

Transcript Prepared by Clerk of the Legislature Transcribers Office
Agriculture Committee February 1, 2022

HALLORAN: Good afternoon, everybody. Welcome to the Agriculture Committee. I'm Senator Steve Halloran. I'm from Hastings, Nebraska, and I 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 the 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 in 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, followed by proponents, opponents, and neutral testimony. Closing remarks are reserved for the introducing senator only. If you're planning to testify, please pick up a green sign-in sheet that is on the table at the back of the room. 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 a page or to 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's a separate white sheet on the table 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 that you have 12 copies and give them to the page when you come up to testify and they will be distributed to those in 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 make sure we get an accurate record. We'll be using the light system for all testifiers. You will have five 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 that you should finish. Questions from the committee may follow. No displays or support of opposition to a bill vocal or otherwise are allowed at a public hearing. Committee members with us today will introduce themselves starting at my far left. Senator Cavanaugh.

J. CAVANAUGH: John Cavanaugh, District 9, midtown Omaha.

GRAGERT: Tim Gragert, District 40, northeast Nebraska.

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LATHROP: Steve Lathrop, District 12. That includes Ralston and parts of southwest Omaha.

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

HALLORAN: And on my far right all by himself.

BREWER: Tom Brewer, District 43, 11 counties of western Nebraska.

HALLORAN: OK, thank you. To my left is committee-- committee research analyst, Rick Leonard. And to my right is committee clerk, Rod Krogh. We have two very important people here, pages for the committee. Rolf Kloch. That's right. He's a junior at Nebraska Wesleyan University with a major in political science. God bless your heart. Bobby Busk. He is a sophomore at UNL with a major in political science and bless your heart. With that, we will proceed with the agenda. First up on the agenda is a reappointment of Terry Cone to the Nebraska Brand Committee. Mr. Cone, if you would join us. Good afternoon, welcome.

TERRY CONE: Good afternoon, Senators.

HALLORAN: Go ahead.

TERRY CONE: My name's Terry Cone, T-e-r-r-y C-o-n-e.

HALLORAN: You may proceed.

TERRY CONE: Oh.

HALLORAN: Tell us-- tell us about yourself and tell us why you wish to be a reappointment.

TERRY CONE: Well, I actually started probably about 2006 or 2007. I started attending Brand Committee meetings. My brother owned Burwell Livestock Market, and I was employed by him. And of course, we had an in-charge brand inspector there. And so brand was pretty much on our mind all the time dealing with brands and things. So I thought I ought to go to Brand Committee meetings and stay informed of things that's going on. So I went for-- for several years, never missed a meeting, quarterly meetings. There was a time then my brother sold the sale barn, didn't go so much. But anyway, I was interested in going again, started going. An opportunity did come up to be appointed to the Brand Committee. So I threw my name in the hat and become appoint-- appointed. We've got a lot of things going on now with the Brand Committee. There's lots of things in progress. I'd

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like to see some of those things through. We've got a lot of good things done, a lot of things that need-- need done yet, tasks that need finished. I'd like to be-- be a part of that. I guess a little bit about me. I-- I live in Burwell, Nebraska, now. I grew up in that area. I-- I've run cattle my entire life. I did some farming at one time. I do not do that now. I actually, after my brother sold the livestock market, I went to work for a bank. I'm basically a public relations person for BankFirst in Ord, Nebraska. And I do some loan officer work for them also. I still run cattle, involved in it, own cattle all the time. They run-- I have a son that lives west of Burwell, has a backgrounding yard there. He takes care of my cattle and I go up on weekends and feed cattle and vacation days. And when he's got a wreck, I usually get invited to come up and help out. So I'm still actively involved from that aspect. I do the day-to-day work up there at times, and I've always got ownership in cattle. I'm interested in brand. I think brand is very important. I think there's lots of things changing within brand. It's always been basically hot iron brand and, you know, and now we're moving into other nonvisual forms of-- of proof of ownership. I think that the Brand Committee has got to move with that and make those changes to stay up with the times. And so I want to be a part of that.

