THEY'RE DELIVERED. SO WHEN YOU TALK ABOUT THEY'VE BEEN SOLD PRIOR TO... [LB176]

SENATOR SCHEER: ONE MINUTE. [LB176]

SENATOR SCHNOOR: ...THANK YOU...THEY'VE BEEN SOLD PRIOR TO DELIVERY, YES, THERE IS A VERBAL AGREEMENT THAT YOU'RE GOING TO SELL THEM CATTLE, A DELIVERY DATE IS SCHEDULED, AND YOU DELIVER THEM ON THAT DATE. AND IS THERE WEATHER THAT CAN BE A FACTOR? YES, AND YOU JUST SCHEDULE ANOTHER DELIVERY DATE A COUPLE DAYS AFTER THAT. I GUESS IN MY AREA, I HAVE NEVER HEARD OF THAT WHERE CATTLE ARE SOLD AT THE FEEDLOT AND THEN THAT'S BASED ON...THAT'S THAT SALE TIME RIGHT THERE. I'VE NEVER HEARD OF THAT BEFORE. SO I GUESS, YOU KNOW, GOING BACK TO WHAT THIS RECOMMIT MOTION, YOU KNOW, THAT'S WHERE ALL THE CONFUSION IS WITH ALL THIS THING. AND THIS NEEDS TO GO BACK TO THE

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COMMITTEE, BECAUSE EVEN THE PRODUCERS ARE AT ODDS WITH THIS THING BECAUSE THERE'S THINGS HERE THAT... [LB176]

SENATOR SCHEER: TIME, SENATOR. [LB176]

SENATOR SCHNOOR: ...HAVE NEVER BEEN...I'VE NEVER HEARD OF BEFORE. THANK YOU. [LB176]

SENATOR SCHEER: THANK YOU, SENATOR SCHILZ AND SENATOR SCHNOOR. SENATOR BLOOMFIELD, YOU'RE RECOGNIZED. [LB176]

SENATOR BLOOMFIELD: THANK YOU, MR. PRESIDENT. I THINK SENATOR SULLIVAN HAS HIT ON THE RIGHT MOTION FOR THIS BILL AT THIS TIME. THIS BILL DIDN'T COME OUT OF COMMITTEE CLEAN. IT STRUGGLED OUT WITH A MINIMUM NUMBER OF VOTES IN PART BECAUSE IT WAS SO FULL OF SO MANY QUESTIONS. WE'VE DEBATED IT FOR SIX AND A HALF HOURS NOW. THERE ARE STILL QUESTIONS WE CAN'T GET ANSWERED. SO I STAND IN FULL SUPPORT OF SENATOR SULLIVAN'S MOTION TO RECOMMIT TO THE COMMITTEE. MAYBE WE CAN CLEAN IT UP A LITTLE IN THERE AND PUT SOMETHING OUT THAT PEOPLE CAN ACTUALLY UNDERSTAND AND BE COMFORTABLE WITH WHAT THEY'RE VOTING FOR OR AGAINST. I WANT TO GO BACK AND READ ANOTHER E-MAIL OR LETTER OR TWO. DEAR SENATOR: MY WIFE AND I OWN A SMALL FARM THAT SELLS PRODUCE AND MEATS DIRECT TO CONSUMERS. OUR FARM DIFFERS SUBSTANTIALLY FROM THE AVERAGE NEBRASKA FARM, PRIMARILY IN THAT WE ARE A MUCH SMALLER IN TERMS OF AREA BUT MUCH MORE PRODUCTIVE IN TERMS OF REVENUE. OUR FARM IS EFFICIENT, PRODUCTIVE, AND PROFITABLE. BUT WE ARE SUCCESSFUL IN LARGE PART BECAUSE WE CONTROL THE PRICE OF OUR GOODS. WE ARE, OF COURSE, SUBJECT TO MARKET PRESSURES, BUT NOT TO MARKET MANIPULATION OR CONSOLIDATION. COMPETITION IS A GOOD THING FOR ALL MARKETS, WHICH IS WHY I STRONGLY URGE YOU TO VOTE NO ON LB176. THIS BILL ENABLES MASSIVE-SCALE LIVESTOCK OPERATIONS TO PROLIFERATE AT THE EXPENSE OF A DIVERSE AND POPULATED MARKETPLACE. ALEX McKIERNAN, MARTELL, NEBRASKA. THE PRODUCERS ACROSS NEBRASKA ARE NOT CONTENT WITH THIS BILL. THE COMMITTEE, THOUGH IT PASSED THE BILL OUT BARELY, WAS NOT CONTENT WITH THIS BILL. THE BODY, GIVEN THE NUMBER OF PEOPLE WHO MARK PRESENT AND NOT VOTING, I DON'T THINK UNDERSTANDS AND HAS THE ANSWERS TO THIS BILL. COLLEAGUES, THIS BILL NEEDS TO GO BACK TO THE COMMITTEE FROM WHENCE IT CAME AND SEE IF WE

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CAN MAKE IT UNDERSTANDABLE NOT ONLY FOR THIS BODY, BUT FOR THE POPULATION OF NEBRASKA. THANK YOU, MR. PRESIDENT. [LB176]

SENATOR SCHEER: THANK YOU, SENATOR BLOOMFIELD. SENATOR GROENE, YOU'RE RECOGNIZED. [LB176]

SENATOR GROENE: THANK YOU, MR. PRESIDENT. AGAIN, I WONDER WHY WE EVEN...WHY THIS WAS EVEN IMPORTANT, WHY IT WAS BROUGHT. WE HAVE NO PROBLEM IN OUR HOG INDUSTRY. THE PLANTS ARE FULL. THEY HAVE ENOUGH SLAUGHTER WHEN THEY NEED IT. NEW CONFINEMENTS ARE GOING UP. OUT IN MY AREA, THEY'RE GOING UP BECAUSE OF THE PRICE OF HOGS, AND THEY'LL SLOW DOWN WHEN THE PRICE DROPS. IT'S A FREE MARKET. THE ONLY THING I CAN SEE IS THAT IT'S ADVANTAGEOUS TO THE FINISHED...THE PACKER, THAT THEY CAN SKIM MORE OF THE PROFIT OFF OF THE...AT THE END OF THE DAY BECAUSE THEY CAN ELIMINATE A MIDDLEMAN. I SEE NO OTHER REASON. AND DON'T GET ME WRONG, I...BUSINESSES DO WHAT THEY DO BECAUSE THEY NEED TO MAKE A PROFIT. THIS HAS NOTHING TO DO WITH CHINA. THIS IS AMERICAN MANAGEMENT OF SMITHFIELD AND THEY'RE TRYING TO MAXIMIZE PROFITS. THAT'S WHAT BUSINESSES DO. GOVERNMENT PLAYS THAT REFEREE, IN BETWEEN TOO MUCH AGGRESSIVENESS BY BUSINESS AND TAKING AWAY COMPETITION AND FREE MARKET FACTORS THAT KEEP THE PRICE SO THE CONSUMER CAN AFFORD IT, KEEPING THE PRICE RELATED TO THE FREE MARKET DEMANDS. THIS WILL STOP THAT IF IT RUNS THE WHOLE COUNTRY AND IT WILL, IF IT SPREADS, BECAUSE REMEMBER, MOST OF THAT PRODUCTION IS GOING TO BE HERE IN THE MIDWEST BECAUSE THAT'S WHERE THE INPUTS ARE RAISED. AND THERE WILL PROBABLY HAVE TO NOT BE A MARKET ON THE STOCK...ON THE CHICAGO BOARD OF TRADE ON SOW BELLIES OR ANYTHING ANYMORE IF THERE'S NO CONTRACTS NEEDED TO BE GIVEN OR PROTECTED, PRICE PROTECTION. BY THE WAY, THEY CAN PROBABLY...THE PRODUCER CAN PRODUCE HIMSELF WITH...ON THE MARKET, ON THE BOARD OF TRADE. HE CAN KIND OF SET HIS OWN PRICE TO A POINT. HE DOESN'T NEED THE PRODUCER TO GUARANTEE HIM THAT PRICE IN THE END. I KNOW SOME FARMERS WHO ARE ALREADY WORKING WITH THE PROCESSOR WHERE THEY ARE TOLD A PRICE THAT THEY CAN BE GIVEN AND THEN THAT INDIVIDUAL CONTROLS HIS INPUTS, MAKES SURE HE HAS NO LOSSES, DEBT LOSSES, WHERE HE CAN MAXIMIZE HIS INCOME. IT GIVES WHAT YOU CALL FREE MARKETS: THE GUY WHO WORKS THE HARDEST, PUTS THE MOST HOURS IN, IS MORE DILIGENT MAKES THE MOST PROFIT, WORKS THE HARDEST. THAT'S WHAT THE FREE ENTERPRISE SYSTEM, THAT'S WHAT BUILT AMERICA. WHEN YOU START BEING A SERF OR A PEASANT AND YOU JUST GOT TO SHOW UP AND A LITTLE HARDER WORK OR A LITTLE

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BETTER MANAGEMENT WON'T CREATE YOU ANOTHER DIME, THINGS BECOME MUNDANE. THINGS BECOME AVERAGE. WE DON'T NEED THAT IN NEBRASKA. FAMILY FARM TRADITION OF HARD WORK, LOTS OF HARD HOURS PUT IN. DRIVE YOUR RURAL AREAS, THEN DRIVE IOWA'S RURAL AREAS. I LIKE NEBRASKA. I LIKE THE WAY ITS BACKBONE IS FAMILY FARMING, NOT CORPORATE FARMING. IT NEEDS TO STAY THAT WAY. IT'S WORKED WELL FOR US. LOOK AT THE NUMBERS, KEEP RISING IN THE NUMBERS OF PRODUCTION, 2.6 UNEMPLOYMENT. IT'S WORKING. [LB176]

SENATOR SCHEER: ONE MINUTE. [LB176]

SENATOR GROENE: WHY MESS WITH WHAT IS WORKING IN AG IN OUR COUNTRY...IN OUR STATE? THE SYSTEM ISN'T BROKEN. IN LIVESTOCK PRODUCTION, IT IS NOT BROKEN. IN GRAIN PRODUCTION, IT IS NOT BROKEN. THIS BILL IS LOBBYIST DRIVEN, I BELIEVE. AND THAT'S FINE, BECAUSE I KNOW SENATOR SCHILZ HIMSELF IS REALLY ADAMANT ABOUT IT. AND I UNDERSTAND WHERE HE'S COMING FROM, BUT I DISAGREE WITH HIS VIEW OF WHAT THE FUTURE OF AGRICULTURE IS IN THE STATE OF NEBRASKA. THERE'S NOTHING WRONG WITH THAT. BUT ANYWAY, THANK YOU FOR YOUR TIME. APPRECIATE IT. [LB176]

SENATOR SCHEER: THANK YOU, SENATOR GROENE. SENATOR DAVIS, YOU'RE RECOGNIZED. [LB176]

SENATOR DAVIS: THANK YOU, MR. PRESIDENT. I'D LIKE TO JUST REMIND THE FEW PEOPLE THAT ARE HERE THAT WE HAVE BEEN ON THIS BILL ALL DAY PRETTY MUCH, AND I THINK IT'S REALLY IMPORTANT THAT YOU LOOK AT THE RURAL VOTES HERE. YOU'VE GOT ESSENTIALLY HALF THE RURAL VOTES OPPOSED AND MAYBE HALF IN FAVOR. AND TO ME, THAT ISN'T ANY KIND OF RINGING ENDORSEMENT FOR A SIGNIFICANT POLICY CHANGE LIKE IS BEING PROPOSED IN THIS BILL. AND I THINK OUR URBAN COLLEAGUES OUGHT TO LOOK AT THE SPLIT IN THE RURAL VOTE AND SAY, YOU KNOW, IF THE RURAL PEOPLE CAN'T GET TOGETHER ON THIS ISSUE THEN I DON'T THINK WE OUGHT TO MOVE FORWARD WITH A BILL LIKE THIS THAT IS SO SWEEPING AND MAKES SUCH BIG CHANGES. I AM SUPPORTING OF THE BILL GOING BACK TO THE AG COMMITTEE. I THINK THAT WOULD BE GOOD. A WEEK OR SO AGO, OR A FEW DAYS AGO, I VISITED WITH SENATOR SCHILZ ABOUT THAT, AND I RECOGNIZE THAT HE IS REALLY NOT ENTHUSED ABOUT IT GOING BACK TO THE COMMITTEE. BUT YOU KNOW, YOU CAN MAKE A BAD BILL BETTER BY SENDING A BILL BACK

