

Transcript Prepared by Clerk of the Legislature Transcribers Office
Agriculture Committee February 4, 2020

HALLORAN: Welcome to the Agriculture Committee. I'm Senator Steve Halloran. I'm from Hastings, Nebraska, and represent the 33rd Legislative District. I serve as the Chair of this committee. The committee will take up the bills in the order posted on the agenda. Our hearing today is your public part of the legislative process. This is your opportunity to express your position on proposed legislation before us today. Committee members might come and go during the hearing. This is just part of the process as we have bills to introduce to other committees. I ask that you abide by the following procedures to better facilitate today's proceedings. Please silence or turn off your cell phones. Please move to the reserved chairs when you are ready to testify. These are the first two chairs on either side of the first row. Introducers will make initial statements following by proponents, opponents, and neutral testimony. Closing remarks are reserved for the introducing senator only. If you are planning to testify, please pick up a green sign-in sheet that is on the table at the back of the room and please fill out the green sign-in sheet before you testify. Please print and it is important to complete the form in its entirety. When it is your turn to testify, give the sign-in sheet to the page or the committee clerk. This will help us make a more accurate public record. If you do not wish to testify today, but would like to record your name as being present at the hearing, there is a separate white sheet on the tables that you can sign for that purpose. This will be part of the official record of the hearing. If you have handouts, please make sure you have 12 copies and give them to the page when you come up to testify and they will be distributed to the committee. If you do not have enough copies, the page will make sufficient copies for you. When you come up to testify, please speak clearly into the microphone. Tell us your name and please spell your first and last name to ensure we get an accurate record. We will be using the light system for all testifiers. You will have four minutes to make your initial remarks to the committee. When you see the yellow light come on, that means you have one minute remaining, and the red light indicates your time has ended. Questions from the committee may follow. No displays, and this is important. No displays of support or opposition to the bill, vocal or otherwise, are allowed in a public hearing. Committee members with us today will introduce themselves starting on my far left.

MOSER: I am Mike Moser. I represent Platte County, a little bit of Colfax County, Stanton County, District 22.

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SLAMA: Julie Slama, representing District 1, which is Otoe, Johnson, Nemaha, Pawnee, and Richardson Counties.

LATHROP: Steve Lathrop, District 12, which is in Douglas County.

HALLORAN: To my far right.

B. HANSEN: Ben Hansen, District 16, Washington, Burt, Cuming Counties.

BRANDT: Tom Brandt, District 32, Fillmore, Thayer, Jefferson, Saline, and southwestern Lancaster Counties.

HALLORAN: To my right is committee research analyst, Rick Leonard, and to my far left is committee clerk, Rod Krogh. He's-- he's the one sitting with the stylish facemask on. I'm sorry, Rod, I had to point that out. Our page for the committee is Ashton Krebs. He is a sophomore at UNL majoring in guess what, political science. Glad to have you here, Ashton. All right, with that we will proceed with the confirmation of Beginning Farmer Board. Excuse me, Brad Lubben. Brad, if you would, please. Welcome. Good afternoon.

BRADLEY LUBBEN: Good afternoon, Senator.

HALLORAN: You may proceed.

BRADLEY LUBBEN: I'll make a brief opening statement and entertain any questions you may have. I'm Bradley Lubben. That's B-r-a-d-l-e-y L-u-b-b-e-n. I am an agricultural policy specialist and an extension associate professor at the University of Nebraska here in Lincoln, in the Agricultural Economics Department. I'm a native Nebraskan and I grew up in-- on a small farm in Otoe County, Senator Slama's district, and-- but I reside currently in a-- just outside of Eagle in Cass County. So I'm close to Lincoln and still appreciate the agricultural background that I had and my service in the Agricultural Economics Department on East Campus here at the University of Nebraska-Lincoln. So I'm pleased to appear before you and to offer my service again to the Nebraska Beginning Farmer Board, subject to your confirmation and your questions.

HALLORAN: OK. Very good. Are there any questions from the committee? Senator Brandt.

BRANDT: Thank you, Chairman Halloran. Thank you, Dr. Lubben, for--.

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BRADLEY LUBBEN: Uh-huh.

BRANDT: --appearing today. Is this your first time on the board?

BRADLEY LUBBEN: This, I think, is probably-- I think this is my third confirmation hearing. I started serving in 2011.

BRANDT: OK. What-- for beginning farmers in the state of Nebraska, what headwinds do you currently see that we as a state Legislature can help with?

BRADLEY LUBBEN: You know, for beginning farmers, there is always going to be a challenge of financial resources, a challenge due to the large capital requirements of an operation, particularly a large commercial commodity operation. There is certainly the challenge right now of farm income projections and market projections that stretch cash flows and stretch those finances even further. And then we continually hear from producers about access to resources, particularly access to land, access to working capital. And so a program like the Beginning Farmer program that helps provide at least one avenue for accessing additional land or new land provides some opportunity to producers. Other programs that might look at funding or-- or guaranteed or-- or credit opportunities on-- on financing, maybe owner financing of land sales to producers, those are avenues that could be considered, obviously, each with their own cost, but-- but programs like that might be on the offering.

BRANDT: All right. Thank you.

HALLORAN: Thank you, Senator Brandt and Dr. Lubben. Any further questions for Dr. Lubben? Seeing none, that was easy.

BRADLEY LUBBEN: It was.

HALLORAN: Thanks for being here.

BRADLEY LUBBEN: Thank you, Senator Halloran. Thank you to the committee.

HALLORAN: OK. That ends the hearing for confirmation for Beginning Farmer Board for Dr. Bradley Lubben. Excuse me. Well, let's see if there's proponents and opponents. I beg your pardon. Are there proponents for the confirmation of Dr. Brad Lubben? Are there

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opponents? Anyone neutral capacity? All right. Thank you very much. So we will proceed with LB1219. Senator Wayne, how are you?

WAYNE: Great. My name is Justin Wayne, J-u-s-t-i-n W-a-y-n-e, and I represent Legislative District 13, which is north Omaha and northeast Douglas County. Well, I can say that three-- four years, three years that I've been here, four years, whatever it was, I haven't had to do this yet, and so this is my first time that I'm going to ask this committee to not proceed with my bill. Since the scheduling was already done and we were going through the bill trying to work out an amendment, we decided that it would probably be best. With that being said, Attorney General's Office will come up and testify. There is an amendment that is floating out there that we are trying to file so the public can see it, because I do think there needs to be some type of consumer protection. We have tested multiple CBD oils from stores, and I will tell you that those are name brand stores that-- and some of them are name brand products that do not contain CBD oil at all. Some of them contain very little CBD oil. So I do think as this committee moves forward, we need to have something around consumer protection. But as far as LB1219, the strict requirements of transportation and all those things, I just felt with in a short session, there isn't enough time for me to work on this bill to move it forward. But I do think there's some validity of not selling to 18 or 21-year-old and younger CBD products, especially smokable hemp. Since removing cigarettes it appears to be that way and will make it easier for retailers. So I do think there's some value in what the Attorney General's Office will discuss today, but I don't know if this bill is the bill to do it in. I do think there are some other bills that this committee is looking at that are dealing with some cleanup language that deals with hemp and the national-- and the plan that just got approved that will probably sit better there. But I do think it's valuable testimony for this committee to understand why we need to put some compute-- consumer protections around it. So to the public who was here to testify in opposition to this bill, you heard me say that I'm asking the committee not to move forward with it. It would probably be easier to just sign your name in the back versus come up and speak because I am asking the committee not to move forward with this bill today. I will be here for any questions.