HALLORAN: OK, thank you very much. Are there any questions from the committee? Senator Brewer.

BREWER: Thank you, Mr. Chairman. All right. As you know, the Brand Committee has been, how shall we put this, a challenge over the last few years. There has been those who have had a passion to disassemble it and do away with it and take that money and use it elsewhere. And there's those that have questioned some of the decisions that have been made on the changes. I guess you've been around since 2006. Tell me what you think about how things have morphed over the last, say, five, six years.

TERRY CONE: Well, the Brand Committee was formed and brand inspection, I should say, was put in place in 1941. And until-- we started making this and nothing had changed. The procedures hadn't changed. There had not been any technology involved with it at all. Everything was done. Back when I worked the sale barn for my brother at the-- after a sale, they would mail in money for sale. They'd mail chain-- put change in the envelope and mail it through the mail. Now that's-- that's kind of outdated. That's just an example of how outdated things were. The changes that we made have been-- have been very good. I've been for it. The-- the electronic brand inspection now, the EID or the electronic brand inspection to keep, you know,

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instead of paper has been good. We don't pay on-- pay with change anymore. You've got the credit card option. They've got the subscription option. All those things have been good. When you look back at it, I think it was 2017. It might be '16, this 2016-17 timeframe, we had 108 or 110 people, I believe, employed-- employees of the Nebraska Brand Committee. I think the last I seen there was 81. We're still inspecting the same number of cattle as we did then, but we're doing with 25 percent less people. However, you know, there are those critics who will say, well, your budget hasn't went down any. No, it hasn't went down any because the cost of doing business has went up. Vehicles cost more; gas costs more; insurance costs more; wages cost more. If indeed, that 25 percent reduction hadn't taken place of personnel, we would be in a lot of trouble. While there has been turmoil, a lot of it has been brought on by other people that perceived that there was turmoil. I think the Brand Committee has did an excellent job. One issue we have not-- not everybody understands brand and Brand Committee and not all parts of the state are in the brand inspection area. Nebraska is a brand ownership area. You have to prove ownership even out-- outside of the inspection area. But you just only have to have them inspected upon leaving the brand inspection area or upon sale. And so I think we've done a lot of good things. If we hadn't had those advances, I question whether brand inspection would be here or would be the-- as we know it today.

BREWER: All right. Can I follow up?

HALLORAN: Certainly.

BREWER: Thank you. One of the things that I have quite a plentiful supply of are letters from individuals who are brand inspectors who essentially were retired.

TERRY CONE: Um-hum.

BREWER: Now maybe that's part of the morphing that has to happen. Maybe that's part of, you know, with the changes that need to happen because I know there was a lot of money that went into the iPads and some of the electronic reading devices and things like that. And that-- that did give us a big spike in one year on costs.

TERRY CONE: Uh-huh.

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BREWER: That's tapered back off some now. But an issue that's very hot in most of the state that's brand inspected is the issue of the hot iron brand.

TERRY CONE: Um-hum.

BREWER: Now you've expressed your support for the electronic tags. The concern that many have is that-- that it's perceived, right or wrong, that that hot iron brand is the way of identifying beef in the state of Nebraska. Are you of the opinion that we could get away from the hot iron brand and just go to an electric tag only, electronic tag?

TERRY CONE: No, not at all. And that has never been put out by the Brand Committee or it has never been any-- any discussion that we do away with hot iron branding. We just wanted to have the ability to add other means, nonvisual means, you know. And there's other things besides EID tags, retinal scans, nose prints, there's other things that you can use. This would just be an additi-- addition to. I won't quit hot iron branding. And I think all of my-- I'm speaking for the rest of the committee members. They all do hot iron branding, and I don't think they have any intentions of quitting, of stopping. We have no intentions of it. We just wanted to add to and make it better. There are operations and different types of operations that would work better for. The dairy industry is-- is one that the EID tags or other nonvisual would work better for. But as far as getting rid of it, that was-- has never come into discussion. We don't want to do it. I would be totally opposed to that because I use it. I brand all of my cattle.