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TO A COMMITTEE AND WORKING ON IT AND MAKING IT COME BACK NEXT YEAR (INAUDIBLE) WE'VE HAD A LOT OF TIME AND EFFORT AND WE CAN GO BACK AND LOOK AT THE STUDIES THAT WERE DONE AND SEE WHAT THE MERIT IS TO TAKING ONE STAND OR THE OTHER. I'M STILL VERY MUCH OPPOSED TO THE BILL. I DON'T THINK IT'S GOOD POLICY FOR NEBRASKA. I DON'T THINK IT'S GOING TO HELP OUR YOUNG FARMERS STAY ON THE FARM. I DON'T THINK IT'S GOING TO BRING MANY PEOPLE BACK TO THE FARM. I THINK IT'S GOING TO BE A THREAT TO THE PEOPLE WHO ARE NOT IN A CONTRACT ARRANGEMENT BECAUSE, OVER TIME, THOSE CONTRACT PEOPLE AREN'T GOING TO BE TAKING THE RISKS. THEY'RE NOT GOING TO HAVE THE REWARDS EITHER. BUT THEY'RE NOT GOING TO HAVE THE RISKS. IF YOU GO BACK TO THE DEBACLE YEARS AGO WHEN WE STARTED THE BIG DECLINE IN PORK NUMBERS ON THE FARM, YOU'LL SEE THAT THAT'S WHAT HAPPENED THEN. I HANDED THESE DOCUMENTS OUT A WHILE AGO SHOWING THE DECLINE FROM I THINK 700,000 PORK PRODUCERS IN THE COUNTRY DOWN TO 100,000 OR LESS TODAY. THAT'S A LITTLE BIT OF THE STORY OF AGRICULTURE. AND SO WE THINK WE'RE GOING TO PUT THIS OUT HERE AND THIS GOING TO HELP US WITH ONE THING OR ANOTHER. YOU HEARD SENATOR HUGHES EARLIER TALKING ABOUT WHAT HAPPENED IN HIS NEIGHBORHOOD AND HOW HE AND HIS WIFE EXPANDED, AND SAME THING HAPPENED AT OUR RANCH. OUR RANCH IS TWICE AS BIG AS IT WAS 30 YEARS AGO BECAUSE IN ORDER TO BE COMPETITIVE, WE HAD TO CONTINUE ENLARGING THE PLACE. THAT HAS HAPPENED ALL OVER RURAL NEBRASKA. THAT'S THE PRIMARY DRIVING REASON BEHIND THE LOSS OF POPULATION. BUT ANOTHER THING THAT HAS HAPPENED, IF YOU LOOK AT THE DATA ON THE AMOUNT OF...WE'LL TALK ABOUT A BEEF ANIMAL. SO YOU TAKE THAT BEEF ANIMAL, AND AT ONE TIME, ABOUT 75 PERCENT OF THAT BEEF ANIMAL WENT BACK TO THE RANCH IN TERMS OF VALUE. THAT HAS STEADILY DWINDLED AWAY AND NOW I THINK IT'S DOWN AROUND 40 PERCENT. AND THE PEOPLE THAT ARE PICKING UP THE DIFFERENCE ARE THE...AND REALLY, IT'S NOT THE PACKERS, BELIEVE IT OR NOT. IT'S MORE THE GROCERS AND THE WHOLESALERS WHO HAVE PICKED UP SOME OF THAT GAIN BECAUSE IT'S ALL A BIG PIE BETWEEN THE RANCH AND THE GROCER. SO AS WE BUILD MARKETING POWER IN THE GROCERS, WE END UP SHRINKING DOWN THE SHARE OF THE PIE THAT GOES BACK TO EACH OF THE OTHER SECTORS. THIS ISN'T GOING TO SOLVE THAT PROBLEM. THIS IS JUST GOING TO BE A STOPGAP MEASURE. AND IN A FEW YEARS, WE'LL BE LAMENTING THE FACT THAT WE DON'T HAVE ANY MORE YOUNG FARMERS ON THE RANCH OR THE YOUNG FARMERS RAISING HOGS. BUT IN THE MEANTIME, WE'VE GOT PEOPLE LOCKED INTO LONG-TERM CONTRACTS... [LB176]

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SENATOR SCHEER: ONE MINUTE. [LB176]

SENATOR DAVIS: ...THANK YOU, MR. PRESIDENT...LONG-TERM CONTRACTS IN WHICH THEY ARE PRICE TAKERS, WHICH THEY DON'T OWN ANYTHING. THEY OWN THE BUILDING AND THE LAND, BUT THEY'RE REALLY JUST PROVIDING LABOR. THAT IS NOT THE AGRICULTURE THAT I REMEMBER AND THAT I WANT FOR NEBRASKA. I WANT A BUNCH OF VIBRANT, YOUNG PRODUCERS WHO ARE ABLE TO GET OUT AND MAKE A LOT OF MONEY AND DO WELL. THEY'RE NOT GOING TO DO THAT. THEY'RE GOING TO BE LOCKED INTO BASICALLY KIND OF A SALARY ARRANGEMENT. SO I WOULD RISE IN SUPPORT OF COMMITTING THIS BACK TO THE AG COMMITTEE. I ASK YOU AGAIN TO REMEMBER WE'VE BEEN ON THE BILL ALL DAY AND HALF THE RURAL PEOPLE ARE OPPOSED. THAT SHOULD SEND A MESSAGE TO THE URBAN SENATORS THAT YOU OUGHT TO FOLLOW YOUR HEART AND RECOMMIT THE BILL TO COMMITTEE. THANK YOU, MR. PRESIDENT. [LB176]

SENATOR SCHEER: THANK YOU, SENATOR DAVIS. SENATOR SCHILZ, YOU'RE RECOGNIZED. [LB176]

SENATOR SCHILZ: THANK YOU, MR. PRESIDENT. WELL, I'M NOT, AS YOU CAN IMAGINE, I'M NOT IN FAVOR OF PUTTING IT BACK TO COMMITTEE. JUST A FEW MORE THOUGHTS. ONE THING THAT WE HAVEN'T TALKED ABOUT THAT REALLY IS A HUGE ASSET FOR THOSE FOLKS THAT OWN THE FACILITIES AND OWN THE LAND IS THE FACT THAT THEY GET THE OPPORTUNITY, AND IT TRULY IS AN OPPORTUNITY, TO USE THE EFFLUENT FOR FERTILIZER. IT'S SOME OF THE BEST FERTILIZER THAT'S OUT THERE. AND IF THEY CAN PRODUCE THAT AND NOT HAVE TO PAY FOR THAT, WELL THAT MAKES THAT HOG FACILITY WORTH QUITE A BIT MORE, BECAUSE I KNOW THAT YOU CAN SPEND AT LEAST \$100 AN ACRE ON FERTILIZER TO PUT IN. SO WHEN YOU SAY THAT THERE IS NO ADVANTAGE TO THOSE FOLKS THAT ARE DOING THAT, I WOULD QUESTION THAT VERY MUCH. AND I THINK ANYBODY THAT YOU TALK TO THAT'S ABLE TO USE CATTLE MANURE, HOG MANURE FOR THEIR FERTILIZER IS VERY HAPPY WITH THE SITUATION AND VERY HAPPY WITH THE BENEFITS THAT IT GIVES THEM. SO I THINK YOU HAVE TO LOOK AT IT THAT WAY. I CAN TELL YOU THIS, IF I WAS LOOKING AT A CONTRACT MYSELF, I WOULD WANT TO MAKE SURE THAT I'D TAKEN INTO CONSIDERATION WHAT THE COSTS ARE GOING TO BE, HOW YOU'RE GOING TO DEAL WITH THAT, AND WHETHER THERE'S MARGIN IN IT TO DO. AND IF THERE'S NOT, THEN I WOULDN'T DO IT. OBVIOUSLY, SENATOR SCHNOOR TALKED ABOUT CONTRACTING GRAIN, DOING OPTIONS AND THINGS LIKE THAT TO PROTECT YOURSELF. THESE FOLKS THAT WOULD BE PRODUCING FOR THE

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PACKERS, THEY CAN DO THE SAME THING ON THE HOG FUTURES TOO. THEY WOULD BE ABLE TO DO THAT AND PROTECT THEMSELVES IN THAT FASHION AS WELL. AND THAT GOES ON QUITE A BIT OUT THERE. AGRICULTURE FOLKS ARE REAL BUSINESSPEOPLE, GUYS. THEY REALLY DO UNDERSTAND RISK. THEY DEAL WITH IT EVERY DAY. SO THERE'S WAYS TO PROTECT YOURSELF ON WHETHER HOG PRICES GO UP OR GO DOWN, EVEN IF YOU DON'T OWN THEM. THERE'S WAYS TO PROTECT THEMSELVES ON CORN PRICES, UP OR DOWN; SOYBEAN MEAL, UP OR DOWN; DISTILLERS GRAINS. ALL OF THAT CAN BE MITIGATED, THE RISK CAN BE MITIGATED TO A CERTAIN EXTENT. DO YOU TAKE ON ADDITIONAL RISK THERE? POSSIBLY, BUT THERE ISN'T ANYTHING ABOUT FARMING THAT DOESN'T INCLUDE RISK. THERE'S THE RISK OF THE WEATHER. THERE'S A RISK OF ALL SORTS OF THINGS WHEN YOU TALK ABOUT AGRICULTURE. SO YOU MAY SHIFT SOME RISK HERE, BUT THERE'S OTHER RISK THAT IS BEING TAKEN. AND WHEN THERE'S RISK BEING TAKEN, THERE IS THE OPPORTUNITY TO MAKE A PROFIT. AND JUST BECAUSE YOU DON'T MAKE A PROFIT ON THE OWNERSHIP OF THE ANIMALS DOESN'T MEAN THAT YOU CAN'T MAKE A PROFIT ON TAKING CARE OF THE ANIMALS. IT HAPPENS QUITE OFTEN. AND THE QUESTION THAT I HAVE FOR EVERYONE HERE IS, IF THIS IS SO BAD IN ALL THE OTHER STATES, WHY ARE THEIR NUMBERS GROWING... [LB176]

SENATOR SCHEER: ONE MINUTE. [LB176]

SENATOR SCHILZ: ...AND OUR NUMBERS MOVING IN THE OPPOSITE DIRECTION? THANK YOU, MR. PRESIDENT. [LB176]

SENATOR SCHEER: THANK YOU, SENATOR SCHILZ. SENATOR McCOY, YOU'RE RECOGNIZED. [LB176]

SENATOR McCOY: THANK YOU, MR. PRESIDENT AND MEMBERS. I WOULD AGREE THAT FARMING AND RANCHING IS ALL ABOUT RISK. YOU KNOW, I'LL BE ETERNALLY GRATEFUL TO MY PARENTS THAT...WHEN I WAS 14 AND MY TRIPLET BROTHERS, YOUNGER BROTHERS, WERE 12, WE GOT THE HAREBRAINED IDEA WE WANTED TO START OUR OWN BUSINESS. WE SOLD SOME OF OUR COWS AND ASKED DAD IF HE'D COSIGN A NOTE, WHICH HE DID. I'M VERY THANKFUL THAT HE DID THAT. AND WE BOUGHT A PRETTY GOOD CHUNK OF MONEY WORTH OF CUSTOM HAYING EQUIPMENT. AND MY BROTHERS AND I PUT OUR WAY THROUGH BEGINNINGS OF COLLEGE BALING HAY IN THE MIDDLE OF THE NIGHT, LIKE A LOT OF US HAVE DONE, PUTTING UP HAY FOR NEIGHBORS, GOING HITHER AND YON ALL OVER THE COUNTRYSIDE PUTTING UP HAY. SO I KNOW...YOU'RE

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EXACTLY RIGHT, SENATOR SCHILZ. IT IS ABOUT RISK. AND I THINK ANY OF US THAT HAVE BEEN INVOLVED NOT JUST IN AGRICULTURE BUT IN SMALL BUSINESS KNOW THAT. THAT IS THE DREAM, THE PROMISE THAT FREE ENTERPRISE HOLDS. BUT WITH THAT COMES A CALCULATED RISK AND, TO THAT END, I'D LIKE TO ASK SENATOR SCHILZ A COUPLE OF QUESTIONS IF I COULD, MR. PRESIDENT. [LB176]

SENATOR SCHEER: SENATOR SCHILZ, WOULD YOU PLEASE YIELD? [LB176]

SENATOR SCHILZ: YES, I WOULD. [LB176]

SENATOR McCOY: THANK YOU, SENATOR. AND EVEN THOUGH THIS HAS BEEN A PROTRACTED DISCUSSION TODAY ON THIS LEGISLATION, I APPRECIATE--I KNOW YOU AND I CAME IN THE LEGISLATURE AT THE SAME TIME, SENATOR--AND I KNOW HOW DEEPLY YOU CARE ABOUT AGRICULTURE, AS DO I. AND THERE HAVEN'T BE TOO MANY TIMES THAT I CAN THINK OF THAT WE HAVEN'T BEEN ON THE SAME SIDE OF AN ISSUE WHEN IT COMES TO AGRICULTURE. IN FACT, I'D PROBABLY BE HARD PRESSED TO THINK OF ONE OTHER THAN THIS PIECE OF LEGISLATION. I GUESS MY QUESTION WOULD BE, SENATOR SCHILZ, EVEN THOUGH THIS IS THE LEGISLATION IN FRONT OF US AND...BUT WHAT WE DO HAVE BEFORE US IS A RECOMMIT-TO-COMMITTEE MOTION, IF YOU WERE TO GO BACK TO THE DRAWING BOARD, SENATOR, WHAT...AND SAY WE HAVE ESSENTIALLY NO PACKER BAN, OBVIOUSLY, ON THE POULTRY INDUSTRY. I THINK EVERYONE'S ACKNOWLEDGED WE DON'T WANT THE PACKING INDUSTRY TO TAKE OVER THE BEEF INDUSTRY. BUT WE ARE TALKING ABOUT THE PACKER BAN ON THE HOG INDUSTRY. IF THIS LEGISLATION WASN'T HERE TODAY, WHAT OTHER IDEAS ARE OUT THERE, DO YOU THINK, THAT WE CAN FOSTER GROWTH? OR IN YOUR MIND, IS THIS THE REAL ONLY...AND I'M NOT TRYING TO ASK YOU A TRICK QUESTION, BUT, DO YOU THINK, IS THIS REALLY THE ONLY PATHWAY FORWARD OR TO GROW THE HOG BUSINESS, THE SWINE INDUSTRY IN NEBRASKA? [LB176]

SENATOR SCHILZ: NO, I WOULDN'T SAY IT'S THE ONLY PATHWAY FORWARD. I WOULD SAY THAT IT'S ONE OF THE PIECES THAT...WE WILL CONTINUE TO SEE PRESSURE FROM OTHER STATES AND OTHER PLACES BECAUSE OF THIS. BUT, NO, I DON'T THINK SO. I THINK SOMEBODY TALKED ABOUT IT. SENATOR BLOOMFIELD, I THINK HE TALKED ABOUT THE SMALLER FOLKS THAT ARE GOING DIRECTLY TO CONSUMERS. AND WE DID THAT SOME IN OUR FEEDYARD AS WELL. I THINK THAT NEEDS TO BE NURTURED AS WELL. AND WHAT I'VE