HALLORAN: Thank you, Senator Wayne. Any questions of Senator Wayne?

LATHROP: Can I ask just one, please? When you talk about--

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HALLORAN: Senator Lathrop.

LATHROP: When you talk about consumer protections, are you talking about the quality of the product put into a jar or what people can represent this stuff will do for a person that consumes it?

WAYNE: Not necessarily what people can-- what they can represent. I think that's ongoing. I think with many supplements, they always have the label that says, you know, not FDA-approved and things like that. But I do think there needs to be some level of protection that if I'm buying a product that says it's CBD oil in it, that it at least should contain CBD oil. And if not, I think there should be something that AG should be able to go after that company for basically lying to the public.

LATHROP: Okay. Thank you.

HALLORAN: Thank you, Senator Lathrop. Any further questions from the committee? Seeing none, thank you, Senator Wayne. Are there proponents for LB1219? Good afternoon.

COREY O'BRIEN: Good afternoon. My first time before the Agriculture Committee. My name is Corey O'Brien and I'm an Assistant Attorney General appearing on behalf of the Nebraska Attorney General's Office as a proponent of LB1219.

HALLORAN: Could you spell your name for us?

COREY O'BRIEN: Sure. Sure. It's C-o-r-e-y O'B-r-i-e-n.

HALLORAN: OK. Thank you.

COREY O'BRIEN: We asked Senator Wayne to carry this bill after last year's passage of the Hemp Farming Act. One of the gaps, I think that Senator Wayne even recognized last year, was that there was very little, once the crop left the field and began to be processed, in terms of regulation. We brought LB1219 to Senator Wayne largely to start the discussion of what regulation needed to look like regarding this industry, this emerging industry. This is not an anti-hemp bill. Several other states have begun the process of similarly venturing down this road. The federal Food and Drug Administration has promised regulation in this area. To date, they have really not delivered on that promise. So the Attorney General felt that it was necessary to begin the discussion on, as Senator Wayne indicated, one, how to keep

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these products out of the hands of youth and adolescents as an alternative to perhaps marijuana or other drugs. Two, how to protect consumers. Senator Wayne mentioned that several of these products were being tested. Some of them tested for a higher TAC concentration than was allowed by law, subjecting the consumers to possible criminal prosecution as well as the stores themselves. Many of the products were testing negative for CBD. And so, again, this was brought to protect consumers. And third, we were looking for mechanisms to assist law enforcement regulators and inspectors in trying to distinguish legal products from illegal products, particularly given some of the technical challenges that we faced with the passage of the farm bill. As Senator Wayne mentioned, we have been in the midst of discussing a radical amendment to this, although at some point we would like to continue the discussions of several of the provisions in here and where we go from here. One of the other reasons we brought this forward is because of the vaping crisis that rattled the country from a consumer standpoint, and kids were getting sick from these products, so that was the other end of the con-- the consumer protection process. But again, we would like to begin that discussion and what the amendment would simply keep in it is Section 16 and Section 18 of the bill. Section 16 pertains to the sale to minors and adolescents, and Section 18 would require labeling restrictions and requirements on the products that were being sold in the stores. We thought that that was a good first start. And again, our intention was to begin the discussion on how we best approach the consumer side once the product leaves the field and is processed, and how the consumers are protected, how law enforcement interests are protected, and certainly how our children-- our children are protected. I'd entertain any questions you might have.

HALLORAN: Thank you, Mr. O'Brien. Are there questions from the committee? Yes, Senator Hansen.

B. HANSEN: Thank you. Just-- since we're on the topic of this, just had a couple questions. Has the Attorney General weighed in or made an official opinion on CBD yet?

COREY O'BRIEN: No, sir.

B. HANSEN: OK. I think that's the predicament that some of my constituents have been in, in Washington County. Are you familiar with the store in Herman, Nebraska?

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COREY O'BRIEN: I-- I am familiar with that case.

B. HANSEN: OK, yeah, they got-- I think it's a little bit of a quandary between our county attorney how to prosecute or how to deal with CBD products, because what happened is we had a store in Herman, Nebraska that had felony charges put on it three times. They got appealed all three times or got dismissed three times. Problem is, then the, then the county judge doesn't weigh in an opinion on why he, why he made the decision they did. So then our county attorney has no other choice than to, you know, prosecute again because he doesn't know what to do either. And so, my understanding it's typically because the Attorney General hasn't weighed in on this at all and hasn't-- hasn't had a formal opinion on CB products in the state of Nebraska, whereas we've got these stores in Omaha and Douglas County selling CBD products that people are able to open up for business and sell products, whether they're regulated or not. Yes, yes, that's tough. Another-- you know, another day of how you regulate that. But right now, they're opening up stores and they're not getting prosecuted. But we have in Washington County a store that has been prosecuted three times. And from my understanding it's because the county attorney is not saying anything or they-- the-- your boss isn't saying anything.

COREY O'BRIEN: Doug Peterson.

B. HANSEN: Yes. Yes, sorry, was in my head. But he's not, he's not weighing in on it-- on the topic. And so then our county attorney is kind of caught between a rock and a hard place on how to-- on what to do with this. And so do you expect any kind of opinion to come out at all about this or, you know, how county attorneys are supposed to prosecute those or not? So I was just kind of curious, maybe what your thoughts were on that.

COREY O'BRIEN: My-- my only thought is-- is, one, my understanding of that prosecution was that-- that prosecution was for acts that occurred before the law was changed last year. And so, you know, if you commit a crime before the law has been changed, the fact that the law changed I don't think really affects that prosecution. My understanding is, is that, you know, it's for the Legislature to clearly say what is legal and what's not legal. And I don't think that the Attorney General is really in a position to say, you know, what is legal in terms of the hemp products or CBD. Frankly, I don't know that

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the law is really clear with respect to CBD on whether it's legal or not. I think that there is some confusion in the current law.

B. HANSEN: OK. Do you think an opinion by the Attorney General might help kind of clear some of that up a little bit?

COREY O'BRIEN: Do I think that would help? I don't know that it would help. I think that--

B. HANSEN: Just curious. OK. Thank you.

HALLORAN: Thank you, Senator Hansen. Any further questions? Seeing none, thank you for your testimony. Any further proponents of LB1219? Any opponents? Any neutral capacity? I'm sorry. Good afternoon.