BREWER: All right. And that was kind of the gist of where I was getting at with that. One last question. You live in Burwell?

TERRY CONE: That is correct.

BREWER: Do you know a gentleman named Kurt Kremke?

TERRY CONE: I know him well.

BREWER: He was my roommate in college. He's a good man.

TERRY CONE: Really? I will-- I will mention that to Kurt when I see him.

BREWER: Thank you.

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HALLORAN: Thank you, Senator Brewer. Thank you. Any further questions? Senator Gragert.

GRAGERT: Thank you, Chairman Halloran. Thank you for your testimony. I'd be interested in just a couple of examples of what you wanted to be a part of to see change in the branding arena, committee.

TERRY CONE: Well, for one thing, I think the-- a couple of change-- one change would be to get the nonvisual, the nonvisual identifier, EID tag, so those things like that. And like I say, I'm still going to hot iron brand. I have no-- no intentions of wanting to get rid of the hot iron brand. That has never been a discussion within the Brand Committee. I want to reiterate that. I've had people come up to me and say, well, they said that they want to get rid of it, and who's they? We have a committee of "they" that meets fairly regularly that's nameless and faceless. But that has never been a discussion, except with the "committee of they" that we get rid of hot iron branding. And that, the other thing, the iPad's has been a-- been a great thing. It has speeded things up so much. Like I say, I-- I don't like to keep bringing up the sale barn, but that is where my knowledge came from. We'd have a Friday sale at Burwell. They have a Friday sale and still do. It would take till two o'clock on Monday for the-- for the brand man to close out that sale, get all the paperwork done, get everything put in the envelope, all the change put in, all the paper documents put in, and sent off to-- to Alliance. It took five days to get there by Pony Express. And now, at the end of the sale, when they're done-- when they're done with the iPad, they close out the sale and it's over. It's done, they go home. The time saving is dramatic. The other thing, say a brand clearance gets lost and you can get brand clearance to sell cattle. You didn't rebrand them, so you got to bring your brand clearance back and you've lost it. You called Alliance. They went down in that basement and there was probably at least, without exaggeration, 4,000 banker boxes down there full of brand papers. And so they would go dig out the right one, the appropriate date, maybe spend several hours finding that brand paper. He was paying somebody wages to do that. And now they get on the iPad. All the history is on that iPad. Instantly they can print you off a-- they can print you off a replacement brand clearance, just things like that. And a history of brand of, if you need a history of everything you've done, you get on that-- that computer, that iPad and you can find it instantly. It has just been exponentially speeded things up and it's just a lot of things. I'm probably the slowest guy here to embrace technology because I'm old, and it's been hard for me to do. I do embrace

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technology with that. I'm telling you what, it has-- it has been-- been wonderful.

GRAGERT: Thank you.

HALLORAN: Thank you, Senator Gragert. Any further questions? Senator Brandt.

BRANDT: Thank you, Chairman Halloran. Thank you for your testimony today. Real quick, in reading through the rules on this five-member Brand Committee, there are to be at least three appointed members that are active cattle persons and one active cattle feeder. Do you know, are you filling the cattle feeder role or a cattle person?

TERRY CONE: Yes.

BRANDT: You're the cattle feeder.

TERRY CONE: No, I don't know where I'm at. I would say I'm a cattle feeder.

BRANDT: OK.

TERRY CONE: Because that's-- that's what I-- you know, I'm not a producer. I do feed cattle. I finish cattle. I background cattle and sell as feeder cattle. I would say I-- that is the role that I fill.

BRANDT: All right. Thank you.

TERRY CONE: Yeah.

HALLORAN: Any further questions? I have a few questions for you, Mr. Cone. I understand you're part of a producer led EID advisory group.

TERRY CONE: No, that's not correct.

HALLORAN: No. Were you at a meeting in November with advisory group?

TERRY CONE: No.

HALLORAN: OK. Well, I must have some misinformation. The meeting that took place in November that was a producer-led EID advisory group, it's my understanding that you were there at that meeting.