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NOTICED IS, AS THESE CONTRACTS AND OTHER ARRANGEMENTS BECOME MORE AND MORE PREVALENT, THERE SEEM TO BE MORE AND MORE OPPORTUNITIES FOR THOSE SMALLER PRODUCERS THAT ARE WILLING TO TAKE ON THAT RISK OF OWNERSHIP CLEAR THROUGH UNTIL THE END CONSUMER TAKES IT. AND SO THAT, I THINK THAT IS...I THINK THAT'S A SHINING POINT OUT THERE THAT WE NEED TO BE WORKING TOWARDS FOSTERING AS WELL. I THINK IF YOU...AND I DON'T WANT TO TAKE UP YOUR TIME AND IF I NEED TO I'LL GIVE YOU SOME MORE. BUT I THINK IT'S IMPORTANT THAT WE LOOK AT ALL SECTORS OF THIS INDUSTRY AND FIND OUT WHERE PEOPLE FIT, WHERE THEIR BUSINESS BEST FITS INTO IT. [LB176]

SENATOR SCHEER: ONE MINUTE. [LB176]

SENATOR SCHILZ: SO, NO, I DON'T THINK THAT THIS IS...I DON'T THINK THIS IS THE ONLY THING, NECESSARILY. [LB176]

SENATOR McCOY: IS THERE A WAY, DO YOU THINK, SENATOR SCHILZ...AND I KNOW SOME MAY SAY IT'S AN UNFOUNDED FEAR. I DON'T THINK IT IS. BUT IS THERE A WAY TO BRIDGE THE GAP...WE MAY RUN OUT OF TIME, BUT I HAVE MY LIGHT ON AGAIN. IF NEED BE, I'LL ASK YOU THIS FOLLOW-UP TO THIS QUESTION A LATER TIME ON THE MICROPHONE. KNOWING THE RESERVATIONS THAT I HAVE AND I THINK OTHERS HAVE WITH A COMPANY LIKE SMITHFIELD FOODS THAT IS OWNED BY THE CHINESE AND THE PROBLEMS THAT THAT COULD PROVIDE WITH OUR HOG INDUSTRY DOWN THE ROAD AND OUR ECONOMY, IS THERE A WAY TO MEET IN THE MIDDLE WITH THAT AND TO SAY THAT THERE'S SOMETHING WE COULD DO WITH PACKER OWNERSHIP BUT IN A HYBRID MANNER, IF YOU WILL, IN WHICH IT'S NOT AN ALL-OR-NOTHING PROPOSITION? IS THAT...IS THERE ANYTHING OUT THERE LIKE THAT? IS THERE A WAY THAT WE COULD DO THAT? [LB176]

SENATOR SCHEER: TIME, SENATORS. THANK YOU, SENATOR SCHILZ AND SENATOR McCOY. SENATOR BLOOMFIELD, YOU'RE RECOGNIZED. [LB176]

SENATOR BLOOMFIELD: THANK YOU, MR. PRESIDENT. SENATOR LARSON HAS SPENT A FAIR SHARE OF THE AFTERNOON SINGING THE PRAISES OF THE CHINESE GOVERNMENT. I WONDER IF WE COULD GO OVER THERE AND START A CORPORATION OWNED BY AMERICA. YOU SUPPOSE THAT WONDERFUL CHINESE GOVERNMENT WOULD LET US DO THAT, USE THEIR NATURAL RESOURCES TO PRODUCE SOMETHING WE'RE GOING TO USE TOTALLY HERE? WE WOULD OWN IT.

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WE WOULD SHIP IT OVER HERE, BUT WE WOULD TAKE DIRECT ADVANTAGE OF THEIR LOW-PRICED LABOR. I GUESS I DON'T KNOW THE ANSWER TO THAT, BUT I FIND IT DOUBTFUL THAT WE'D BE WELCOME WITH OPEN ARMS. THE CHINESE GOVERNMENT IS GOING TO WANT SOMETHING OUT OF IT. COLLEAGUES, THERE ARE TOO MANY QUESTIONS LEFT UNANSWERED FROM ACROSS THE STATE. ALL THESE LETTERS I'VE READ TO YOU THIS AFTERNOON ARE NOT ALL OUT OF MY DISTRICT. IF YOU'LL NOTICE, THEY'RE FROM THE FAR-FLUNG REGIONS OF THE STATE OF NEBRASKA. I THINK WE OWE IT TO OUR SMALL PRODUCERS AND TO OUR CONSUMERS TO SEND THIS BILL BACK TO COMMITTEE FROM WHENCE IT CAME. MAYBE WE COULD GET SOME BETTER ANSWERS. MAYBE WE COULD ACTUALLY GET THE REPORT THAT THE COMMITTEE WAS SUPPOSED TO DELIVER US. MAYBE A LOT OF THINGS COULD HAPPEN THAT COULD MAKE THIS BILL BETTER. I DON'T BELIEVE PASSING IT ON TO SELECT FILE IS ONE OF THOSE THINGS. SO I WOULD URGE YOU TO SUPPORT THE RECOMMIT AMENDMENT OR MOTION AND LET US HASH THAT OUT SOME MORE. THERE WERE THREE OF US IN COMMITTEE THAT DID NOT VOTE FOR THIS. AND AS I SAID BEFORE, THAT LEAVES IT CRAWLING OUT WITH A BARE MINIMUM. SO IT, IN ABOUT AN HOUR, COLLEAGUES, WILL BE IN YOUR HANDS ONE WAY OR THE OTHER, BUT I THINK WE COULD FINISH THIS UP NOW IF WE'D JUST RECOMMIT IT. THANK YOU, MR. PRESIDENT. [LB176]

SENATOR SCHEER: THANK YOU, SENATOR BLOOMFIELD. SENATOR SCHNOOR, YOU'RE RECOGNIZED. [LB176]

SENATOR SCHNOOR: THANK YOU, MR. PRESIDENT. OH, YOU KNOW, IT'S PRETTY OBVIOUSLY (SIC) WE'RE INTO THE TIME-KILLING MODE, SO IT'S HARD TO FIND THINGS AND NOT BE REPETITIVE. AS SOON AS I FIND IT, I'LL GO BACK TO WHAT I WAS TALKING ABOUT EARLIER ABOUT THE AMENDMENT OR, EXCUSE ME, THE TESTIMONY THAT WAS GIVEN A COUPLE YEARS AGO. BUT ONE OF THE THINGS, THIS WHOLE LEGISLATIVE BILL, IT'S GOING TO OUTRIGHT REPEAL A STATUTE, 54-2603. AND PART OF THAT WAS WRITTEN AND IT SAYS, "TO INCREASE LIVESTOCK MARKET PRICE TRANSPARENCY, ENSURING THAT PRODUCERS CAN COMPETE IN A FREE AND OPEN MARKET." SO THAT'S THE CURRENT LEGISLATION AND THAT IS GOING TO DISAPPEAR, AND I SAY THAT LITERALLY AND FIGURATIVELY. LITERALLY, THE LEGISLATION WILL DISAPPEAR. I GUESS, FIGURATIVELY, AND YOU CAN CALL IT LITERALLY AS WELL, THAT THE FREE AND OPEN MARKET WILL DISAPPEAR FOR HOGS, TOO, BECAUSE, ALTHOUGH SOMEBODY CAN STILL FEED HOGS, THERE'S NOWHERE TO GO WITH THEM. SO HOW DO YOU...HOW DOES THAT FREE AND OPEN MARKET THEN CONTINUE? IT DOESN'T, BECAUSE IT'S GONE. SO, YOU KNOW, WE'VE TALKED ABOUT SOME

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THINGS THAT LEND TO GREAT CONFUSION, EVEN TO THE FOLKS THAT HAVE BEEN PRODUCERS OF LIVESTOCK. MYSELF, SENATOR DAVIS, WE BOTH... WE HAVE TALKED LONG AND HARD ABOUT THIS AND THERE'S SOME THINGS THAT JUST MAKE NO SENSE. I TALKED TO SOME OTHER SENATORS IN HERE THAT TALKED WITH ATTORNEYS, YOU KNOW, FELLOW SENATORS THAT ARE ATTORNEYS, AND THEY'RE CONFUSED ABOUT THE WHOLE LEGISLATION. SO THAT JUST TELLS ME THIS NEEDS TO GO BACK TO A STARTING POINT. IT NEEDS TO GO BACK TO THE COMMITTEE, HOPEFULLY CAN COME OUT A LITTLE FRIENDLIER, AND JUST, YOU KNOW, BE BETTER FOR THE PRODUCER. YOU KNOW, I AM ALL FOR FINDING WAYS TO INCREASE AGRICULTURE IN THE RURAL COMMUNITY, BUT THIS IS JUST NOT ONE OF THEM. IT'S JUST NOT THE WAY THAT WE WANT TO DO BUSINESS. IT TAKES AWAY FROM THE FREE AND FAIR MARKET. IT PUTS THE CONTROL IN THE HANDS OF THE PACKER. IS THERE RISK TAKEN OUT OF IT? YES. BUT ANY PROFIT MARGIN IS TAKEN OUT OF IT TOO. YOU KNOW, WHEN I STARTED MY FARMING CAREER, WHICH IS ACTUALLY PRETTY LATE IN LIFE,... [LB176]

SENATOR SCHEER: ONE MINUTE. [LB176]

SENATOR SCHNOOR: THANK YOU...38 YEARS OLD, I DID EVERYTHING. AND I CONTINUE TO DO EVERYTHING ON A FREE AND OPEN MARKET. I...YOU KNOW, WE CONTRACTED BEANS ONCE AND THEN A HAILSTORM WENT THROUGH, SO WE DON'T DO THAT ANYMORE. I CONTRACT A LITTLE BIT OF GLUTEN AND DISTILLERS (GRAINS), BUT THAT'S JUST A CRAPSHOOT. SO I GO WITH THE FREE AND OPEN MARKET AND I'VE BEEN VERY BLESSED BY DOING THAT. SO LET'S NOT TAKE THAT OPPORTUNITY AWAY BECAUSE THE PACKERS WILL CONTROL THE MARKET. THANK YOU. [LB176]

SENATOR SCHEER: THANK YOU, SENATOR SCHNOOR. SENATOR GROENE, YOU'RE RECOGNIZED. [LB176]

SENATOR GROENE: EXCUSE ME, MR. PRESIDENT. I THOUGHT SOMEBODY WAS AHEAD OF ME. WE'RE TALKING ABOUT NEBRASKA AGRICULTURE. I WANTED TO MAKE SURE PEOPLE OUT THERE DON'T THINK THERE'S A CRISIS AND WE GOT TO BRING IN FOREIGN COMPANIES TO HELP US OUT BECAUSE WE'RE JUST NOT GETTING THE JOB DONE. PULLED THIS OFF THE NEBRASKA DEPARTMENT OF AGRICULTURE, FEBRUARY 2015. THIS IS WHERE WE ARE IN NEBRASKA AGRICULTURE WITH THE FAMILY FARM: BEEF AND...NUMBER ONE, BEEF AND VEAL EXPORTS, 2013, \$946 MILLION; NUMBER ONE, COMMERCIAL RED MEAT PRODUCTION, 2014, 7,279,000,000 POUNDS; COMMERCIAL CATTLE SLAUGHTER,

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NUMBER ONE IN 2014, 6,689,000 HEAD; COMMERCIAL CATTLE SLAUGHTER, LIVE WEIGHT, 9,307,000,000 POUNDS; ALL CATTLE ON FEED, NUMBER ONE, 2015, 2,550,000 HEAD; GREAT NORTHERN BEAN PRODUCTION, 2014, NUMBER ONE, 1.8 MILLION HUNDREDWEIGHT; IRRIGATED LAND HARVESTED, 2012, NUMBER ONE, 8 MILLION ACRES; POPCORN PRODUCTION, 2012, 353 MILLION BUSHELS. WHERE IS PIGS? I'M LOOKING FOR IT. FIFTH WERE AGRICULTURE EXPORTS IN 2013. SOYBEAN PRODUCTION, WE WERE FIFTH; SECOND, ALL CATTLE AND CALVES, TOTAL 6,300,000 HEAD; PINTO BEAN PRODUCTION, SECOND, 1,554,000 HUNDREDWEIGHT. IT GOES ON AND ON AND ON. AGRICULTURE IS DOING JUST FINE IN NEBRASKA. WE DON'T NEED CORPORATE PACKERS TO HELP US OUT. THEY NEED TO COME TO US. WE NEED TO BE IN CHARGE OF OUR OWN DESTINY. WE NEED TO MAKE SURE THE INDEPENDENT PERSON WITH THAT ENTREPRENEURIAL SPIRIT IS THE ONE WHO SUCCEEDS, NOT THE ONE NOT WILLING TO TAKE A RISK AND GO UNDER THE WING OF A CHINESE CORPORATION. THAT'S TRUE FREE MARKET: THE HARD WORK, ALONG WITH THE PERSONAL RESPONSIBILITY AND THEY'RE WILLING TO TAKE A RISK. THAT'S THE HISTORY OF NEBRASKA FARMING AND AGRICULTURE AND IT NEEDS TO REMAIN THAT WAY. BUT THE LIST GOES ON AND ON. WE ARE AN AGRICULTURAL STATE. WE CREATE \$23 BILLION IN NEBRASKA ECONOMY LAST YEAR. IN 2013 IS THE LAST NUMBERS THEY HAVE. FIVE-POINT-NINE PERCENT OF THE TOTAL U.S. TOTAL ECONOMIC ACTIVITY, THAT'S IN NEBRASKA. EVERY DOLLAR IN AGRICULTURE EXPORTS GENERATES \$1.22 IN ECONOMIC ACTIVITIES, SUCH AS TRANSPORTATION, FINANCING, WAREHOUSING. NOBODY IN THIS ROOM WAS AGAINST, THAT I UNDERSTOOD, WAS AGAINST EXPORTS. WE'RE FOR THAT. WE'VE GOT GOOD PRODUCTS, GOOD, QUALITY PRODUCTS. THEY COME TO US. THE WORLD IS GROWING POPULATIONWISE, AND THEY WILL CONTINUE TO COME TO US. WHY DO YOU THINK SMITHFIELD WANTS TO GET AT THE GRASS-ROOTS LEVEL? THEY KNOW THAT. [LB176]