BILL HAWKINS: Senator Halloran, members of the Ag Committee, my name is Bill Hawkins, B-i-l-l H-a-w-k-i-n-s. I'm with the Nebraska Hemp Company, who worked with Senator Wallman six years ago to get the original hemp bill passed. And here in Nebraska, we are still behind in this emerging market that we talked about. My opposition to-- I think it's LB1219 comes from the 2004-- 18 farm bill declared hemp as a-- removed from the Controlled Substance Act. When LB657 was passed and took effect May 30 of 2019, the state of Nebraska declared that hemp was removed from our Controlled Substance Act. It also declared hemp as a valuable farm commodity and that the state of Nebraska should do everything they can to promote this business research and development. The state ag director then went against the intent of the Legislature and selected 10 golden tickets, putting us further behind in this developing market that in 2020 is set to be possibly \$6 billion. The Attorney General's agent just stated that we need more regulations. We need to control this more. Before we can ship a product we have to contact the state Ag Department so they can contact the State Patrol so that we can ship a valuable agricultural commodity. If that was corn, soybeans, if we ship a tanker of gasoline, we do not have to call the State Patrol, then it can blow up and take out a city block. Senator Hansen, and to address your question in Washington County, and that is sad and just uncalled for to attack that business three times when other businesses are flourishing for years around the state. The Attorney General's Office was questioned by the media multiple times about an opinion on hemp. He has yet to come up with that opinion. LB657 allowed for all parts of the hemp plant, all cannabinoids, every extract, everything as a farm commodity, and yet the Attorney General's Office is still trying

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to control this. And I understand there's confusion with the cannabis plant and there is going to continue to be this as this business develops. We have testing facilities-- or testing requirements with the new USDA requirements that are going to cause problems with a lot of genetics that are around the state. We had one cup-- golden ticket, I call them, in Falls City, Senator Slama's district, who tested hot. He rolled the dice, it had tested low, and he wanted another test to hope he could squeeze one more drop of CBD oil out of that crop. The state Ag Department delayed a couple of weeks coming down and so who knows where that test had been if they had come down right away. But what they did deny is that golden ticket going into the closed-down shop go in your district, setting up a seed production facility with probably a million dollar renovation and probably two to three hundred thousand dollar of overhead cost of salaries and energy costs. That was denied by the state Ag Department. So they go-- they went against the declaration of LB657. So we hope that this can continue to improve, but the Attorney General coming in, and I understand we need consumer protection, I'm all for that, and the age requirement, I'm all for that, but we need to let the FDA come up with their rules and regulations before we try try to control this valuable ag commodity. So I thank you and I'll take any questions you might have.

HALLORAN: Thank you, Mr. Hawkins. Any questions from the committee? Seeing none, thanks for your testimony.

BILL HAWKINS: Thank you for your time.

HALLORAN: Any further opposition to LB1219? Good afternoon.

JACOB BISH: Good afternoon, Senators. Thank you for your time today. I'm Jacob Bish, J-a-c-o-b B-i-s-h. I'm with Bish Enterprises and Hemp Harvest Works out of Giltner, Nebraska, and we oppose this bill even though the-- only Section 16 and 18 have been proposed to move forward. Even those sections continue to treat this crop like a drug and I believe no sections of this bill are appropriate for the state of Nebraska, so we officially oppose this bill. That is all I have.

HALLORAN: OK. Any questions for Mr. Bish from the committee? OK. Seeing none, thank you for your testimony.

JACOB BISH: Thank you for your time today.

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HALLORAN: Any further opposition to LB1219? I would like to reiterate that Senator Justin Wayne has asked the committee to hold this bill.

ALEX SEYFERT: Yes.

HALLORAN: Welcome.

ALEX SEYFERT: Hello. My name is Alex Seyfert. I'm here just as a concerned citizen. That's A-l-e-x S-e-y-f as in Frank-e-r-t, and with Senator Wayne saying that he is already opposed to this bill, I will make it kind of short. But earlier the comment was made that it's kind of unclear as to the legalities of CBD. But I think that the farm bill makes it very clear in that any cannabis plant that has less than .3 percent THC is considered legal. So therefore it is known that hemp is legal. So I would hope that any further bills that are introduced can support that. Right now, the big trend is CBD, but what Nebraska has to offer in the agricultural community is more, I think, geared towards the industrial side of things. So when having these talks about CBD and restrictions on processing and transportation and such, you know, the new trade deal with China was just signed. And in it, I'm not sure of the exact amount, but China is supposed to buy X amount of hemp from America. So if we start putting restrictions on processing, you know, I feel it's dangerous, a very dangerous road to walk down if we try and control one thing and then inadvertently affect the industrial side of things, not just the CBD. So I just ask that in further bills that that be taken in consideration.

HALLORAN: Thank you so much. I'm sorry. Did you spell your name for-- for the record, please?

ALEX SEYFERT: Yes.

HALLORAN: Did already, thank you. Any questions from the committee? OK. Seeing none, thanks for your testimony.

ALEX SEYFERT: Thanks for your time.

HALLORAN: Any further opposition for LB1219? Anyone in the neutral capacity for LB1219? Good afternoon.

ANNETTE WILES: Good afternoon. My name is Annette Wiles, A-n-n-e-t-t-e W-i-l-e-s. Is that all I needed to tie up?

HALLORAN: You're perfect

ANNETTE WILES: OK. I'm here to represent and give you an overview from a farmer perspective. My husband and I were one of the lucky people to get picked as a pilot grower. And so what I wanted to do today was just give a quick update about us, our companies and what happened and where we're at. We started to grow hops five years ago and finding hops and hemp are related. There's a lot more similarities to those than what we knew initially when we got started. But to give you a little bit of background on us, this was our fifth year growing hops. Our companies are out of Plattsmouth, Nebraska. We actually have four. We have a growing company, which is Nebraska Hop Yards. Midwest Hop Producers is the brokers. Also working with the University of Nebraska on bridge development because we have a lot of wild hops in the area. The Hop Yard is the tasting room, which is the farm-to-table concept from growing all the way to serving. We do not brew beer. We only serve beer that is brewed with Nebraska hops and then Midwest Hop Yard Supply Company provides infrastructure for hop yards as well as done development on equipment with the university as well. We've developed a small specialty crop dryer that we hope will help with hemp as well as hops. The next page talks about our accomplishments. We've done a lot with the university. We've done a lot with Nebraska Department of Economic Development grants, Nebraska Great-- Nebraska Craft Brewery Board grants, also with the USDA Hop Growers of America, the national organization. I sit on that board and I corral the 30 other states outside the Pacific northwest that grow hops. So it's been a great learning experience when you're trying to grow a new crop in these other states. And we've also received a USDA SBIR Phase 1 grant to look at developing, varietal development of hops in Nebraska. So in preparation for hemp, we did not take the license award lightly. We reached out and worked with other growers in Colorado and Illinois. We completed the LAT license application in partnership with UNL because we knew they had been researching the feral hemp that grows around the state for the last few years. We picked up our plants in Colorado and prepared our greenhouse. Based on our experience with hops, which are perennials, we did learn that if you do not get good plant stock, it doesn't matter what you try to do to fix it. So we researched clean plants and found a company in Colorado that stood by that stock, said they were bred for high CBD and low THC content, so we ordered those. We also made updates to our property. We installed additional gates, new security cameras with Wi-Fi access in the greenhouse because we were afraid of people not realizing the difference between cannabis