TERRY CONE: No, I was-- I'm not on that advisory group. I've just been to-- I've just been to committee meeting, I mean, our regular committee meetings.

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HALLORAN: OK. Well, now my understanding was that you were there and at that November meeting, I think it was November 16, and let me preface this a little bit. It's my understanding that the committee, consensus of the committee was this advisory group was to be open and transparent.

TERRY CONE: Um-hum.

HALLORAN: That's my understanding, which I commend that. Right. It's my understanding that at the November meeting, there was a vote to have a closed meeting of that advisory group.

TERRY CONE: OK. That was, yes, our regular meeting we had, yes--

HALLORAN: OK. I'm sorry.

TERRY CONE: --our regular meeting, yes, we did that.

HALLORAN: Right?

TERRY CONE: Yes.

HALLORAN: And you voted to-- you were one of the votes to have that meeting be closed to the public.

TERRY CONE: That is, OK, yes, that was a Zoom meeting that we had, yes.

HALLORAN: Right.

TERRY CONE: Yes. OK.

HALLORAN: So I guess that's a-- that's-- that's a concern to me because one of the things that makes government work well is open transparency. I understand that it wasn't technically in violation of the open meetings rule because there weren't enough board members there. I understand that.

TERRY CONE: OK.

HALLORAN: But it's my understanding that the board-- the board had an open consensus that these meetings should be open and transparent. So at this meeting, you voted against having that meeting open to the public.

TERRY CONE: Uh-huh.

HALLORAN: Is that correct?

TERRY CONE: That is correct.

HALLORAN: Can you elaborate on why that should not be open to the public?

TERRY CONE: Sure. You know, we had brought in, there was a varied group of stakeholders had come into that. We had some members of that-- of that group-- of that working group that had information. They had their own programs, what they did EID programs and things like that. They weren't really comfortable discussing, didn't want to discuss to the public and what they did. Some of the information they had was proprietary. They discussed numbers and things like that. They didn't feel like that they wanted to discuss it in an open forum. And so that's why we didn't have a quorum there at that meeting. And that's why we left it closed because they felt like that information was proprietary. We felt if they would be on that working committee, we would respect that. And that's why we didn't. We wasn't trying to hide anything. There was nothing to hide. You know, everything-- there's no secrets in this world anymore with the communications we have. And everything that happens with my Brand Committee has to be done before a legislative hearing in the bill before the Legislature. So you wasn't going to pull the wool over anybody's eyes. It wasn't our intentions, and we have-- don't have the ability to pull the wool over our eyes because the way that it's set up. We can't pass laws unless it-- unless the state senators choose to pass it. There was-- there was people that was willing to share their own information, which they felt was proprietor-- proprietary. They didn't want to discuss it in an open forum. That's all it was.

HALLORAN: OK. This is just advisory?

TERRY CONE: Yes.

HALLORAN: In the future, when-- when people are at a meeting and they have what they consider to be proprietary information, probably the best way to address that is that they don't talk about proprietary information.

TERRY CONE: OK.

HALLORAN: With that being said, so during that meeting, I think you said something to the effect that I'm going to quote here, The EID program is voluntary program anyway. And if you choose not to

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participate in it-- participate in it, you sure don't have to, end of quote.

TERRY CONE: Um-hum.

HALLORAN: In conflict with that comment, suggesting the EID-- that suggesting that the EID program would be voluntary, it's my understanding you have told fellow board members in private that you support a mandatory animal ID program, which would be mandatory. Can you marry those two conflicting statements together for me?

TERRY CONE: Say that again, please. Would you-- would you read--

HALLORAN: In the meeting, you stated that you-- that people should have no concern about the EID program because it was purely voluntary. You could choose to be in it or not.

TERRY CONE: Um-hum.

HALLORAN: Right?

TERRY CONE: Yes.

HALLORAN: OK. Other board members, third-- third-party board members have told me that in private discussions with you, you are in favor of a mandatory national animal ID program, which by the standard of the animal-- National ID program, it is mandatory or it would be mandatory if it were put in place. So how do you-- how do you marry those two statements together?