SENATOR SCHEER: ONE MINUTE. [LB176]

SENATOR GROENE: THEY KNOW THE BALL IS IN OUR COURT. THEY KNOW THAT THEY'LL HAVE TO COME TO US AND OUR PRODUCERS WILL MAKE THE PROFIT. THEY WANT TO ELIMINATE THAT MIDDLEMAN SO THE PROFIT STAYS WITH THEM, THAT WE DON'T HAVE THE UPPER HAND AS ONE OF THE GREATEST AGRICULTURAL MARKETS IN THE WORLD, PRODUCTION MARKETS IN THE WORLD. WE DON'T NEED TO GIVE AWAY PROFIT MARGINS THAT COULD STAY IN THE HANDS OF OUR PRODUCERS TO A CORPORATION, TO PACKERS. WE'RE DOING JUST FINE. THIS IS UNNECESSARY; IT'S NOT NEEDED; LET'S LEAVE IT ALONE. THANK YOU. [LB176]

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SENATOR SCHEER: THANK YOU, SENATOR GROENE. SENATOR BLOOMFIELD, YOU'RE RECOGNIZED, AND THIS IS YOUR THIRD TIME. [LB176]

SENATOR BLOOMFIELD: THANK YOU, MR. PRESIDENT. IT'S HARD TO BELIEVE I'VE HAD THAT MUCH FUN ALREADY. COLLEAGUES, THE PROPONENTS OF THIS BILL SAY THEY'RE GOING TO HELP MEDIATE THE RISK TO THESE YOUNG FARMERS THAT WANT TO START IN. WELL, CAPITALISM IS BASED ON RISK AND REWARD. WE'RE WORKING HERE AT ELIMINATING SOME OF THE RISK, IF POSSIBLE, BUT ALSO WE'RE ELIMINATING THE CHANCE FOR REWARD. IT APPLIES THROUGHOUT AGRICULTURE AND SMALL BUSINESS. IF YOU DON'T TAKE A CHANCE AT SOMETHING, YOU KNOW, YOU CAN MAKE A LIVING; YOU CAN MAKE A LIVING DOING A NUMBER OF THINGS. BUT IF YOU EVER WANT TO OWN YOUR OWN AND REAP THE REWARDS OF THAT AT SOME POINT, YOU HAVE TO TAKE A CHANCE. YOU HAVE TO INVEST IN OWNING WHAT IT IS YOU'RE GOING TO SELL UNLESS YOU GO INTO THE STOCK MARKET OR SOMETHING WHERE YOU CAN SELL OFF SHARES AND LET THE PUBLIC OWN IT, BUT THAT'S NOT WHAT WE'RE TALKING ABOUT HERE. WE'RE TALKING ABOUT PACKER OWNERSHIP OF NEBRASKA'S HOGS. THAT'S BEEN TALKED ABOUT ALL AFTERNOON. BUT I HOPE YOU LET THE REALITY SOAK IN AS TO WHAT HAPPENS WHEN SOMEBODY OTHER THAN THE NEBRASKA PEOPLE THAT ARE FEEDING THAT LIVESTOCK ACTUALLY OWN IT. I'VE GOT A COUPLE MORE LETTERS HERE. DEAR SENATORS, I'M WRITING TO LET YOU KNOW I'M VERY CONCERNED ABOUT THE FUTURE OF FAMILY FARMERS AND RANCHERS IN LIGHT OF LB176. I WOULD EXPECT YOU TO EACH STAND UP FOR FAMILY FARMERS AND RANCHERS AND REPRESENT THE BEST INTERESTS OF US AND VOTE AGAINST THIS BILL. KATHLEEN GOTSCHALL, ATKINSON, NEBRASKA. HELLO. I'M WRITING YOU BECAUSE I EXPECT YOU TO STAND UP FOR FAMILY FARMERS AND RANCHERS BY VOTING AGAINST LB176. WE SHOULD NOT ALLOW MEAT PACKERS TO OWN LIVESTOCK. WE SHOULDN'T ALLOW THE CORPORATE TAKEOVER OF OUR NEBRASKA FAMILY FARMS. THIS WILL HURT OUR FAMILY FARMERS AND RANCHERS HERE IN NEBRASKA IS THE PRIMARY REASON I'M WRITING YOU TODAY. THERE ARE MANY PEOPLE LIKE ME WHO LIVE IN THE CITY, BUT WE CHOOSE TO PURCHASE OUR MEAT PRODUCTS DIRECTLY FROM SMALL RANCHERS AND FAMILY FARMS. I'M HERE TO TELL YOU, IF THOSE FARMERS AND RANCHERS GO OUT OF BUSINESS, I WILL NOT PURCHASE MEAT WHATSOEVER. SO APPARENTLY, SHE'S GOING TO BECOME A VEGETARIAN, WHICH I WOULDN'T RECOMMEND. LET'S KEEP OUR MONEY IN OUR STATE WITH OUR FARMERS AND RANCHERS. LET'S NOT ALLOW MEAT PACKERS TO OWN LIVESTOCK IN OUR STATE, SUBJECTING OUR LANDS TO POLLUTION, WATERS TO SEWER SYSTEMS, TO POLLUTION FROM WATER TO SEWER SYSTEMS. LET'S LEAVE THAT TO FARMERS AND RANCHERS THAT ARE PRACTICING ANIMAL

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HUSBANDRY, WHO APPRECIATE THE LAND BECAUSE THEIR FAMILIES HAVE OWNED IT FOR GENERATIONS. SO I STRONGLY... [LB176]

SENATOR SCHEER: ONE MINUTE. [LB176]

SENATOR BLOOMFIELD: ...SUPPORT FAMILY FARMS, RANCHES, AND OTHER GOOD PEOPLE IN NEBRASKA THAT WILL PROVIDE FOOD FOR MY FAMILY. THANK YOU FOR YOUR CONSIDERATION. KRISHA GOERING, OMAHA. COLLEAGUES, THERE'S NOTHING IN THIS BILL THAT WOULD PREVENT HER FROM GOING OUT TO A SMALL PRODUCER AND BUYING A HOG TO BUTCHER EXCEPT FOR THE FACT THAT THAT SMALL PRODUCER WON'T BE THERE ANYMORE BECAUSE HE WILL HAVE BEEN PUT OUT OF BUSINESS BY THE LARGE, MULTINATIONAL, CORPORATE AGRICULTURE PEOPLE WHO WILL CONTROL NOT ONLY THE HOG BUT THE ENTIRE MARKET FROM CONCEPTION TO THE GROCERY STORE. THIS BILL NEEDS TO COME BACK TO COMMITTEE. IT NEEDS TO BE CLEANED UP. [LB176]

SENATOR SCHEER: TIME, SENATOR. [LB176]

SENATOR BLOOMFIELD: THANK YOU, MR. PRESIDENT. [LB176]

SENATOR SCHEER: THANK YOU, SENATOR BLOOMFIELD. SENATOR DAVIS, YOU'RE RECOGNIZED. [LB176]

SENATOR DAVIS: THANK YOU, MR. PRESIDENT. I'VE BEEN THINKING ABOUT ANOTHER ASPECT OF THIS BILL THAT I THINK WE REALLY HAVEN'T TOUCHED ON TODAY BUT SOMETHING THAT WE OUGHT TO THINK ABOUT, AND THAT IS FINANCING. I KNOW THAT SENATOR SULLIVAN IS IN THE BANKING BUSINESS. I WONDER IF SHE'D YIELD TO A FEW QUESTIONS. [LB176]

SENATOR SCHEER: SENATOR SULLIVAN, WOULD YOU PLEASE YIELD? [LB176]

SENATOR SULLIVAN: YES, I WILL. [LB176]

SENATOR DAVIS: THANK YOU, SENATOR SULLIVAN. SO, AS YOU KNOW, ONE OF THE ASPECTS OF THIS BILL AND HOW IT RELATES TO YOUNG PEOPLE STARTING OUT IS THAT THERE'S A CONTRACT THAT CAN BE USED FOR COLLATERAL, CORRECT? [LB176]

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SENATOR SULLIVAN: YES. [LB176]

SENATOR DAVIS: SO CAN YOU KIND OF WALK ME THROUGH HOW A BANKER WOULD EVALUATE WHETHER TO LOAN MONEY TO ANY PARTICULAR INDIVIDUAL, EITHER WITH A CONTRACT OR WITHOUT A CONTRACT? [LB176]

SENATOR SULLIVAN: YOU KNOW, WE HAVE CURRENTLY VERY FEW, IF ANY, INDEPENDENT HOG PRODUCERS. BUT I SUSPECT, IF ONE WERE TO COME THROUGH OUR DOOR HOLDING A CONTRACT LIKE THAT, WELL, THERE WOULD BE A COUPLE OF THINGS. ONE IS THAT WE'D HAVE TO TAKE INTO CONSIDERATION HOW ELSE THIS INDIVIDUAL MIGHT BE LEVERAGED IN TERMS OF THE LAND THAT THEY OWN OR THE ERECTION OF THE FACILITY. ALSO, WE'D PROBABLY LOOK AT THE CONTRACT BUT CERTAINLY CAN'T OVERLOOK THE FACT THAT, TO A CERTAIN EXTENT, A CONTRACT LIKE THAT WOULD GIVE SOME STABILITY FOR LOANING MONEY. [LB176]

SENATOR DAVIS: SO IF I HAD TWO INDIVIDUALS WHO CAME TO YOU TO BORROW MONEY WITH THE SAME IDENTICAL ASSET STRUCTURE, ONE OF WHOM BROUGHT A CONTRACT AND THE OTHER ONE NOT BRINGING A CONTRACT, WHO WOULD PROBABLY TAKE PRECEDENCE? [LB176]

SENATOR SULLIVAN: WELL, I'M AFRAID THE ONE WITH THE CONTRACT WOULD PROBABLY TAKE PRECEDENCE. [LB176]

SENATOR DAVIS: SO, IF THAT'S THE CASE, THEN OVER TIME COULD YOU SEE THIS JUST FORCING EVERYBODY TO HAVE TO GO INTO A CONTRACT ARRANGEMENT UNLESS YOU'RE WELL-CAPITALIZED YOURSELF? [LB176]

SENATOR SULLIVAN: WELL, ABSOLUTELY, JUST AS SENATOR BLOOMFIELD WAS JUST SAYING, THAT IT WOULD...UNLESS YOU'VE GOT THAT CONTRACT, IT PRETTY MUCH WOULD BE THE DEMISE OF AN INDEPENDENT PRODUCER WHO IS SHOULDERING ALL THE RISK THEMSELVES. YES. [LB176]

SENATOR DAVIS: THANK YOU, SENATOR SULLIVAN. I THINK THAT'S A SIDE OF THE DISCUSSION WE REALLY HAVEN'T TALKED ABOUT TODAY, BUT THE ACTUAL DRIVING OF PEOPLE INTO THESE CONTRACTS, WHETHER IT'S GOOD POLICY OR NOT, BECAUSE IN ORDER FOR THEM TO BORROW THE MONEY, A BANK IS GOING TO SAY, OH, WE'D LIKE TO HAVE YOU HAVE A CONTRACT IN PLACE. BANKS ARE

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RISK-AVERSE ENTITIES. THAT'S HOW THEY SURVIVE. THEY LOAN MONEY BUT THEY WANT ALL THE COLLATERAL TIED DOWN. SO, TO ME, THIS LOOKS LIKE SOMETHING THAT'S GOING TO PENALIZE PEOPLE WHO AREN'T INTERESTED IN A CONTRACT ARRANGEMENT, WHO WANT TO GO ON THEIR OWN, UNLESS THEY'RE HIGHLY CAPITALIZED THEMSELVES AND HAVE DEEP POCKETS. IS THAT REALLY WHAT WE WANT TO DO? DO WE WANT TO FORCE THOSE DECISIONS ON THE BANKS AND FORCE THOSE DECISION ON OUR FARMERS WHO ARE WORKING HARD ALREADY JUST TO MAKE A GOOD LIVING? I DON'T THINK THAT'S WHAT WE WANT TO DO. AGAIN, I AM IN FAVOR OF RECOMMITTING THIS TO COMMITTEE. I THINK THAT THERE ARE PROBLEMS WITH IT AND I THINK THAT SOME OF THEM...I THINK SENATOR SCHILZ HAS BROUGHT SOME GOOD POINTS AND THAT THERE ARE THINGS THAT WE CAN TAKE FROM THIS BILL THAT WOULD BE NEEDED BUT ON THE WHOLE I DON'T THINK THE BILL IS A GOOD STEP FOR US. WE'RE TAKING AWAY A RESTRICTION THAT HAS HELPED US. I LOOK AT THE BEEF INDUSTRY AND I MADE THIS REFERENCE EARLIER TODAY, BUT THE BEEF INDUSTRY IS NOW THE NUMBER ONE CATTLE FEEDING...NEBRASKA'S THE NUMBER-ONE CATTLE FEEDING STATE IN THE UNITED STATES. WE'RE DOING THAT WITHOUT CONTRACTS. WHY... [LB176]

SENATOR SCHEER: ONE MINUTE. [LB176]