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and hemp. Put in "No Trespassing" signs, security cameras and so on. We actually notified and met with our insurance carrier, notified our bank, and we are currently exploring opportunities with new banking partners because not everybody is comfortable, which should be a big red flag to all farmers who want to fill out that application with the state. They should talk to their banking partners first to see if they want to continue to work with them. We also communicated the license award to the city council, the city administrator, the Cass County sheriff and the Cass County attorney to make sure that everyone was aware and was on board with what we were doing with the pilot project. One thing I want to note is that we purchased a small CBD THC testing device for baseline and weekly testing of our CBD levels. It's called the Purple Pro. I could've brought it today. It's as big as this and it will-- it's \$1,500 and it will tell you THC level above a certain percentage and CBD level. So we've actually invited some of the smoke shops that have gotten smokable hemp to bring it in and we'll actually test it for them so they can tell if the product they're getting is truly what it is. And to be honest, we have found that some of the products, as they stated previously, are not what they're being sold as. So we totally support getting in and looking at that. For our pilot project overview, we collaborated with UNL. We grew CBD hemp in the greenhouse. Because of the time, we asked for an extension through March because of some of the soil treatments that we tried. We-- if you stress out the plants, they-- it'll jump the levels around and they won't rebound as fast. So we asked for additional time to grow out the plants and we were granted that through March. With that permission, we provided every few weeks status updates, we provided information on the plants and so on. And I know I have more pages and I've ran out of time, so.

HALLORAN: Maybe-- maybe someone will give you some more time. Is there questions from the committee? Senator Brandt.

BRANDT: Thank you, Chairman Halloran. Thank you for testifying today. I was hoping somebody that got one of the licenses would come and tell us about their experiences. So overall, how did we do as the state Legislature? I mean, is the law-- did the law work for you as a producer?

ANNETTE WILES: I think the first time out in growing hops as a specialty crop-- my husband's a third-generation row crop farmer and it is hard to change someone and what they know. And most of our farmers in the state have never had to work with a specialty crop like

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that. I will tell you, it's cost us a lot of money and mistakes that we've made, which is why we took our license so seriously. At \$5 a plant, it's a lot when you're looking at what the cost to seed is for corn and beans today compared to that. You have to get all girls. That's another thing; if you get any males in there, it can totally change the the plant type. It'll pollinate them. One of our biggest is-- concerns is all the feral hemp that we have in the state. And how are we can-- can control that when our farmers haven't grown this and they try it, and that's one thing they don't even know how to-- how to combat.

BRANDT: And if I could have one quick follow-up question. On this testing device, what did you set your percent THC at because it can't exceed .3? Could you set this device at .3 and it was somewhat accurate?

ANNETTE WILES: It just reads what it is. So, some of the CBD products we've gotten, right, said they were so much CBD as an example. And when we tested it, those numbers didn't come in. It will test over a certain percentage of T-- THC. Like for us, we just make sure we're below that .3. We gauge to see as we know our CBD levels start to go up, so will the THC. Similar to our hops, our alphas and betas go up, and so they're the same from a compound perspective. Once they start to mature, they go up. So you can almost gauge if you test every few days those levels and how much they're going to go up. That's how we protected ourselves. The state came out and tested us January 2nd and within so many days we had to harvest. And-- and so we-- we hit our dates.

BRANDT: Did your-- your small cost-effective testing device correlate pretty well with what the state got for a number?

ANNETTE WILES: Yes. And we also-- the reason why we looked at it was because we heard Oregon was using it, their police department as a way to combat when they have traffic stops and stuff, so.

BRANDT: OK. Yeah, there's been a lot of discussion in the state on testing and the expense of testing, and I guess I'm really pleased that somebody found a very cost-effective way to do this that's fairly accurate in testing hemp. I know there's a lot of concern that there's marijuana out there. But yeah, if it can't test out of that, I think some other agencies maybe could take a look at this. So, thank you.

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ANNETTE WILES: You bet.

HALLORAN: OK. Any further questions? Seeing none, thank you so much.

ANNETTE WILES: Great. Thank you.

HALLORAN: Very-- very informative. Anyone else in neutral capacity for LB1219? If not, Senator Wayne to close.

WAYNE: I will be very brief. So, yes, at the federal level hemp is legal, but even at the federal level, each state can adopt their own crimes and penalties and still-- THC products are still a crime or a offense here. The issue is, and this goes to the heart of the consumer protection, if I go into Fresh Thyme or Bed-- Bed, Bath and Beyond, Walmart, Target and I buy four or five bottles of this product and I get pulled over and I get tested and it tests higher than the CBD amount, which is .03, or-- I'm committing a felony and I have nothing to rely on to say that I'm not committing a felony. And the way our laws are written, it's possession. Doesn't matter how you got it, it's possession. And so part of the consumer protection is how do we make sure we give tools to the Attorney General to go after bad actors who, quite honestly, aren't tested. Now, the reality is, as most of them aren't selling THC products, are actually just not selling CBD products, they're selling snake oil. But there should be some kind of tools. But based off of last year and going all the way to the last day working on the hemp bill, I just don't think I have the capacity and the time to carry this bill through. So that's why I'm asking the committee not to move forward this year, because there are some heavy lifting around regulations that need to occur. But I do think on the committee bill, or the other bill that I'm a co-sponsor on, that we can have a bigger conversation around not selling to those under 18 or 21 and some kind of consumer protection. But I don't know if this bill with the current regulations in there are the way to go.

HALLORAN: OK, thank you, Senator. Any questions for Senator Wayne? Seeing none. Thank you, Senator. That brings us to LB919.

WAYNE: Good afternoon--

HALLORAN: Good afternoon.

WAYNE: --Chairman Halloran, and Agriculture Committee. My name is Justin Wayne, J-u-s-t-i-n W-a-y-n-e, and I represent Legislative District 13, which is north Omaha and northeast Douglas County. Last

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year we passed a bill that opened up the door for hemp farming and hemp manufacturing and processing in Nebraska. This is a new market and there were a lot of people excited about entering in this market. Good or bad, maybe they knew something, maybe they don't know what they're doing, but the fact that people wanted to try to enter into this market showed that. By the time we passed this bill and it became law, still people, over 150 applicants were still applying. Out of that application process, ten received it. This bill is just the way to say that if we're going to treat this as a commodity, an agricultural product, that if those people who want to apply meet the federal requirements, they should be able to have a license. I do believe in my conversations with the Department of Agriculture that that is their intent. But I think we as a body have to make a statement that if we're going to treat this as we do with any other agricultural product, then we should allow those who meet the definition to grow this on their property, be able to do so with all the regulations that are in place to make sure that it's done right and effective for our state. With that, I'll answer any questions.

HALLORAN: Thank you. Any questions for Senator Wayne? Seeing none.

WAYNE: I will not be here for closing as I have two other bills in another committee.

HALLORAN: OK. Thank you.

WAYNE: Thank you.

HALLORAN: Is there any proponent for LB919? Any opponents? Any opponent, excuse me. Proponent, all right. This is a proponent.

ANSLEY FELLERS: Proponent.

HALLORAN: Proponent. Welcome.