TERRY CONE: Well, for proof of ownership, that's-- that is-- that is voluntary. Absolutely. I don't think it would-- you look at other countries, they have got mandatory EID. We've become-- the world anymore, they want to know where the meat comes from. They want to be able to have trace back for disease, various things. I don't think it would be a bad thing to have if we had EID. The marketplace is demanding it. There's other-- other countries that raise lots of cattle that have that EID. I don't think it's a bad deal. As far as-- as far as mandatory for what we're talking about, you know, proof of ownership, no, it's-- it's strictly voluntary. I don't think a mandatory thing would be bad for disease traceability, for looking at ownership, trace back. The public wants to know where their meat comes from.

HALLORAN: OK. Thank you, Mr. Cone. Any further questions?

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GRAGERT: I just--

HALLORAN: Senator Gragert.

GRAGERT: Thank you. I just want to clear for my own here. I heard you say there was no need to hold a closed meeting. There's no secrets, no anything like that. So this may have been an exception to the rule, but do you-- do you see that there will be any need for more closed meetings?

TERRY CONE: Well, I, no, probably not. Not with-- with the-- I do see a need for it. But probably with the political climate we've got out, the misinformation, and the accusations being thrown around at the Brand Committee, no, we're not going to. I-- I-- I don't think that we should. That's a-- that's a personal feeling. I'm one person on that board. I'm not-- I don't think we probably should. We-- we did it with the best of intent. There was no-- nobody trying to pull anything over anybody's eyes or anything. We felt like that we could-- people are freer to talk about their programs and their things like that if they-- not, especially not in front of the press. The press is a lot about sensationalism and headlines and things like that. You know, they're kind of-- they kind of have their motto is don't confuse me with the facts. My mind's made up. And maybe the facts don't sell newspapers.

GRAGERT: Right. You know, that's I guess my concept, too, you know, or my thinking is that, you know, we lack trust in local, state, and federal governments right now without, whether the perception is whether they meet behind closed doors, you know.

TERRY CONE: And that's like, yeah.

GRAGERT: I understand what you're saying.

TERRY CONE: OK. And that's a fair question. But that's why. It wasn't-- it wasn't done with any intent or to pull the wool over. You can't pull the wool over anybody's eyes because it has to go before the Legislature to carry a bill and so to change things. It was just people were-- we felt the people were freer to talk when they're not being misquoted.

GRAGERT: All right. Thank you.

HALLORAN: Any further questions? Senator Brewer.

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BREWER: Thank you, Mr. Chairman. Since you brought it up, just a quick one here. You talked about country of origin labeling, so you support COOL, country of origin labeling with meat?

TERRY CONE: I support the concept of it. I'm not sure that the marketplace-- marketplace supports it.

BREWER: OK. That's all I need.

HALLORAN: OK. Any further questions? OK. Seeing none, thank you, Mr. Cone.

TERRY CONE: Thank you. Thank you, Senators.

HALLORAN: All right. We will proceed with the rest of the agenda. Excuse me, proponents for the appointment of Mr. Cone. Please come forward. Welcome.

JARED WALAHOSKI: Good afternoon, gentlemen.

HALLORAN: Go ahead. That's fine. Thank you.

JARED WALAHOSKI: My name is Jared Walahoski, J-a-r-e-d W-a-l-a-h-o-s-k-i I serve as the chairman of the Animal Health and Nutrition Committee for Nebraska Cattlemen. I'm also a licensed large animal veterinarian at Overton Vet Services in Overton, Nebraska. I'm here today, along with the Nebraska Cattlemen, to support Mr. Terry Cone for reappointment to the Nebraska Brand Committee. Mr. Cone is currently serving as the vice chair of the committee, a position he earned by being elected by his peers. He is patient and thoughtful when assessing the queries and challenges before the committee. Mr. Cone has served as the chair and vice chair of the Nebraska Cattlemen's Brand and Property-- Property Rights Policy Committee. While serving in that leadership capacity, Mr. Cone sought to represent the broad perspective of cattle producers' needs, both inside and outside of the brand inspection area by communicating with fellow cattlemen and women regarding how statewide provisions of the Brand Act impact them. Mr. Cone is not only a cattle producer himself, he has experience from his work with the livestock market and as a lender. He has knowledge of the industry top to bottom. For these reasons, the members of the Nebraska Cattlemen urge you to confirm Mr. Terry Cone.