SENATOR DAVIS: THANK YOU, MR. PRESIDENT...SO WHY IS THAT? WELL, THAT'S BECAUSE WE HAVE THE FEED, THE WATER, THE FACILITIES, AND EVERYTHING ELSE HERE. ONE OTHER THING THAT WE HAVEN'T EVEN TALKED ABOUT THAT WE REALLY SHOULD HIT ON IS, WHY WOULD IOWA HAVE...BE DOING BETTER IN PORK THAN NEBRASKA? WELL, PERHAPS IT IS PROPERTY TAXES, FOLKS, BECAUSE IF EVERYBODY LOOKS AT THEIR PROPERTY TAX BILL, MY GUESS IS THAT PROPERTY TAXES ARE SIGNIFICANTLY HIGHER IN A LOT OF NEBRASKA COUNTIES THAN THEY ARE IN IOWA COUNTIES. AND WHY WOULD YOU WANT TO EXPAND IN A PLACE WHERE YOU'RE GOING TO HAVE TO PAY A HIGH PROPERTY TAX BILL ON A BARN? GO TO ANOTHER STATE WHERE IT'S LOWER. SOUTH DAKOTA HAS LOWER PROPERTY TAXES. ALL THE NEIGHBORING STATES DO. I'VE SAID BEFORE ABOUT THE PROPERTY TAX ISSUE, IT COULD DRIVE INDUSTRY OUT OF THE STATE, CATTLE INDUSTRY, FEEDING INDUSTRY, PORK INDUSTRY, BECAUSE WE'RE UNCOMPETITIVE ON PROPERTY TAXES AND WE HAVE TO FIX THAT. BUT THAT'S NOT WHAT THIS BILL IS ABOUT. THIS IS BILL IS ABOUT PACKER OWNERSHIP. WE DON'T WANT TO DO THIS IN NEBRASKA. I WOULD URGE THE BODY TO RECOMMIT THE BILL TO THE AG COMMITTEE, WHERE IT SHOULD BE. [LB176]

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SENATOR SCHEER: TIME, SENATOR. [LB176]

SENATOR DAVIS: THANK YOU, MR. PRESIDENT. [LB176]

SENATOR SCHEER: THANK YOU, SENATOR SULLIVAN AND SENATOR DAVIS.
SENATOR SCHILZ, YOU'RE RECOGNIZED. [LB176]

SENATOR SCHILZ: THANK YOU, MR. PRESIDENT. I WAS JUST MADE AWARE AND I WANT TO BRING UP SOME STUFF THAT IS REALLY PRETTY INTERESTING: THE MOST POPULAR AMERICAN COMPANIES IN CHINA. KFC HAS 40 PERCENT OF ALL THE FAST-FOOD MARKET SHARE IN CHINA. KFC, OVER THERE, HIRES CHINESE WORKERS TO DO ALL THEIR STUFF. GENERAL MOTORS IS THE TOP-SELLING AUTO MAKER IN CHINA. GM OPERATES IN CHINA THROUGH JOINT VENTURES, SO THEY DUALY OWN WHAT'S GOING ON WITH A NUMBER OF CHINESE COMPANIES, SUCH AS SAIC MOTOR, CHINESE COMPANY, MAKING AMERICAN CARS. THAT WORK IS NOT HAPPENING HERE. MICROSOFT, THEY HAVE 99.3 PERCENT OF THE MARKET SHARE THERE. BOEING, SENATOR BLOOMFIELD, THE COMPANY YOU EITHER OWN OR USED TO OWN, 52 PERCENT OF THE MARKET SHARE. THEY PLAN OVER THE NEXT 20 YEARS AN INCREASE OF 5,000 PLANES. I'M GUESSING MOST OF THOSE PLANES WILL PROBABLY BE BUILT IN CHINA. AND THEN NIKE, NIKE IS CHINA'S LEADING MANUFACTURER OF SPORTSWEAR. IT'S FOLLOWED BY A CHINESE COMPANY. SO, GUYS, YOU CAN SAY WHAT YOU WANT, BUT WE'RE ALL IN THIS TOGETHER, SO TO SPEAK. THERE'S BUSINESSES HAPPENING EVERYWHERE. I HAVE THIS SHEET HERE--FRONT, BACK, FRONT AND BACK--OF AMERICAN AND INTERNATIONAL COMPANIES THAT DO MANUFACTURING AND BUSINESS IN CHINA. THERE ARE OVER 34 FOOD PROCESSORS OR RETAIL THAT IS DOING BUSINESS IN CHINA. ONE OF THEM IS CONAGRA. CONAGRA IS IN BUSINESS IN CHINA. DO YOU KNOW WHY THAT IS? BECAUSE THE DEMAND IS THERE. THE NICE THING ABOUT THIS DEAL, IF WE JUST WANT TO TALK ABOUT THE ONE COMPANY, BUT REMEMBER THERE'S A NUMBER OF DIFFERENT HOG PROCESSORS IN THE UNITED STATES, BUT HERE'S THE POINT: ALL THIS WORK, ALL THIS BENEFIT WILL STAY IN THE UNITED STATES. WE HAVE PEOPLE THAT CAN WORK, PEOPLE THAT CAN BE ON THE LAND, YOUNGER FOLKS OR OLDER FOLKS OR NEW FOLKS COMING IN TO BE PART OF NEBRASKA AGRICULTURE. DON'T GET HUNG UP ON INTERNATIONAL OWNERSHIP, AND DON'T THINK THAT EVERYTHING'S JUST PEACHES AND CREAM OVER HERE WHILE OVER THERE IT'S NOT. THESE COMPANIES GO THERE BECAUSE THERE'S DEMAND AND BECAUSE IF YOU WANT TO DO BUSINESS AND YOU WANT TO BE SUCCESSFUL IN A GLOBAL MARKET, YOU NEED TO GO AND YOU NEED TO SELL WHERE PEOPLE ARE WILLING TO BUY. AND WITH THE

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MIDDLE CLASS INCREASING IN CHINA, THERE'S MONEY THERE TO BE HAD. HOW MUCH DO WE OWE CHINA? QUITE A BIT. THIS MIGHT HELP TO GET SOME OF THAT BACK. THE UNITED STATES AG PRODUCTION IS THE BEST IN THE WHOLE WORLD, BUT WE CAN'T GET TOO PROUD ABOUT IT BECAUSE OTHERS CAN COME ALONG AND STEAL THAT AWAY. WE HAVE TO BE VERY CAREFUL OF THAT. WHEN YOU'RE IN THE LEAD, DO YOU SLOW DOWN A LITTLE BIT TO LET EVERYBODY ELSE CATCH UP? NO. [LB176]

SENATOR SCHEER: ONE MINUTE. [LB176]

SENATOR SCHILZ: YOU STOMP ON THE GAS HARDER SO THAT YOU DON'T HAVE TO WORRY ABOUT THAT. DON'T FALL INTO THE TRAP OF WHAT PEOPLE ARE SAYING HERE. IS AGRICULTURE DOING FINE TODAY? YES, ON SOME LEVELS. IS THE AGRICULTURAL COMMUNITIES THAT WE LIVE IN DOING WELL OUT THERE? POPULATION DECLINE, PROPERTY TAX INCREASES, JOBS EVERYWHERE BUT NOBODY TO FILL THEM. MY ANSWER TO YOU IS, I GUESS NOT. THAT'S WHY I INTRODUCED BILLS LIKE LB175, LB329, LB176, IS TO START ANSWERING THESE QUESTIONS. THAT'S WHY WE VOTE EVERY YEAR TO PUT SOME MONEY BACK IN PROPERTY TAX RELIEF, OR WE SHOULD. OUR RURAL AREAS NEED HEALED, FOLKS. THIS IS ONE THING I LOOKED AT WHERE I SAW NUMBERS DECREASING IN AN AREA WHERE THEY SHOULD NOT BE DECREASING. ALLOWING PROCESSORS WHO... [LB176 LB175 LB329]

SENATOR SCHEER: TIME, SENATOR. [LB176]

SENATOR SCHILZ: THANK YOU. [LB176]

SENATOR SCHEER: THANK YOU, SENATOR SCHILZ. SENATOR SCHNOOR, THIS IS YOUR THIRD TIME, AND YOU'RE RECOGNIZED. [LB176]

SENATOR SCHNOOR: THANK YOU. SENATOR SCHILZ SAID ALL THE BENEFIT FROM THIS STAYS IN THE U.S., AND I COULD NOT DISAGREE WITH HIM MORE BECAUSE THE ONLY BENEFIT YOU'RE GETTING IS YOUR LABOR. ANY PROFIT FROM THE PRODUCTION OF HOGS GOES TO THE CHINESE. AND THAT GOES BACK TO WHAT DAVE DOMINA SAID LAST YEAR. HE SAID ANYONE KNOWS THAT THE WAY THAT WEALTH IS GENERATED IS TO BE INVOLVED IN TRANSACTIONS INVOLVING THE SALE OF ASSETS AND THE ACQUISITION OF ASSETS IN A VIBRANT MARKET IN WHICH PEOPLE BOTH BID TO SELL OR ACCEPT BIDS TO SELL AND THEY BID TO BUY. THAT'S ELIMINATED BY THIS STATUTE. SO DOES

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ALL THE BENEFIT STAY HERE IN THE U.S.? ABSOLUTELY NOT, BECAUSE WE NO LONGER OWN THE ASSET. THE PACKER DOES, WHICH, IN THIS CASE, IS THE CHINESE. THANK YOU, MR. PRESIDENT. [LB176]

SENATOR SCHEER: THANK YOU, SENATOR SCHNOOR. SENATOR GROENE, YOU'RE RECOGNIZED AND THIS IS YOUR THIRD TIME. [LB176]

SENATOR GROENE: THANK YOU, MR. PRESIDENT. READING SOME MORE STATISTICS: CASH RECEIPTS, I MENTIONED THIS EARLIER BUT I'LL READ IT TO YOU. CASH RECEIPTS FOR FARM MARKETING CONTRIBUTE OVER \$23 BILLION, NEBRASKA ECONOMY IN 2013. IT'S 5.9 PERCENT OF THE U.S. TOTAL. NEBRASKA'S TEN LEADING COMMODITIES IN ORDER OF VALUE FOR 2012: CASH RECEIPTS FOR CATTLE AND CALVES, CORN, SOYBEAN, HOGS, WHEAT, DAIRY PRODUCTS, HAY, CHICKEN EGGS, DRY BEANS, AND SUGAR BEETS. CHICKEN EGGS, THAT'S KIND OF CURIOUS THAT IT'S AHEAD OF DRY BEANS AND SUGAR BEETS, WHICH REPRESENTS 98 PERCENT OF THE STATE'S TOTAL AGRICULTURE CASH RECEIPTS. TO REMIND YOU, THIS COMES FROM NEBRASKA DEPARTMENT OF AGRICULTURE AND IT'S THE NEBRASKA AGRICULTURAL FACT SHEET. IT'S GOOD INFORMATION. NEBRASKA HAD 49,600 FARMS AND RANCHES DURING 2013. THE AVERAGE OPERATION CONSISTS OF 913 ACRES, STILL MODERATE IN SIZE. AVERAGE NET INCOME PER FARM AVERAGED \$112,966 DURING THE '09-13 PERIOD. IT'S NOT A LOT OF INCOME, FOLKS, WHEN YOU'VE GOT EXPENSES AGAINST IT. SO DON'T THINK ALL FARMERS ARE LIVING HIGH ON THE HOG. THAT'S A PLAY ON WORDS THERE. IN 2013, NEBRASKA RANKED SECOND IN ETHANOL PRODUCTION CAPACITY WITH 24 OPERATING PLANTS HAVING PRODUCTION CAPACITY OF 2.07 BILLION GALLONS. LIVESTOCK OR POULTRY OPERATIONS WERE FOUND ON 49 PERCENT OF NEBRASKA FARMS. TOP FIVE COUNTIES RANKED BY AGRICULTURE SALES IN '12 WERE CUMING, CUSTER, DAWSON, LINCOLN--THAT'S MY COUNTY--AND PHELPS, SO I DO COME FROM AN AG COUNTY AND PROUD OF IT. IN 2011, NEBRASKA WAS EIGHTH NATIONALLY IN CERTIFIED ORGANIC CROPLAND ACRES. THAT'S KIND OF CURIOUS. ORGANIC, WE'RE EVEN BIG IN THAT. WE'RE PROGRESSIVE. WE GO WITH WHAT'S NEW. WE LEAD. THAT'S WHAT WE DO IN NEBRASKA IN THE FREE-MARKET SYSTEM. WE DON'T GET STAGNANT AND SIGN ON TO CORPORATE FARMING. AND WE'RE EIGHTH IN CERTIFIED ORGANIC PASTURE ACRES. ONE IN FOUR JOBS IN NEBRASKA IS RELATED TO AGRICULTURE. THERE'S A LOT OF THOSE IN OMAHA AND LINCOLN ALSO, ARE ONE OF THOSE FOUR. THE AVERAGE AGE OF NEBRASKA PRINCIPAL OPERATOR WAS 55.7 IN 2012. DURING THE FIVE-YEAR PERIOD BETWEEN '07 AND '12, NEBRASKA EXPERIENCED A 5 PERCENT INCREASE IN THE NUMBER OF FARMS AND A 10 PERCENT INCREASE IN THE NUMBER OF NEW FARMERS. NOW, THAT'S A CURIOUS NUMBER. WE

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DIDN'T HAVE LB176 TO GET YOUNG PEOPLE INTO THE FARMS AND WE'VE HAD A 10 PERCENT INCREASE. FROM EAST TO WEST, NEBRASKA EXPERIENCED A 4,584-FOOT ELEVATION DIFFERENCE. AND THE AVERAGE ANNUAL PRECIPITATION DECREASES BY ONE INCH EVERY 25 MILES, ALLOWING NEBRASKA TO HAVE A DIVERSE AGRICULTURE INDUSTRY FROM ONE SIDE OF THE STATE TO THE OTHER. THAT BRINGS AN INTERESTING FACT. SUPPOSE MOST OF YOU HEARD THAT. THE TRUTH IS, THERE'S MORE CLIMATE CHANGE BETWEEN SCOTTSBLUFF AND OMAHA THAN THERE IS BETWEEN OMAHA AND WASHINGTON, D.C. DID YOU KNOW THAT? WE ARE DIFFERENT OUT WEST. WE ENJOY A LOT MORE SUNSHINE, WHICH IS WHY I CAN'T WAIT TO GET OUT OF HERE AND GET BACK WEST. BUT NATURAL RESOURCES, NEBRASKA FARM AND RANCHES UTILIZE 45.3 MILLION ACRES, 92 PERCENT OF THE STATE'S TOTAL LAND AREA. NEBRASKA IS FORTUNATE TO HAVE AQUIFERS BELOW IT. [LB176]