ANSLEY FELLERS: Thank you. Thank you, Chairman Halloran, and members of the Agriculture Committee. My name is Ansley Fellers, A-n-s-l-e-y F-e-l-l-e-r-s, and I'm here on behalf of the Nebraska Farm Bureau testifying in support of Senator Wayne's LB919 to establish a process for approval of hemp applications. LB919 would allow NDA to deny hemp applications if they are incomplete or deficient, including for nonpayment of the required application and registration fees, or if the applicant does not meet minimum qualifications. Otherwise, such applications shall be approved. Nebraska Farm Bureau believes, not

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unlike environmental regulations and permit qualifications, if an applicant meets the standard outlined by the permitting process, their application should not be denied. We would like to thank Senator Wayne for his leadership, given what we know about the opportunities offered by industrial hemp and the need for diversification in the ag industry, we encourage the committee to advance LB919. Thank you for your time. I'd be happy to answer any questions.

HALLORAN: OK. Thank you so much. Any questions from the committee? Seeing none, thank you. Any further proponents? Welcome.

JOHN HANSEN: Chairman Halloran, and members of the Ag Committee, good afternoon. For the record, my name is John Hansen, J-o-h-n, Hansen, H-a-n-s-e-n, and I am the president of Nebraska Farmers Union, also my organization's lobbyist. We thank Senator Wayne for bringing this bill forward. We think that it helps clarify the rules of the road. We have been in a very long process of trying to move this particular crop into a more normal agricultural production and marketing kind of system. And so our view is that the decision to produce or not produce hemp in our state, just as the decision whether you should produce alfalfa or corn or wheat or soybeans or whatever specialty crop you want to do, should be a business decision that you ought to be able to make. And the-- we think as long as you meet the criteria that set forth by the department of-- you make the application, your check clears, you've met the criteria, you should-- you should be able to go ahead and pursue your own business judgment. And so we-- we support LB919 and would ask the committee to support it to General File for consideration.

HALLORAN: OK. Thank you, Mr. Hansen. Any questions from the committee? Seeing none, thank you, sir.

JOHN HANSEN: You bet. Thank you.

HALLORAN: Any further proponents to LB919? Good afternoon.

GREGORY LAUBY: Good afternoon, Senator Halloran, members of the committee. My name is Gregory C. Lauby, G-r-e-g-o-r-y C. L-a-u-b-y. I also would like to support Senator Wayne's bill. The Congressional Research Office reports that hemp can be a significant ingredient in some 25,000 different products that are currently sold at a retail level in America. I have passed out a little tiny item in the design of Nebraska that is made through a 3D process from hemp fiber, and

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that's made by a small farm just out west of Lincoln, Nebraska. And it's just one kind of sample of the many opportunities that hemp itself offers agricultural and industrial people in this state. But in order for them to make the investment that's required both to modify machinery, to develop and plant and harvest a hemp crop, to process it then into some various products and include the marketing investment, a year's time is insufficient to recover that investment and give them the security they need. I think with Senator Hansen's bill, or Senator Wayne's bill, excuse me, at least they're assured that if they comply with the existing regulations, their license will be renewed rather than arbitrarily denied for overcrowding or whatever reason may exist. And that should give them and their lenders security enough for them to make the investments that will be required. So, thank you for your attention, if there are no questions.

HALLORAN: Thank you, Mr. Lauby. Is there questions from the committee? Seeing none, thank you so much.

GREGORY LAUBY: Thank you.

HALLORAN: Any further proponents to LB919? Welcome again.

JACOB BISH: Thank you for your time again, Senators. I'm Jacob Bish, J-a-c-o-b B-i-s-h. I'm with Bish Enterprises and Hemp Harvest Works out of Giltner, Nebraska and we officially are proponents of LB919. We find this bill gives farmers some assurity with his crop due to the fact that if they fill out this application correctly, there is no reason to be denied any sort of-- to be denied this hemp license. So we-- we believe this is a bill that is good for the Nebraska producers. I am happy to take any questions.

HALLORAN: Thank you. Any questions for Mr. Bish? Senator Brandt.

BRANDT: Thank you, Chairman Halloran. Will you be getting a hemp license this year?

JACOB BISH: Oh, we will be applying--

BRANDT: OK.

JACOB BISH: --for a hemp license. We will also be offering free consultation for hemp licenses through our Nebraska Hemp Industries Association.

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BRANDT: All right. Thank you

HALLORAN: Any further questions? Thank you, Mr. Bish.

JACOB BISH: Thank you for your time.

HALLORAN: Any further proponents of LB919? Welcome again.

ALEX SEYFERT: Thank you. I'm here to speak on LB919.

HALLORAN: Name and spelling it.

ALEX SEYFERT: Oh, yeah. Yep. My name is Alex Seyfert. It's A-l-e-x S-e-y-f-e-r-t, here as a concerned citizen and I am a proponent of this bill. Much like Mr. Hansen said earlier, though, I think it's-- it's important to start moving towards the efforts of looking at this as a commodity and moving toward that ground where we can make the decisions as land owners and farmers to plant a crop. That is very valuable, and I think this is a good step in the right direction. It's important that in these early stages of this new commodity that we mind our p's and q's, and so, yeah, I fully support it and hope that we can keep moving forward.

HALLORAN: OK.

ALEX SEYFERT: Any questions?

HALLORAN: Thank you so much. Any questions from the committee? OK.

ALEX SEYFERT: Thank you, gentlemen.

HALLORAN: Seeing none, thanks again. Any further proponents of LB919? Welcome again.

BILL HAWKINS: Again, Senators, my name is Bill Hawkins. B-i-l-l H-a-w-k-i-n-s. I'm with the Nebraska Hemp Company. I want to thank Senator Halloran, Senator Wayne, his staff, especially research analyst, on all the work they've done to try to get this farm economy, this viable new emerging market into Nebraska's businessmen and farmers. I'm an organic farmer. I've had a piece of property out north of Lincoln for almost 40 years. I've got over 40 years of experience with this cannabis plant. I've spent decades observing our heirloom hemp in the wild and can attest to its vitality, its hardiness. And for Nebraska to be able to really excel in this, business people and entrepreneurs need to be able to, without risk of being denied. In

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my situation, because I didn't get one of the golden tickets last year, I was denied with 150 other farmers. I probably lost a \$300,000 crop that I had sold just in my experience. And so if you exponentiate that to all of the growers that were denied, and over the last six years we've been denied, then you can really see where we're hurting. I ran off a couple articles Hemp News today before I came down. Hemp Inc., which is an international company, has nine divisions. They have a state of the art processing facility in North Carolina. They just signed a million dollar contract for waste oil. You grind up the fine hurd. They have a kenaf factory too, and so they are producing products and Nebraska farmers aren't. And that's where we need to move ahead as rapidly as we can with this bill. Senator Wayne's bill, and I think the upcoming committee bill will do a lot to address this. The banking regulations, federal banking regulators have come out and stated that hemp is no longer a controlled substance. There is not a suspicious paper trail. So across the nation this year alone will be a historic investment in infrastructure, in processing and developing this crop. Hemp Bank has another state of the art processing facility in Oregon. They also have one in Arizona in producing value-added hemp products. If we can get our program straight, we can get those investment dollars here in to Nebraska. We can start producing particle board in every single, empty industrial park here in Nebraska. We can still win the race of being one of the leading producers of this valuable crop hemp. So I thank you for your time. I encourage you to move this forward as quickly as possible. Thank you. And I'm open for any questions.