HALLORAN: All right.

JARED WALAHOSKI: Do you have any questions?

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HALLORAN: Thank you. Any questions from the committee? Seeing none, appreciate it. Thank you.

JARED WALAHOSKI: Thank you.

HALLORAN: Any additional proponents of the appointment, reappointment of Mr. Cone? Seeing none, are there any opponents to the reappointment of Mr. Cone? Seeing none, anyone neutral? All right. Seeing none, we will end the hearing for the appointment, reappointment of Mr. Cone and proceed with LB1095.

BRANDT: Welcome to your Ag Committee, Senator Halloran.

HALLORAN: Thank you, Senator Brandt and members of the Committee. I'm Senator Steve Halloran, H-a-l-l-o-r-a-n, representing Legislative District 33. LB1095 is brought at the request of a producer organization to reinstate concepts of previous law that were omitted with the enactment of the Animal Health and Disease Control Act through LB344 in 2020. The bill would replicate the purposes of now-repealed Section 54-702, although updated to be consistent with the current disease traceability context. Essentially, LB1095 would amend 54-2949 to accomplish the following: first, expressly authorize the Department of Agriculture to facilitate industry participating in disease traceability.; second, expressly provides that for purposes of traceability producers may utilize any methodology currently permitted for compliance with the federal disease traceability rule; third, reinstates language that obligates the Department of Agriculture to facilitate a producer's request to withdraw a premise registration. For a little history, 54-702 was placed into the statute in 2006 at a time when what was referred to as the National Animal ID System, or NAIS, was being developed as the animal disease traceability infrastructure. The National Animal Identification System would have required producers to register premises of livestock operations and required use of certain individual animal ID methods. Later, USDA announced that the National Ident-- Identification-- the National Animal Identification System would not be imposed on the industry, but that the USDA would encourage and facilitate the industry adopting NAIS as a standard of commerce and its components could be utilized by states for programs' disease purposes. 54-702 was then amended to provide that participation in National Animal Identification System protocols was voluntary and to direct that producers could request-- remove premise registrations. Then, in 2013, USDA published a final rule which abandoned the National Animal Identification System as the disease traceability infrastructure. The 2013 rule imposes more flexible traceability

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requirements for interstate movements of livestock, which generally requires animals moving interstate to bear one of the official identifiers and to be accompanied by a certificate of veteran [SIC] inspection. While a more costly and technologic-- technologically complex national animal identification system components are still available and able to be used to meet the traceability rule, the final rule preserves other options for meeting the rule requirements. Although I believe LB1095 primarily codifies current law, it is intended to preserve less-costly, lower-tech options for producers to meet traceability requirements that are currently embedded in the federal traceability rule. In the event the USDA were to narrow traceability ID requirements, including the potential to mandate electronic ID tagging, it will require us to re-- to consider whether to adopt those changes. I will attempt to answer any questions, and it's at this point in time that I typically say, although I am certain there-- there are those that will follow who will explain more expertly current animal traceability requirements and why they feel the need to retain options currently available to producers for IDing animals for traceability purposes. Thank you.

BRANDT: Thank you, Senator Halloran. Are there any questions? I see none. Will you stick around to close?

HALLORAN: I will stick around.

BRANDT: Now we will go to proponents. Are there any proponents for LB1095?

_____ : Proponents.

BRANDT: Proponents.

_____ : In favor.

BRANDT: Welcome.

DAVID WRIGHT: Thank you, Senator Brandt. So let me just check protocol first, so you're the Chairman correctly because it's--

BRANDT: Yes.