SENATOR SCHEER: ONE MINUTE. [LB176]

SENATOR GROENE: IF POURED OVER THE SURFACE OF THE STATE, THE WATER IN THOSE AQUIFERS WOULD HAVE A DEPTH OF 37.9 FEET. WHAT SCARES ME THOUGH THERE IS IT DOES HAVE A LIMIT. THE STATE HAS 96,131 REGISTERED ACTIVE IRRIGATION WELLS SUPPLYING WATER TO 8.3 MILLION ACRES OF HARVEST CROP-PLANTED PASTURE. OF THE TOTAL CROPLAND HARVESTED DURING 2012, 44 PERCENT WAS IRRIGATED. THAT IS WHY YOU WILL FIND I WORK IN THE FUTURE TO PRESERVE IRRIGATED CROP FOR THE FUTURE. THAT'S ANOTHER STORY BUT WE'LL GET THERE SOMEDAY. NEARLY 24,000 MILES OF RIVERS AND STREAMS ADD TO NEBRASKA'S BOUNTIFUL NATURAL RESOURCE. WE HAVE A GREAT STATE. WE NEED TO BE PROUD OF IT. WE DON'T NEED CHINA'S HELP. THANK YOU. [LB176]

SENATOR SCHEER: THANK YOU, SENATOR GROENE. SENATOR SCHILZ, YOU'RE RECOGNIZED, AND THIS IS YOUR THIRD TIME. [LB176]

SENATOR SCHILZ: THANK YOU, MR. PRESIDENT. I DON'T WANT TO TALK ABOUT THIS AMENDMENT OR THIS MOTION ANYMORE. WHAT I WANTED TO DO WAS MAKE SURE, AS WE'RE GETTING HERE CLOSE TO THE HOUR, THAT EVERYBODY UNDERSTANDS...AND I DID TALK TO SENATOR DAVIS AND HE'S GOT AN AMENDMENT COMING UP THAT IS A GOOD AMENDMENT THAT I WILL BE SUPPORTING AS WELL. AND I JUST WANTED TO MAKE SURE THAT EVERYBODY KNOWS THAT SENATOR DAVIS' AMENDMENT THAT COMES UP ON CONFIDENTIALITY AND TRANSPARENCY IN THESE CONTRACTS MAKE SENSE. I'M

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ALL IN FAVOR OF THAT, AS WELL AS TAKING A LOOK IN BETWEEN SELECT OR GENERAL AND SELECT FILE TO PUT IN SOME OF THOSE PROTECTIONS FOR PRODUCERS THAT WE'VE TALKED ABOUT HERE ON THE FLOOR, AS WELL AS TALKING ABOUT WHAT SHOULD AND SHOULD NOT BE CONSIDERED WHEN YOU'RE DOING A CONTRACT. AND SO WE'RE WORKING ON THAT LANGUAGE AS WE SPEAK JUST TO PUT EVERYBODY AT EASE. THANK YOU, MR. PRESIDENT. [LB176]

SENATOR SCHEER: THANK YOU, SENATOR SCHILZ. SENATOR McCOY, YOU'RE RECOGNIZED. [LB176]

SENATOR McCOY: THANK YOU, MR. PRESIDENT AND MEMBERS. I DO SUPPORT THE RECOMMIT MOTION ON THIS LEGISLATION. AS I'VE TALKED ABOUT A NUMBER OF TIMES ON THE MICROPHONE TODAY, AND THIS MAY BE ONE OF MY LAST OPPORTUNITIES TO SPEAK ON THIS ISSUE TODAY, AT LEAST, I DO FIND IT VERY DISCONCERTING TO CONSIDER THE PROSPECTS OF THE PACKER BAN BEING LIFTED AS THIS LEGISLATION SUGGESTS, AND NOT JUST SUGGESTS BUT WOULD, IN EFFECT, DO ON THE HOG INDUSTRY, AND WOULD ALLOW PACKERS, PRIMARILY SMITHFIELD FOODS, BUT OTHERS...BUT SMITHFIELD FOODS IS THE ONES THAT I'M MOST CONCERNED ABOUT BECAUSE THEY DO REPRESENT 25 PERCENT OF THE PORK PROCESSING INDUSTRY IN THE UNITED STATES. I'M VERY CONCERNED ABOUT THE PROSPECTS OF AN ENTITY LIKE SMITHFIELD FOODS, UNDER CHINESE OWNERSHIP, GAINING A TOEHOLD IN NEBRASKA AND MOVING ALL OF THOSE PIGS, PROCESSED PIGS, OR A HIGH PERCENTAGE OF THEM TO CHINA TO MEET THEIR WELL-PUBLICIZED FIVE-YEAR GOAL OF PRODUCING, OWNING THE ABILITY TO PRODUCE, THE FOOD FOR ALL OF THEIR MANY, MANY CITIZENS AS THE MOST POPULOUS NATION ON EARTH. THAT I FIND DISCONCERTING BECAUSE--I'VE TALKED ABOUT IT IN AN EARLIER TIME ON THE MICROPHONE TODAY--GEOGRAPHICALLY SPEAKING, WE ARE THE CLOSEST STATE, HEAVY LIVESTOCK-PRODUCING STATE, TO THE CHINESE MAINLAND. I THINK IT'S CONCERNING WHEN YOU THINK ABOUT WHAT THAT MEANS FOR OUR COMMUNITIES, FOR THE PORK INDUSTRY HERE AND, FRANKLY, FOR WHAT THAT MEANS FOR OUR GEOPOLITICAL SECURITY BECAUSE OUR FOOD SUPPLY OUGHT TO BE AS IMPORTANT TO US TO PROTECT AS ANY OTHER RESOURCE, WHETHER IT'S WATER, WHETHER IT'S OIL, OR ANY OTHER NATURAL RESOURCE. THAT IS OUR FUTURE. AND CHINA HAS NOT ALWAYS BEEN OUR FRIEND. TRADING PARTNER, YES, BUT THEY ARE, LET US MAKE NO MISTAKES ABOUT IT, A COMPETITOR ON THE WORLD STAGE, AND THAT'S ULTIMATELY WHY I OPPOSE THIS BILL. I'VE HEARD NO REAL ANSWER TO THOSE CONCERNS BY ANY OF THOSE WHO SUPPORT THIS BILL. I'VE HEARD A LOT OF DEFENSES OF, WELL,

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THAT'S JUST A GLOBAL ECONOMY, THAT'S THE WAY THE WORLD WORKS TODAY. WELL, THAT MAY BE. BUT AS I SAID THE FIRST TIME ON THE MICROPHONE THIS MORNING, IT'S VERY DIFFERENT FROM SELLING GRAIN TO CUBA OR TO EGYPT OR TO KOREA OR ANY OTHER COUNTRY THAT WE DO BUSINESS WITH, OR OUR PORK PRODUCTS, BEEF TO ASIAN COUNTRIES, BEEF TO EUROPE. GOVERNOR RICKETTS LEAVES HERE THE END OF NEXT WEEK, I BELIEVE, ON A TRADE MISSION TO EUROPE TO TALK ABOUT MORE EXPORT BUSINESS TO A NUMBER OF EUROPEAN COUNTRIES. BUT IT'S JUST THAT, MEMBERS. IT'S EXPORTING OUR GOODS AND SERVICES THAT WE OWN THAT ARE PRODUCED BY OUR PRODUCERS. [LB176]

SENATOR SCHEER: ONE MINUTE. [LB176]

SENATOR McCOY: THAT'S AN ENTIRELY DIFFERENT THING THAN THE PROSPECTS OF A CHINESE-OWNED COMPANY COMING INTO NEBRASKA AND CONTROLLING THE PORK INDUSTRY IN OUR STATE, FAR DIFFERENT FROM A DISCUSSION OF TRADE WITH OTHER NATIONS WITH PRODUCTS THAT WE PRODUCE. YOU CAN'T COMPARE THE TWO. IT'S APPLES AND ORANGES. THAT'S WHY I OPPOSE THIS LEGISLATION. I'M HAPPY TO LOOK AT OTHER MODELS, HAPPY TO LOOK AT HOW WE CAN GROW OUR HOG INDUSTRY. I JUST DON'T THINK IT'S THE RIGHT WAY TO DO IT UNDER THIS LEGISLATION. THAT'S WHY I OPPOSE IT AS MUCH AS I DO. THANK YOU, MR. PRESIDENT. [LB176]

SENATOR COASH PRESIDING

SENATOR COASH: THANK YOU, SENATOR McCOY. SENATOR SULLIVAN, YOU'RE RECOGNIZED TO CLOSE ON YOUR MOTION TO RECOMMIT. [LB176]

SENATOR SULLIVAN: THANK YOU, MR. PRESIDENT. AND I HOPE THAT YOU ALL WILL JOIN ME IN VOTING GREEN ON THIS MOTION TO RECOMMIT LB176 TO COMMITTEE. I THINK THAT WE HAVE GIVEN ADEQUATE JUSTIFICATION FOR DOING SO. THERE SEEMS TO BE STILL SOME LACK OF UNDERSTANDING OF WHAT ARE ALL THE DETAILS, NOT ONLY OF THE ORIGINAL BILL BUT OF THE COMMITTEE AMENDMENTS. AND OF LATE, THE COMMENT WAS MADE THAT WE ARE GOING TO HEAR AN AMENDMENT THAT MAY COME UP AFTER THIS VOTE THAT WOULD ADD SOME NEW DIMENSIONS THAT EVEN THE INTRODUCER IS IN FAVOR OF. AND THEN HE ALSO MENTIONED THAT, BETWEEN GENERAL AND SELECT FILE, HE'S WILLING TO WORK ON SOME NEW ASPECTS OF THE CONTRACT PROVISIONS, ALL OF WHICH MIGHT ADD SUBSTANTIVE CHANGES

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AND DIFFERENCES TO THE BILL AS INTRODUCED, WHICH LEADS ME TO THINK NOT ONLY DOES IT NEED TO BE RECOMMITTED TO COMMITTEE, BUT IT STILL NEEDS A PUBLIC HEARING ON ALL OF THESE NEW CHANGES. SO I THINK THAT WE DO HAVE GOOD REASON TO REVISIT THIS NEXT SESSION UNDER A NEW VERSION. AND I HAVE TO TAKE ISSUE WITH A COMMENT THAT WAS MADE EARLIER ABOUT SOME OF THE ADVANTAGES OF THIS AND THE FACT THAT UNDER A CONTRACT THAT WOULD ALLOW A PRODUCER TO FEED HOGS AND THERE WOULD BE ADEQUATE ENVIRONMENTAL PROVISIONS THAT WOULD BE...ALLAY ANY CONCERNS. DON'T GET ME STARTED ON THAT. WE'VE BEEN AROUND THE HORN ON THAT IN BOONE COUNTY AND ALL OF THE MANURE MANAGEMENT PLANS AND WHAT THAT DOES OR DOESN'T DO TO A RURAL COMMUNITY: AS A FARMSTEAD GOES OUTSIDE, IT MIGHT BE SURROUNDED BY SOME OF THESE HOG UNITS AND THEIR CHILDREN COME DOWN WITH ASTHMA BECAUSE THEY HAVE BREATHING PROBLEMS; OR ON A COMFORTABLE SUMMER NIGHT, TO SIT ON OUR DECK IN CEDAR RAPIDS AND SMELL THE WAFT OF THE NEWLY INJECTED HOG MANURE INTO THE CROPLAND THAT, YES, ADDS ADVANTAGES, IN TERMS OF MANURE, TO THAT AND NATURAL FERTILIZER TO THAT FARMLAND, BUT WHAT DOES THAT DO TO A RURAL COMMUNITY THAT IS TRYING TO ATTRACT NEW RESIDENTS TO IT? SO DON'T GET ME STARTED ON THAT BECAUSE THAT'S A WHOLE NOTHER CONVERSATION THAT DESERVES OTHER LEGISLATION IRRESPECTIVE OF WHAT WE MIGHT DO WITH LB176. AND, YES, AGRICULTURAL PRODUCERS ARE BUSINESSPEOPLE, AND THEY ARE SOME OF THE FINEST, AND GETTING BETTER AT IT EVERY DAY. BUT TO TURN THEM INTO SERFS THAT ARE MERE LABORERS FOR A CONTRACT, AGAIN, THAT IS TO THE ADVANTAGE OF NOT THE PRODUCER, BUT THE PROCESSOR. SO TRULY, I THINK LB176 NEEDS WORK, AND THAT'S WHY IT NEEDS TO BE RECOMMITTED TO COMMITTEE. IT'S BEEN SAID, WELL, WE'RE THE ODD MAN OUT, EVERYBODY ELSE AROUND US, ALL THE OTHER STATES ARE DOING THIS, IT'S GOT TO BE GOOD. JUST BECAUSE EVERYBODY ELSE IS DOING IT DOESN'T MAKE IT GOOD. WE, YES, ARE THE RARITY. WE HAVE MORE INDEPENDENT LIVESTOCK PRODUCERS THAN MOST OF OTHER STATES, AND WE'RE DOING QUITE WELL. AND WHENEVER WE START PUTTING HEADS OF CATTLE OR HOGS AHEAD OF NUMBERS OF PEOPLE, I'M SORRY, WE LOSE NO MATTER WHAT KIND OF POLICY WE'RE TRYING TO CRAFT. SO LET'S LOOK AT THIS AS AN OPPORTUNITY TO BE SUCCESSFUL IN RECOMMITTING THIS TO COMMITTEE, TO HAVE IT RETURNED IN A WAY THAT CAN BE EMBRACED AND CHAMPIONED BY ALL AGRICULTURAL COMMODITY GROUPS, ALL AGRICULTURE PRODUCERS, BECAUSE IT'S CLEAR THAT NOT EVERYONE IS IN SUPPORT. WE ARE RIGHT IN THE MIDDLE OF THE BIGGEST, MOST BEAUTIFUL BREADBASKET IN THIS WORLD. LET'S CHAMPION THAT, LET'S APPLAUD THAT, AND LET'S CRAFT POLICY THAT WORKS FOR IT