HALLORAN: Thank you. Mr. Hawkins. Are there any questions from the committee? Seeing none, thank you.

BILL HAWKINS: Thank you for your time.

HALLORAN: Are there any other proponents of LB919? Are there any opponents to LB919? Anyone in the neutral capacity for LB919? For the record there is a letter-- proponents. Two-- one proponent, Laura Ebke, Platte Institute. And the second one, opponent, Bill Grothe for-- on behalf of himself and they are in your binder under LB 919. I need to beg the indulgence of the committee, I forgot to mention a letter in opposition for LB1219. That's also in your bill binder book under that tab. Senator Wayne, oh, we have-- opposition. Is there anyone in opposition of LB919?

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LATHROP: Thanks.

HALLORAN: Did that all right?

BRANDT: Yeah.

LATHROP: Yeah.

B. HANSEN: Yeah.

HALLORAN: Let's do it again. Anyone in the neutral capacity? I beg your pardon. Senator Wayne waives closing, so that ends the hearing for LB919. We'll proceed with LB1152 and I'll turn the Chair over to Vice Chair, Senator Brandt. Let's take a quick break.

BRANDT: Yeah.

HALLORAN: I need to recover my testimony.

[BREAK]

BRANDT: Senator Halloran, you're cleared to open on LB1152.

HALLORAN: Thank you, Vice Chair, Senator Brandt. LB1152 is brought primarily to update the Nebraska Hemp Farming Act to reflect the requirements for state hemp plans under the USDA's interim final rule for implementing the hemp provisions for the 2018 Farm Bill. As you recall, with the 2013 Farm Bill Congress removed hemp from the Federal Controlled Substance Act, but provided for the general commercial production and regulation of hemp under a new hemp subtitle of the Agriculture Marketing Act. Congress allowed states and tribes to assume primary regulatory oversight over hemp production, provided such regulation is according to the state plan consistent-- consistent with minimal requirements for state hemp programs as specified in the farm bill and as further defined by USDA regulations. USDA published an interim rule on October 31 last year. For your reference, the handout I'm having distributed is a summary of the requirements for state and tribal hemp plans as published by the USDA. There were a number of specifications for state plans contained in the interim rule that merits some adjustments to the Hemp Farming Act. Some of the more prominent clarifications made in the rule include the following. The rule introduces the concept of acceptable THC level as the trigger for regulatory compliance and intervention. Acceptable THC level is defined as a measurement of THC in combination with a margin of error

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reported by the lab. In other words, a lab would report the THC content as failing within a range and provided the lower end of the range is .3 percent or less, the hemp is in compliance. To support this, the rule requires that labs utilized for official THC testing be capable of reporting the measurement of uncertainty. Secondly, the rule defined the THC level to be reported as the total THC level, meaning the combination of THC actually present plus the additional THC potential from conversion of THC precursors. In addition to having capability to provide the total THC measurement and margin of error, labs utilized for official testing must be Drug Enforcement Agency registered. Additionally, the rule provides that samples collected for THC testing be completed within 15 days of harvest and specifies persons who may collect samples. The sampling process must ensure a 95 percent confidence that less than 1 percent of plants in the lot exceeded the acceptable THC level. Finally, the rule clarified the definition of negligent and nonnegligent violations. Under the farm bill, negligence violations are not subject to criminal sanctions. The USDA rules states that hemp having THC up to 0.5 percent does not exceed a negligent violation provided the producer is otherwise in compliance. Hemp is exceeding the acceptable THC level is still subject to destruction. The rule also defines a standard for nonnegligent violations, which is incorporated into the bill. In addition to these primary changes, LB1152 proposes a number of additional classifications-- clarifications to assist the administration of the act requested by the Department of Agriculture. The section-by-section summary, which was distributed with briefing items by my office last week, does provide an item-for-item summary. I anticipate that the department will follow me to ex-- to expand on those provisions, but I would like to point out a couple of additional substantive items in LB1152. LB1152 would eliminate an exemption of heirloom hemp when cultivated for noncommercial purposes for regulation under the Hemp Farming Act. There's been uncertainty as to the purpose of the provision in it-- and it introduces a number of difficulties for the department and law enforcement in assuring hemp production is within lawful limits. While all deliberate cultivation of hemp is governed by the act, LB1152 does quick-- does clarify that the mere presence of an uncultivated farel cannabis is not deemed cultivation for the purposes of the act. Additionally, LB1152 with state legislative intent that the department accept all applications and that all qualified application shall be issued a license. We want to assure growers that there will not be an arbitrary limit to the number of licenses issued. To further assure this, I have included

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legislative intent to make \$50,000 per year General Funds available if necessary to supplement license and registration fee revenues to support the program in the first two years with the accept-- with the expectation that the program be fully self-supporting from that point on. Finally, I would like to offer AM2251. The amendment suggests essentially three modifications. First, the amendment would restore existing text in the debt-- definition of handling because a Hemp Farm Act is only concerned with the regulation of hemp crop production up to the point it is processed. Current law excludes finished hemp products. LB1152 substitutes terminology that is undefined and the amendment would simply restore the current terminology. Secondly, the amendment addresses a concern with the burden to the department in providing resources necessary to facilitate requests for repeated official testing of a crop. This arises from a regulatory experience in temporary hemp pilot program where an official test was performed and the producer elected not to harvest the crop within the harvest window. This necessitated a second official test later to attempt to permit the producer to harvest the crop. Essentially, the amendment clarifies that the department is not obligated to provide multiple sampling and testing. I anticipate witnesses to follow will expand on the purposes of this amendment, and will end it-- end my introduction here. If there are any questions, I would give my best effort to answer those.

BRANDT: Thank you, Senator Halloran. Are there any questions? Seeing none. We'll now ask for proponents. Welcome.

STEVE WELLMAN: Good afternoon, Vice Chairman Brandt and Agriculture Committee. I'm Steve Wellman, S-t-e-v-e W-e-l-l-m-a-n, and I serve as the director of the Department of Agriculture. I'm here today to testify in support of LB1152, and thank you, Senator Halloran, for introducing the bill regarding the Nebraska Hemp Farming Act. I would like to start today by letting-- letting you know that the United States Department of Agriculture has approved the hemp plan for the state of Nebraska and we began taking applications yesterday morning. Just recently checked in and we have nine applications at this point in time. So we are underway. I also want to publicly thank the staff of the department who have answered phone calls, given guidance, and worked diligently to get the program up and running in quick fashion. LB1152 amends the Nebraska Hemp Farming Act to specifically align provisions with USDA's regulations for state hemp plans as introduced-- as included in the department's approved plan. The bill also contains several technical provisions, as Senator Halloran

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described, to help facilitate the administration of the act, including clarifying that the department's enforcement responsibilities only apply to the activities of cultivators, processors and brokers, and that licensing provisions only apply to hemp plants and not hemp products. In addition, the department supports the-- Senator Halloran's amendment. The amendment clarifies that cultivators are responsible for the cost of hemp sampling and to establish the requirement that hemp must be harvested within 15 days of an official sample being taken. The purpose of the harvesting requirement is to avoid the potential problem of request of repeated sampling after low cannabinoid results. Repeated requests by samples-- for sampling by a number of cultivators would-- would be a burden on the department's staff and resources. If a cultivator chooses to monitor their crops THC level throughout the growing season, they may work directly with the testing laboratory of their choice to test unofficial samples. Additionally, we would request the committee strike the intent language regarding General Funds and replace it with the intent to provide spending authority to make the Hemp Farming Act self-supporting. We are committed to Governor Ricketts 2020 priorities of property tax relief, disaster relief, veterans tax relief in growing Nebraska's economy. As is reflected in our fiscal note for LB1152, the department made a biennium budget request of \$200,000 cash fund appropriations for fiscal year-- for the current fiscal year and also for fiscal year 20-- 2020-2021 to meet statutory duties assigned to the department after the passage of LB657 in 2019. The department will continue to work with the Legislature and the industry to oversee the Nebraska Hemp Farming Program, and I'd be happy to address questions.