DAVID WRIGHT: --Senator Halloran's bill.

BRANDT: Yeah.

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DAVID WRIGHT: OK. All right. My name is David Wright, D-i-- D-a-v-i-d-- I can't spell my own name this morning-- D-a-v-i-d W-r-i-g-h-t. I would like to thank the Chairman for the opportunity and the members of the Committee for the opportunity to address you on this issue. Senator Halloran did a magnificent job of explaining the history of what's going on here. He pointed out to you that in 2005, the APHIS business was all going on. And if you'll looking at a handout that I and I gave you, you will see that in 2007, "Cap" Dierks introduced a bill or got a bill passed called LB632, which basically said we're just going to have voluntary, what Senator Halloran already explained. But then as we move forward, after-- after that law was passed, I attended several meetings with the State Vet, Mr. Hughes, and the Director of Ag, Greg Ibach. And every time we'd have one of these meetings up on-- on the overhead projector, it would have "voluntary" in broad, bold letters with underline and saying, well, this is a problem, we need to get rid of it. And I would say, no, we don't, there's all these systems to identify cattle, we prefer branding, so let us have the choice. Well, then you get to about 2012, and as Senator Halloran pointed out, USDA's starting to back down, but they come out with this great idea. They said, well, let's just ID the-- the breeding herd, and then we'll do feeder calves the next year. Well, when that happened, what we did is we contacted Senator Halloran, which you'll-- or not Halloran, Louden-- which you'll see was LB927, right, the very-- you know, the second one on about the second or third page, and his was very simple. What we talked about was-- was tying branding inspections and health papers to allow cattle to come from brand-inspected states. So as you flip over to the next, after you get through there, you will see-- you will see a copy of what a brand looks like. You'll see that it's my brand and with my brand, at the top, in the corner, you'll notice there's a number and that number can be followed everywhere. It just represents that symbol that I put on that animal. So you can put that number in any kind of electronic computer system you want and-- but it's tied to that brand. So then the next one is Ross Baker makes some comments. But what I want to share in the next one is a picture of the United States, and there's the brand line that runs across the state. Everything to the west is brand inspected. Everything the east is not. And the next page will show you that over 30 percent of the livestock of the cattle in this country are in those brand-inspected areas. So behind Mr.-- Senator, Lou-- Halloran's-- I'm sorry-- sorry, Senator Halloran-- Louden's bill was those cow-- if you notice, there's not a lot of feed raised in those areas in the United States in the red. Those feeder calves have got to go somewhere to be fed, and the idea was it-- since it's a brand

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area, come in with a brand inspection and a health certificate, and you can come into Nebraska and you'll help our Nebraska feedlots, because those cattle are going to go to Texas, Oklahoma, Kansas, Nebraska, or Iowa to get fed, so why not put Nebraska at the top? Well, Senator Louden, he was the second year of the biennium, so the bill didn't make it. So then Senator Davis came out the next year with the same bill and it passed that time. You will also see in this I have got 42 different people who-- who encouraged or were in favor of that bill of Davis's. There was 42 of them. Three of them are from Colorado, four from South Dakota, one's from Washington State, eight of them are from Wyoming, one's from the Sioux Tribe, one's from Montana, one's from California, two are from California, one's from Alabama, Kansas, and four are from Nebraska. That'll tell you how much people were behind this. So as we move forward-- as we move forward, we get closer to the back of my little history lesson that I'm following off of Senator Halloran, we get to the back here and we have-- LB64, that was Davis's. I'm sorry, just bear with me. We have LB344. Now when you look at L-- LB344, when it passed, this just absolutely amazes me this passed.

BRANDT: OK, Mr. Wright?

DAVID WRIGHT: Yes.

BRANDT: And this is our fault. We should have explained the light system in front of you.

DAVID WRIGHT: You got-- I get one more minute?

BRANDT: OK, there's a way to do this. So everybody gets five minutes. You'll get four minutes on the green light; the yellow light's a warning light; and the red light, we ask that you stop. But if there are questions from the committee, that is a way to continue. So are there questions from the committee? Senator Brewer.