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INSTEAD OF IN OPPOSITION TO IT. SO, PLEASE, LET'S REMEMBER THAT THIS IS NOT A BAD THING THAT WE'RE TALKING ABOUT TODAY, BUT IT STILL NEEDS WORK. SO LET'S DO RIGHT BY NEBRASKA AGRICULTURAL PRODUCERS, BY THE INDUSTRY, AND CERTAINLY BY OUR STATE BY CONTINUING TO WORK ON THIS AND VOTE GREEN TO RECOMMIT THIS TO COMMITTEE. THANK YOU, MR. PRESIDENT. [LB176]

SENATOR COASH: THANK YOU, SENATOR SULLIVAN. MEMBERS, YOU'VE HEARD THE CLOSING ON THE MOTION TO RECOMMIT TO COMMITTEE. ALL THOSE IN FAVOR...SENATOR SULLIVAN. [LB176]

SENATOR SULLIVAN: YES, MR. PRESIDENT. I'D LIKE A CALL OF THE HOUSE, PLEASE. [LB176]

SENATOR COASH: THERE HAS BEEN A REQUEST TO PLACE THE HOUSE UNDER CALL. THE QUESTION IS, SHALL THE HOUSE GO UNDER CALL? ALL THOSE IN FAVOR VOTE AYE; OPPOSED, NAY. RECORD, MR. CLERK. [LB176]

ASSISTANT CLERK: 26 AYES, 0 NAYS TO GO UNDER CALL, MR. PRESIDENT. [LB176]

SENATOR COASH: THE HOUSE IS UNDER CALL. SENATORS, PLEASE RECORD YOUR PRESENCE. UNEXCUSED SENATORS OUTSIDE THE CHAMBER PLEASE RETURN TO THE CHAMBER AND RECORD YOUR PRESENCE. ALL UNAUTHORIZED PERSONNEL PLEASE LEAVE THE FLOOR. THE HOUSE IS UNDER CALL. SENATOR KINTNER, PLEASE CHECK IN. SENATOR MURANTE, PLEASE RETURN TO THE CHAMBER AND RECORD YOUR PRESENCE. THE HOUSE IS UNDER CALL. [LB176]

SENATOR SULLIVAN: MR. PRESIDENT, I'D LIKE A ROLL CALL VOTE IN REGULAR ORDER, PLEASE. [LB176]

SENATOR COASH: THANK YOU, SENATOR SULLIVAN. MEMBERS, THE VOTE IS TO RECOMMIT TO COMMITTEE. THERE'S BEEN A REQUEST FOR A ROLL CALL VOTE IN REGULAR ORDER. MR. CLERK, PLEASE READ THE ROLL. [LB176]

ASSISTANT CLERK: (ROLL CALL VOTE TAKEN, LEGISLATIVE JOURNAL PAGE 1879.) VOTE IS 11 AYES, 23 NAYS ON THE MOTION TO RETURN THE BILL TO COMMITTEE, MR. PRESIDENT. [LB176]

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SENATOR COASH: MOTION TO RECOMMIT IS NOT ADOPTED. RAISE THE CALL. WE WILL RETURN TO DISCUSSION ON AM1672 TO AM495. SENATOR SCHNOOR, YOU'RE RECOGNIZED. [LB176]

SENATOR SCHNOOR: OKAY. I GUESS JUST A REMINDER OF, EVERYBODY, WHAT THIS WAS ABOUT. THERE'S THE 5-DAY...14-DAY RULE THAT IS IN THE LEGISLATION. THE STATUTE CURRENTLY SAYS IT'S FIVE. LB176 CHANGES IT TO 14 DAYS, AND THIS AMENDMENT BRINGS THAT BACK TO 5 TO...AND LET'S...SO JUST KEEP THAT PACKER OWNERSHIP AT A MINIMUM BECAUSE IT DOES SAY THAT PACKERS CAN'T DIRECTLY OR INDIRECTLY OWN OR KEEP LIVESTOCK, SO THAT DOES NOT NARROW IT DOWN TO HOGS. IT OPENS THAT UP TO HOGS AND TO CATTLE. AND THAT'S WHY I WANTED THIS TO GO BACK TO THE WAY IT WAS WITH THE 5-DAY MARGIN IN THERE INSTEAD OF 14 DAYS. THANK YOU, SIR. [LB176]

SENATOR COASH: THANK YOU, SENATOR SCHNOOR. SEEING NO OTHER MEMBERS WISHING TO SPEAK, SENATOR SCHNOOR, YOU'RE RECOGNIZED TO CLOSE ON YOUR AMENDMENT. SENATOR SCHNOOR WAIVES CLOSING. THE QUESTION FOR THE BODY IS, SHALL AM1672 TO AM495 BE ADOPTED? ALL THOSE IN FAVOR VOTE AYE; OPPOSED, NAY. SENATOR SCHNOOR. [LB176]

SENATOR SCHNOOR: CAN WE HAVE A ROLL CALL VOTE, PLEASE? [LB176]

SENATOR COASH: THERE HAS BEEN A REQUEST FOR A ROLL CALL VOTE. MR. CLERK, PLEASE READ THE ROLL. [LB176]

ASSISTANT CLERK: (ROLL CALL VOTE TAKEN.) VOTE IS 8 AYES, 25 NAYS, MR. PRESIDENT. [LB176]

SENATOR COASH: AM1672 IS NOT ADOPTED. NEXT ITEM, MR. CLERK. [LB176]

ASSISTANT CLERK: MR. PRESIDENT, THE NEXT AMENDMENT TO THE COMMITTEE AMENDMENT, SENATOR McCOY, AM1685. (LEGISLATIVE JOURNAL PAGE 1712.) [LB176]

SENATOR COASH: SENATOR McCOY, YOU'RE RECOGNIZED TO OPEN ON AM1685. [LB176]

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SENATOR McCOY: THANK YOU, MR. PRESIDENT AND MEMBERS. YOU KNOW, I INTRODUCED THIS AMENDMENT BACK BEFORE WE ARRIVED AT THIS BILL OR THOUGHT WE WERE GOING TO ARRIVE AT THIS BILL, I SHOULD SAY, LAST WEEK. AND I STILL STAND BEHIND IT. IN FACT, IT MAY BE MORE APPLICABLE TODAY THAN IT WAS WHEN I FIRST FILED IT, AND THAT IS, YOU LOOK AT THIS AMENDMENT, IT HAS A FIVE-YEAR SUNSET PROVISION ON THIS TO ADD TO THIS BILL. THE REASON THAT I INTRODUCED THIS AMENDMENT WAS BECAUSE OF ALL OF THE CONCERNS THAT HAVE BEEN RAISED ON THIS ISSUE, ON THIS BILL, THIS LEGISLATION TODAY. I THINK, VERY SIMPLY, THIS BILL, IF IT'S GOING TO GO FORWARD, AND I DON'T KNOW THAT IT WILL, OUGHT TO HAVE THE ABILITY FOR THE LEGISLATURE TO HAVE A LOOK BACK ON IT FIVE YEARS FROM NOW TO TELL, IF IT WERE TO BECOME LAW, IS IT WORKING? HAS IT HELPED? HAS IT TURNED AROUND WHAT SENATOR SCHILZ HAS TALKED ABOUT, AND OTHERS? HAS IT STEMMED THE TIED OF THE NUMBERS OF HOG FARMS LEAVING THE STATE? IS IT GROWING JOBS IN RURAL NEBRASKA? AND HAS IT PUT NEBRASKA CLOSER TO WHERE OTHER STATES WE'D LIKE TO COMPETE WITH IN THE HOG INDUSTRY...HAS IT HELPED? I'M DOUBTFUL THAT IT WILL. MY VIEW IS, THIS LEGISLATION IS HARMFUL. BUT IF IT'S GOING TO GO FORWARD, AT THE VERY LEAST, IT OUGHT TO HAVE A SUNSET PROVISION ON IT AND REQUIRE THE FUTURE LEGISLATURE TO COME BACK AND RENEW IT IF IT'S WORKING. I'LL BE HONEST, I WISH WE HAD SUNSET PROVISIONS ON A WHOLE HOST OF STATUTES THAT WE HAVE. I THINK, NEBRASKA, OUR STATE GOVERNMENT WOULD BE A MUCH MORE HIGHLY FUNCTIONING MACHINE IF THAT WERE THE CASE. SOME WOULD SAY, WELL, MAN, WOULDN'T THAT GET TIRESOME TO HAVE TO COME BACK AND RENEW A BUNCH OF LEGISLATION? WELL, I DON'T KNOW OF ANY BUSINESS, ANY ORGANIZATION THAT I'M AWARE OF THAT DOESN'T FROM TIME TO TIME LOOK AT WHERE THEY'RE AT, WHERE THEY WANT TO GO, WHERE THEY'VE BEEN, AND REASSESS IF THEY'RE...RECALIBRATE, REASSESS, AND MAKE SURE THEY'RE IN THE RIGHT SPOT TO HEAD WHERE THEY WANT TO GO. TO ME, THAT'S WHAT A SUNSET PROVISION DOES WHEN YOU'RE TALKING ABOUT GOVERNMENT. IT ESSENTIALLY FORCES A LEGISLATURE, IT WOULD FORCE A LEGISLATURE TO GOAL PLAN, PRIORITIZE GOING FORWARD. THERE'S A LOT OF STATES THAT HAVE DONE THIS. WE'VE EVEN DONE IT AT TIMES, BUT WE DON'T DO IT VERY OFTEN. AND IF ANYTHING, ON A BILL LIKE THIS THAT IT'S SPECULATIVE AT BEST, IN MY MIND, THAT IT'S GOING TO DO WHAT IT'S PURPORTED TO BE ABLE TO DO, SHOULDN'T BE ANY ISSUE TO HAVE A FIVE-YEAR SUNSET ON IT AND TO COME BACK AND SEE, IS IT WORKING? IF IT IS AT THAT POINT, I WOULD SUSPECT THAT, AS THE LEGISLATURE IS WONT TO DO FROM TIME TO TIME, THAT SUNSET WOULD BE EXTENDED OUT ANOTHER FIVE YEARS OR TEN YEARS OR BEYOND. BUT IT OUGHT TO HAVE A SUNSET

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PROVISION ON IT. THIS WAS NOT JUST AN AMENDMENT I THREW IN JUST FOR KICKS AND GIGGLES. AS YOU'VE NOTICED, IT'S THE FIRST AMENDMENT I'VE HAD ON THIS LEGISLATION. IT'S A SERIOUS ONE EVEN THOUGH OUR TIME DRAWS TO AN END TONIGHT. I THINK IF THIS LEGISLATION GOES FORWARD, IT OUGHT TO HAVE THIS ON IT. THAT'S WHY I BRING THIS AMENDMENT TO THE BODY THIS EVENING. THANK YOU, MR. PRESIDENT. [LB176]

SENATOR COASH: THANK YOU, SENATOR McCOY. MEMBERS, YOU'VE HEARD THE OPENING TO AM1685. THE FLOOR IS NOW OPEN FOR DISCUSSION. SENATOR SCHILZ, YOU'RE RECOGNIZED. [LB176]

SENATOR SCHILZ: THANK YOU, MR. PRESIDENT. AND REAL QUICK, ONCE AGAIN, I DON'T AGREE WITH THIS. WHAT WE HEARD IN THE HEARING WAS THAT IF YOU WANTED TO DO THIS PROPERLY, WHAT YOU WOULD WANT TO DO IS YOU WOULD WANT TO SET UP THAT CONTRACT TIME WITH THE SAME AMOUNT OF TIME THAT HAS. AND MOST OF THESE CONTRACTS GO MORE THAN FIVE YEARS, SO I THINK THAT RUNS US INTO SOME ISSUES THERE. SO I'M NOT IN FAVOR OF AM1685. THANK YOU, MR. PRESIDENT. [LB176]

SENATOR COASH: THANK YOU, SENATOR SCHILZ. SEEING NO OTHER MEMBERS WISHING TO SPEAK, SENATOR McCOY IS RECOGNIZED TO CLOSE. HE WAIVES CLOSING. THE QUESTION FOR THE BODY IS, SHALL AM1685 BE ADOPTED? ALL THOSE IN FAVOR VOTE AYE; OPPOSED VOTE NAY. HAVE ALL VOTED WHO WISH? RECORD, MR. CLERK. [LB176]

ASSISTANT CLERK: 9 AYES, 19 NAYS ON THE ADOPTION OF THE McCOY AMENDMENT, MR. PRESIDENT. [LB176]

SENATOR COASH: AM1685 IS NOT ADOPTED. WE RETURN... [LB176]

ASSISTANT CLERK: MR. PRESIDENT, I HAVE NOTHING FURTHER TO THE COMMITTEE AMENDMENTS. [LB176]

SENATOR COASH: WE RETURN TO DISCUSSION ON THE COMMITTEE AMENDMENT. SEEING NONE. SENATOR JOHNSON, YOU'RE RECOGNIZED TO CLOSE ON THE COMMITTEE AMENDMENT. [LB176]