BRANDT: Thank you, Director Wellman. Are there any questions? I guess--

LATHROP: Can I ask one?

BRANDT: Yeah. Go ahead.

LATHROP: Is this turning into the-- the crop that's going to make farmers a lot of money that people thought it would last year?

STEVE WELLMAN: I--

LATHROP: Can you compare it to 10 acres of corn and 10 acres of hemp?

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STEVE WELLMAN: I will compare it to what I've read and seen. I don't have any personal experience in raising it. And I will also refer a little bit to the reports that we received from the licensees from last year. There are extreme difficulties in knowing who to trust in the industry as far as where you're buying your seed. You have to make sure you're buying seed that will at least give you a chance to harvest a crop that's .3 percent THC or less. You need to know your marketplace, you need to know your purchaser. There were examples in Montana last season where producers had their crop contracted and then the company that agreed to purchase it was not in business at the time the crop was harvested. So I-- I-- I would caution producers as they move through this and learn from the process when there are others here that have more experience at the production side of it. I will also say that some states have had difficulties with a significant percentage of-- of their tests coming in above the .3 THC level, which of course makes it noncompliance or your return on that zero, right, minus whatever spent.

LATHROP: Minus, yeah. OK, thanks.

BRANDT: Thank you. Senator Lathrop. Any other questions? I guess I've got-- got one. Originally your department budgeted for 270 growers and 30 processors. Is that's still the current case?

STEVE WELLMAN: We have not changed our budget. That's the budget we put together for our request for the appropriations of cash funds.

BRANDT: But if it exceeds that, you're prepared to go over that number?

STEVE WELLMAN: We're--

BRANDT: I mean, if you had 500 growers apply, you're prepared to go to 500?

STEVE WELLMAN: Our-- our math, my math, both the farmer math that I have and our financial team, it shows that this should cash flow itself once we get it going. And we do have the ability now. From-- most of the cash flow will be, we think from January to June, from the applications and the licenses. After that July through December, at least initially here will be when we would incur most of the expenses for testing and follow up, so-- so we think it will cash flow. And if

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there's more producers that apply, that, of course, will increase the cash receipts.

BRANDT: OK.

STEVE WELLMAN: So again, we intend to cash flow this on the fees that we generate and to operate the program through that measure.

BRANDT: All right. Thank you, Director Wellman.

STEVE WELLMAN: Sure.

BRANDT: Next proponent. Good afternoon.

ANSLEY FELLERS: Hello. Thank you, Vice Chair Brandt, members of the Agriculture Committee. My name is Ansley Fellers, A-n-s-l-e-y F-e-l-l-e-r-s, and I'm here on behalf of the Nebraska Farm Bureau testifying in support of LB1152 brought by Senator Halloran on behalf of the Nebraska Department of Agriculture. Nebraska and American Farm Bureau policy supports the production, processing, commercialization and utilization of industrial hemp. As it relates to LB1152, we understand the Nebraska Department of Ag is simply seeking to harmonize federal and state regulations and we support that effort. We do think it's important for this committee to be aware of some concerns outlined by the American Farm Bureau Federation in its comments to the U.S. Department of Agriculture regarding its interim final regulations on establishment of a domestic hemp production program. You have these comments in front of you and they relate directly to some of the changes sought by the state. We would like to thank Senator Halloran for bringing the bill and the Department of Ag for their work in establishing a regulatory program for hemp. While industrial hemp is not necessarily new to Nebraska or even to the U.S., state and fed-- federal regulations are. We understand it will take some time to provide clarity and fill in regulatory gaps. We encourage the committee to advance LB1152 to ensure Nebraska can continue operating its program consistent with existing federal regulations. Thank you for your time and consideration. I'd be happy to answer any questions.

BRANDT: OK. Thank you, Ms. Fellers. Are there any questions? I see none.

ANSLEY FELLERS: Thank you.

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BRANDT: Next proponent.

JOHN HANSEN: Vice Chairman Brandt, members of the committee. Good afternoon, again. For the record, my name is John Hansen, J-o-h-n, Hansen, H-a-n-s-e-n. I'm still the president of Nebraska Farmers Union and our lobbyist. Our national organization has also submitted suggestions to USDA based on the comments from the various states. We just touched on some of those at a conference call a couple hours ago with the legislative committee. This is a work in progress. We think that this bill represents a good faith effort to harmonize the necessary state and federal regulations. And we also assume that as we go forward, we're going to continue to learn and we're going to continue to figure out what-- what is still needed and how much of what we already have is not needed as we try to streamline production and move into more of a mainstream kind of production system. There's already been a lot of discussion about whether or not .3 percent is really the right number or not and whether or not there should be more realistic numbers testing. There's, I think already been a lot of progress made on testing. I still think there's a lot of room left from the research that we've done that there are devices out there that are-- that are accurate, that are substantially cheaper, that-- that would work, that would lower the testing costs for the regulatory agencies, for both the department of-- and law enforcement. And so we think that there's a lot of things that are going to come and are going to need to come. But we thank the department for their work on this bill and-- and the Ag Committee. And that I would also just end my comments by saying that this particular project is is-- is one of those projects where the state's farm organizations got together on the same page and they worked together and they were able to get some things done that were successful that worked to the benefit of all Nebraska farmers and it's been a pleasure to be a part of that process with our other organization partners. With that I'd be glad to answer any questions if I could.

BRANDT: All right. Thank you, President Hansen. Any questions? I see none.

JOHN HANSEN: Thank you very much.

BRANDT: Any more proponents? Any opponents to LB1152? Anybody to testify in the neutral capacity? Good afternoon.

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GREGORY LAUBY: Good afternoon, Vice Chairman Brandt. Members of the committee, my name is Gregory C. Lauby, G-r-e-g-o-r-y C. L-a-u-b-y. If you bear with me a minute, I'd like to remind you that when the Mayflower brought the Pilgrims to Cape Cod on November 11, 1620, it is believed they brought hemp with them in at least seven forms, as has the Englishman who established Jamestown in 1607. The ship sails were made from hemp as were the ropes. The passengers wore hemp clothes, hemp oil fueled the lamps, hemp seeds provided the protein in their diet during the 66-day voyage and callum from the hemp sealed the boards of the wooden ships. And, of course, they brought hemp for seeds. Hemp became the source of paper for leathers, newspapers and the official record of public bodies. It was also the principal ingredient in many of their medicines. Hemp was so central for the existence of the early settlers several colonies made it a crime for land owners to not grow hemp. At one time, popcorn was not a crop in Nebraska, seldom planted outside a garden plot. Today, Nebraska is the national leader in popcorn production, harvesting over 350 million pounds in 30 different counties, producing roughly 45 percent of the nation's popcorn. Nebraska popcorn has become a major component in exports to China, just as China exports hemp to the United States. In the beginning, farmers deciding to try to grow hemp or popcorn for human ingestion were not required to gain a government permit or pay a licensing fee. They were able to process the crop on their farms without pre-harvest tests. There was no checkoff tax and they retained their rights guaranteed by the Fourth Amendment of the United States Constitution and Article VII of Article 1 of the Nebraska Constitution. The early settlers could not have survived, the Nebraska popcorn industry would not have flourished under the rules being established to regulate hemp growth and processing and marketing. But instead of following successful models for the development of a crop of proven usefulness, which offers a renewal for rural communities, and new customers for urban businesses, a design of regulation, suppression and criminalization has been enacted without tax credits, income exemptions or research and development funding. I would ask you not to allow law enforcement concerns to determine agricultural policy. Please strip both from the existing regulations in this proposed bill, those requirements which really are no more than chaff and get it down to what is absolutely essential and will promote a flourishing hemp industry to begin to emerge in Nebraska and grow. If there are no questions, I thank you for your attention.

BRANDT: Thank you, Mr. Lauby. Are there any questions? I see none.

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GREGORY LAUBY: Thank you.

BRANDT: Anybody else to testify in the neutral capacity? Good afternoon.

JACOB BISH: Hello once again, Senators, and thank you again for your time. I'm Jacob Bish, J-a-c-o-b B-i-s-h, and while I have not fully read through the amendments of this bill, there are many good things about this bill and there are several concerning points that I have. Specifically, the unnecessary transportation restrictions proposed in this bill, along with the removal of the definition of the heirloom cannabis definition. However, I do appreciate the other protection this bill does provide for producers that have ditch weed on their property. I am also concerned about the 15-day harvest window compliance. I understand that is compliant with the USDA interim final rule. However, we do officially oppose parts of that interim final rule as well. So these are some of my concerns that I have with this bill. However, I think this bill does provide many necessary updates for the coming year, and that is all I have for comment. I'm open to questions.

BRANDT: Are there any questions? I don't see any.

JACOB BISH: Thank you for your time.

BRANDT: More in the neutral capacity.

BILL HAWKINS: Good afternoon, Senators--

BRANDT: Good afternoon.

BILL HAWKINS: -- Co-Chairman Brandt. My name is Bill Hawkins, B-i-l-l H-a-w-k-i-n-s, with the Nebraska Hemp Company, and I come in a neutral position pretty much as the previous speaker. I have a few issues, but I think this bill really addresses the updates that we need to the federal plan and makes tremendous progress. And again, I thank Senator Wayne, Senator Brandt, his office, Senator Halloran and everybody who has worked on this and the state Ag Department. It's a difficult emerging industry when it is compared to the devil weed with roots in hell marijuana. And the only distinction is .3 percent THC and with the new USDA regulations, when that plant was planted as hemp and .29 and then all of a sudden it becomes .31, it instantly becomes a controlled substance. It needs to be taken control of in the federal rules, a USDA-- or a DEA or a controlled substance redistributor, law

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enforcement or something. So this is going to cause a tremendous amount of cost to a farm commodity. And I think in the next couple years on the federal level, this will work out and so I'm sure we'll be back here amending this bill. I haven't had a chance to read the amendments that Senator Halloran added to this. One of my main objections is removing heirloom hemp, the designation. I appreciate the protection, but a David West, who is one of the world-leading geneticists in hemp out of Wisconsin, I do not have his testimony from four or five years ago, but he stated that our genetics here in Nebraska is a treasure trove of new genetics for this emerging hemp industry. And so as a marketing standpoint, having that designation of heirloom hemp being unique to Nebraska helps Nebraska promote that unique genetics. CBD is one bubble right now. There are over 100 other cannabinoids that are used and beginning to be researched in the medical profession. Pharmaceutical companies are spending millions and millions of dollars in Israel doing first and second clinical trials on this valuable plant. So our genetics holds a treasure trove. The other objection I have is the transportation restrictions. For a business owner to have to call the department seven days before shipping a product puts us at a disadvantage. Nationally, when you have thousands of pounds of biomass, which hemp has become, dried plant material and a processor in Colorado or Oregon anywhere needs that product not seven to 10 days from now, but tomorrow. So I would look at the committee at--looking at some of these amendments and helping us to straighten out this industry. The other thing I would suggest is that this bill needs a priority and I understand the ag committee has two priority bills and so to move this along through this short session, it would be good to prioritize this bill. And I thank you for your time and interest in this valuable commodity.

BRANDT: Thank you. Mr. Hawkins. Are there any questions? I see none.

BILL HAWKINS: Thank you.

BRANDT: Good afternoon.

ANNETTE WILES: Hello. Thank you. Annette Wiles, A-n-n-e-t-t-e W-i-l-e-s. If you want to flip to page 9 of the deck I gave, I'm very much in support of the bill. There was just a couple things from a farm perspective around transportation. If every time we move something from drive facility to processing facility, because we're in different locations and we've got to alert the State Patrol, it could be two weeks to three weeks for process. So every day when we do

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something, unless we put a control in place where all the properties or something are designated, I think it might be easier. Another-- this may have been out of LB1219, but transporting more than one pound at a time I think it will cause issues for farmers as well. And then transporting two crops concurrently, if I'm going to run to my USDA/FDA-approved food processing facility and want to get hops and hemp at the same time, I would hope that I'd be able to carry multiple crops together as long as I have the right paperwork. So those were the two things just from a processing perspective that I kind of wanted to bring up.

BRANDT: OK. We appreciate that. Are there any questions? I see none, thank you for your testimony.

ANNETTE WILES: Thank you.

BRANDT: Anybody else to testify in the neutral capacity? Senator Halloran, you're cleared to close.

HALLORAN: Thank you, Vice Chair Brandt. I want to thank the committee and especially want to thank all the parties involved in this process. It has been a collaborative process. I want to thank the Department of Agriculture, they clearly have put a lot of work into this. I also want to thank Senator Wayne and Senator Brandt for their collaborative efforts and a special shout-out for our research analyst, Rick Leonard, who has been very instrumental in making this come to fruition. I want to point out and I think it's very important, I know it's been a concern expressed about the number of applications accepted. I believe the department is going to make-- the intent of the legislation is to make sure that everyone that files for an application receives an application. And in conclusion, LB1152 does give the department the oversight, regulatory oversight to be able to manage the production and processing and handling of hemp. And I think we will look at some of the suggestions Ms. Wiles just gave for potential amendments. But with that, I would ask the committee to advance LB1152. Thank you.

BRANDT: OK. Thank you, Senator Halloran. Let's see if there's any questions. Appears not to be any questions. We have one letter from Bill Grothe in opposition. Outside of that, the hearing is closed. Thank you, everybody, for coming today.