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SENATOR JOHNSON: THE CLOSING WILL BE BRIEF. I THINK EVERYTHING THAT'S IN THE COMMITTEE AMENDMENT HAS BEEN DISCUSSED, HAS BEEN AMENDED AND VOTED DOWN. SO DEALING WITH THE MILLION DOLLARS, \$250,000 WITH THE FOUR-DAY...14 DAY. AND THERE HAS BEEN AMENDMENTS AND DISCUSSION ON INDIRECT AND DIRECT OWNERSHIP, AND ALL OF THESE HAVE NOT STOOD THE TEST. SO I ASK FOR YOUR SUPPORT OF AM495. THANK YOU. [LB176]

SENATOR COASH: THANK YOU, SENATOR JOHNSON. MEMBERS, YOU'VE HEARD THE CLOSING TO...OF THE COMMITTEE AMENDMENT, AM495. THE QUESTION IS, SHALL THE COMMITTEE AMENDMENT BE ADOPTED? ALL THOSE IN FAVOR VOTE AYE; OPPOSED VOTE NAY. HAVE ALL VOTED WHO WISH? RECORD, MR. CLERK. [LB176]

ASSISTANT CLERK: 27 AYES, 5 NAYS ON THE ADOPTION OF COMMITTEE AMENDMENTS, MR. PRESIDENT. [LB176]

SENATOR COASH: COMMITTEE AMENDMENT IS ADOPTED. NEXT ITEM, MR. CLERK. [LB176]

ASSISTANT CLERK: MR. PRESIDENT, THE NEXT AMENDMENT...SENATOR SCHILZ, THE NEXT AMENDMENT I WOULD HAVE...OKAY. IN THAT CASE, MR. PRESIDENT, SENATOR DAVIS WOULD MOVE TO AMEND, AM1635. (LEGISLATIVE JOURNAL PAGE 1712.) [LB176]

SENATOR COASH: SENATOR DAVIS, YOU'RE RECOGNIZED TO OPEN ON AM1635. [LB176]

SENATOR DAVIS: THANK YOU, MR. PRESIDENT. I'M GOING TO MAKE THIS REALLY SHORT. THIS IS A GOOD AMENDMENT THAT SENATOR SCHILZ ALSO SUPPORTS. ON PAGE 2, LINE 8, WE'RE INSERTING SOME LANGUAGE. I'M GOING TO READ HOW THIS WOULD READ WITH THE AMENDMENT: CONTRACT SWINE OPERATION MEANS A LIVESTOCK OPERATION IN WHICH SWINE OWNED OR CONTROLLED BY A PACKER AND PRODUCED ACCORDING TO AN ORAL OR WRITTEN AGREEMENT BETWEEN THE PACKER AND A PERSON OTHER THAN THE PACKER. THAT'S THE ORIGINAL LANGUAGE. WE'RE ADDING THE LANGUAGE WITH REGARDS TO THE CONTRACT THAT IT DOES NOT CONTAIN A CONFIDENTIALITY CLAUSE AND THAT IS AGREED TO BY THE PACKER AND THE PERSON. SO THAT'S THE AMENDMENT. I THINK IT'S A GOOD AMENDMENT AND I'D URGE YOU TO VOTE GREEN. THANK YOU. [LB176]

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SENATOR COASH: THANK YOU, SENATOR DAVIS. MEMBERS, YOU'VE HEARD THE OPENING TO AM1635. SENATOR SULLIVAN, YOU'RE RECOGNIZED. [LB176]

SENATOR SULLIVAN: THANK YOU, MR. PRESIDENT. AND I AM IN SUPPORT OF AM1635, BUT TO ME, THAT JUST BEGINS THE DISCUSSION. THERE ARE SO MANY OTHER DETAILS AND WATCH POINTS THAT NEED TO BE DISCUSSED AND GONE OVER BEFORE WE TIE PRODUCERS INTO SOMETHING LIKE THIS KIND OF A CONTRACT. SO WHILE IT'S A GOOD AMENDMENT, IT ONLY BEGINS THE DISCUSSION. SO IT WILL NOT MOVE ME FROM STILL BEING IN OPPOSITION TO LB176. THANK YOU. [LB176]

SENATOR COASH: THANK YOU, SENATOR SULLIVAN. SENATOR SCHNOOR, YOU'RE RECOGNIZED. [LB176]

SENATOR SCHNOOR: THANK YOU, MR. PRESIDENT. LIKE SENATOR SULLIVAN SAID, YOU KNOW, THIS JUST MAKES, IN MY VIEW, A BAD AMENDMENT A LITTLE BETTER...OR, EXCUSE ME, A BAD BILL. YOU HAVE TO ASK YOURSELF, IF THERE IS CONFIDENTIALITY STATEMENTS IN THESE CONTRACTS, WHAT ARE THEY TRYING TO HIDE? YOU KNOW, AND THAT'S BEEN IN THERE FROM THE GET-GO. AND HAD SENATOR DAVIS NEVER BROUGHT THIS UP, YOU KNOW, THAT...WE WOULDN'T EVEN BE DEBATING THAT PORTION AND THAT WOULD STILL BE IN THERE. SO WHATEVER CONTRACTS THAT THESE GROWERS SIGN CAN'T BE DISCUSSED WITH ANYBODY, WHICH IS...YOU KNOW, IT DOESN'T GO IN FAVOR OF THE FARMER, OF THE FEEDER. AND IT'S JUST LIKE SENATOR SCHILZ TALKED ABOUT: IF EVERYTHING IS TO BENEFIT HERE IN THE U.S., THEN WHAT IS THERE TO HIDE? SO I AM IN SUPPORT OF THIS AMENDMENT. I AM STILL AGAINST LB176. AND, YOU KNOW, I'D JUST LIKE EVERYBODY JUST CONSIDER EVERYTHING THAT HAS BEEN SAID HERE AND JUST REALLY TAKE TO HEART THAT THIS GOES AGAINST FREE-MARKET CAPITALISM WHEN YOU HAVE THESE BIG INDUSTRIES--AND NOW WE'RE TALKING THE CHINESE GOVERNMENT--OWNING HOGS IN THE STATE OF NEBRASKA. THIS GOES AGAINST THE FREE MARKET. THIS TAKES THE FREE MARKET COMPLETELY OUT OF THE EQUATION BECAUSE THE PACKERS WILL NOW HAVE TOTAL CONTROL OF THE MARKET. AND THOSE PACKERS ARE NOW THE CHINESE. IS THIS A WORLD MARKET THAT WE LIVE IN? YES, IT IS AND, I MEAN, WE CAN'T DENY THAT. BUT WE NEED TO KEEP AS MUCH CONTROL IN THE HANDS OF THE PEOPLE WITHIN OUR STATE AS WE CAN. AND THIS BILL TAKES THAT CONTROL OUT OF THEIR HANDS AND IT PUTS IT IN THE HANDS OF THE CHINESE. SO THIS AMENDMENT MAKES IT A LITTLE BIT BETTER. I AM IN SUPPORT OF THAT. BUT YOU NEED TO ASK YOURSELF WHY WAS THIS CONFIDENTIALITY CLAUSE EVEN IN THERE IN THE FIRST PLACE. AND THEN

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LET'S GO BACK TO SOMETHING SENATOR JOHNSON SAID WAY BACK EARLIER IN THE DAY AND I MEAN...IN THE DAY, I MEAN TODAY, ACTUALLY, BUT NOT SAYING THAT YOU'RE OLD, SENATOR JOHNSON. (LAUGHTER) BUT HE TALKED ABOUT HOW THE GOVERNMENT OF IOWA PUBLISHES THESE CONTRACTS ON THEIR WEB SITE. THAT, TOO, SHOULD RAISE A RED FLAG THAT THERE'S PROBLEMS, THAT THEY'RE HAVING PROBLEMS, AND THEY HAVE TO PUBLICIZE THEM IN ORDER TO ALLEVIATE THAT. [LB176]

SENATOR COASH: ONE MINUTE. [LB176]

SENATOR SCHNOOR: THANK YOU, MR. PRESIDENT. SO THAT JUST RAISES...THERE ARE SO MANY RED FLAGS THAT HAVE BEEN RAISED HERE THIS AFTERNOON TALKING ABOUT THIS THAT I AM COMPLETELY UNCOMFORTABLE WITH. OBVIOUSLY, RECOMMITTING IT TO COMMITTEE FAILED. AND I'M JUST HOPING THAT WE CAN MAKE THIS THING JUST A LITTLE BIT BETTER WITH SENATOR DAVIS' BILL. AND I'M HOPING THAT EVERYBODY WILL SUPPORT THAT. AND I GUESS WE WILL SEE WHAT HAPPENS. THANK YOU, MR. PRESIDENT. [LB176]

SENATOR COASH: THANK YOU, SENATOR SCHNOOR. MR. CLERK, YOU HAVE A MOTION ON THE DESK. [LB176]

ASSISTANT CLERK: MR. PRESIDENT, A PRIORITY MOTION. SENATOR SCHILZ WOULD MOVE TO INVOKE CLOTURE PURSUANT TO RULE 7, SECTION 10. [LB176]

SENATOR COASH: IT IS THE RULING OF THE CHAIR THAT THERE HAS BEEN FULL AND FAIR DEBATE ON LB176. SENATOR SCHILZ, FOR WHAT PURPOSE DO YOU RISE? [LB176]

SENATOR SCHILZ: I'D LIKE TO ASK FOR A CALL OF HOUSE, PLEASE. [LB176]

SENATOR COASH: THERE HAS BEEN A REQUEST TO PLACE THE HOUSE UNDER CALL. THE QUESTION IS, SHALL THE HOUSE GO UNDER CALL? ALL THOSE IN FAVOR VOTE AYE; OPPOSED VOTE NAY. RECORD, MR. CLERK. [LB176]

ASSISTANT CLERK: 40 AYES, 0 NAYS TO GO UNDER CALL. [LB176]

SENATOR COASH: THE HOUSE IS UNDER CALL. SENATORS, PLEASE RECORD YOUR PRESENCE. ALL UNEXCUSED SENATORS PLEASE RETURN TO THE

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CHAMBER AND RECORD YOUR PRESENCE. UNAUTHORIZED PERSONNEL PLEASE LEAVE THE FLOOR. THE HOUSE IS UNDER CALL. SENATOR SCHILZ. [LB176]

SENATOR SCHILZ: YEAH. COULD I HAVE ROLL CALL, REVERSE ORDER? [LB176]

SENATOR COASH: SENATOR KINTNER, PLEASE CHECK IN. ALL MEMBERS ARE PRESENT OR OTHERWISE ACCOUNTED FOR. THERE HAS BEEN A REQUEST FOR A ROLL CALL VOTE IN REVERSE ORDER. MEMBERS, THE FIRST VOTE IS THE VOTE TO INVOKE CLOTURE. ALL THOSE IN FAVOR VOTE AYE; OPPOSED, NAY. MR. CLERK, PLEASE READ THE ROLL. [LB176]

ASSISTANT CLERK: (ROLL CALL VOTE TAKEN, LEGISLATIVE JOURNAL PAGES 1880-1881.) VOTE IS 34 AYES, 9 NAYS, MR. PRESIDENT, ON THE INVOKING OF CLOTURE. [LB176]

SENATOR COASH: THE MOTION TO INVOKE CLOTURE IS ADOPTED. MEMBERS, THE NEXT VOTE IS ON AM1635. ALL THOSE IN FAVOR VOTE AYE; ALL THOSE OPPOSED VOTE NAY. HAVE ALL VOTED WHO WISH? RECORD, MR. CLERK. [LB176]

ASSISTANT CLERK: 37 AYES, 2 NAYS ON THE ADOPTION OF THE AMENDMENT, MR. PRESIDENT. [LB176]

SENATOR COASH: THE AMENDMENT IS ADOPTED. THE NEXT VOTE IS ON THE ADVANCEMENT OF LB176. ALL THOSE IN FAVOR VOTE AYE; ALL THOSE OPPOSED VOTE NAY. HAVE ALL VOTED WHO WISH? RECORD, MR. CLERK. [LB176]

ASSISTANT CLERK: 28 AYES, 10 NAYS ON THE ADVANCEMENT OF THE BILL, MR. PRESIDENT. [LB176]

SENATOR COASH: LB176 DOES ADVANCE. RAISE THE CALL. NEXT ITEM, MR. CLERK. [LB176]

ASSISTANT CLERK: MR. PRESIDENT, SOME ITEMS FOR THE RECORD. COMMUNICATION FROM THE GOVERNOR. (READ RE LB55, LB104, LB123, LB138, LB195, LB206, LB246, LB257, LB277, LB283, LB287, LB291, LB296, LB310, LB334, LB342, LB365, LB375, LB408, LB412, LB422, LB424, LB455, LB456, LB464, LB477, LB479, LB511, LB513, LB515, LB541, LB570, AND LB640.) NEW RESOLUTION, LR363, BY SENATOR McCOY. THAT WILL BE LAID OVER. CONFIRMATION REPORTS FROM

Transcript Prepared By the Clerk of the Legislature
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Floor Debate
May 26, 2015

THE GOVERNMENT, MILITARY AND VETERANS AFFAIRS COMMITTEE. AND FINALLY, SENATOR GARRETT HAS AN AMENDMENT TO LB643 TO BE PRINTED. (LEGISLATIVE JOURNAL PAGES 1881-1883.) [LB55 LB104 LB123 LB138 LB195 LB206 LB246 LB257 LB277 LB283 LB287 LB291 LB296 LB310 LB334 LB342 LB365 LB375 LB408 LB412 LB422 LB424 LB455 LB456 LB464 LB477 LB479 LB511 LB513 LB515 LB541 LB570 LB640 LR363 LB643]

MR. PRESIDENT, A PRIORITY MOTION. SENATOR EBKE WOULD MOVE TO ADJOURN UNTIL WEDNESDAY, MAY 27, AT 9:00 A.M.

SENATOR COASH: MEMBERS, YOU'VE HEARD THE MOTION. ALL THOSE IN FAVOR SAY AYE. OPPOSED, NAY. WE ARE ADJOURNED.