BREWER: Please continue.

DAVID WRIGHT: Thank you.

BREWER: That's my question: Please continue.

DAVID WRIGHT: Thank you. So when LB344 comes out, it's a bill that comes from the Department of Agriculture. It's dropped in you guys' lap very-- right away, and it's got all these repeals in it. What amazes me is there's 150 or -60 or 180 segments of the law that was repealed. It was repealed. This kind of reminds me of Obamacare, just

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like hit the table and everybody goes for it. This is not the Legislature's fault. This is the Department of Agriculture's fault, because what I'm telling you is Greg Ibach and-- and Dr. Hughes, all those years they've been fighting this and fighting this and fighting this. And when we get a new Director of Ag and Greg Ibach, who's in Washington-- Washington, D.C., all of a sudden, this bill is dropped in your laps and you guys are supposed to figure it out. Somebody else figured it out long before you ever saw it, so I'm angry about this because these are decades and decades of people driving to the Lincoln to testify, taking their time and their sweat and giving up their work at home to come testify to help write a law and a-- and a-- and a department eliminates that much of the law. So people are going to say, why do I come, why would I go to Lincoln if the department's going to step in and just repeal 180 sections of the law? So I commend the senator for bringing this back with LB1095, but I'm going to ask one last thing. I am so angry about this, I'll be the first one to say it. I want Senator Wallman-- Wellman [SIC] to resign. What he did was atrocious, what he did to the citizens of this state. Oh--

BRANDT: Well, let's--

DAVID WRIGHT: --sorry I got so angry.

BRANDT: Let's calm down and let's see if there's any more questions. Are there any other questions on the committee? Senator Brewer.

BREWER: Just clarification: You meant Director Wellman?

DAVID WRIGHT: Yes. I'm sorry.

BREWER: OK. Just--

DAVID WRIGHT: I'm sorry. Thank you for that.

BREWER: --clarification. That's-- that's what I'm here for.

BRANDT: Other questions? OK. I see none. Thank you, Mr.--

DAVID WRIGHT: Again, thank you and thank you for bringing the bill forward.

BRANDT: Thank you, Mr. Wright, for your testimony. Other proponents? For a small room, it takes a long time to get up to the chair, doesn't it?

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JOHN HANSEN: I was trying to take a shortcut.

BRANDT: Welcome.

JOHN HANSEN: Welcome, Mr. Vice Chairman, members of the committee. For the record, my name is John Hansen, J-o-h-n, Hansen, H-a-n-s-e-n. I'm the president of Nebraska Farmers Union. And so as I have participated in the Agriculture Committee for some 32 years, there's certain issues that are there-- that if you were putting them in the weed category, they would certainly be perennials. And so branding, fences, animal ID, all of those are, once you sort of pick up the trail, it's a never-ending trail. It just kind of continues on. So without litigating the past, which goes on for a very long time, both at the state and the federal level, we've had a lot of ambivalence about where we're going and how we get there, sometimes at the state level, sometimes at the national level. And we've had some opportunities at the national level to try to bring the industry together so that we all develop consensus and go on the same page. We had that opportunity and, unfortunately, that consensus that was developed was parked and was not used, and folks in the Department of Ag went-- at the federal level went a different direction. And ever since then, this issue has been just a never-ending opportunity for personal growth and conflict. And so what does this bill do? I think it brings us back to a place that puts us back to where we have traditionally been, and it makes room for all different kinds of identification technology. So without going into the-- into the-- too much of the particulars of what happened or didn't happen, when I look at this policy, I think it's-- I think it's well drafted. I think it's a reasonable policy. It's the one that I thought we had sort of hammered out here at the state level and that we're kind of all on the same page on. And so I think it's a good policy. I think it's reasonable and I think it puts us in a good place to be able to utilize all different kinds of technology, which I think is where we're at today relative to animal ID issues. And with that, I'd be glad to end my comments and answer any questions in the off chance I might be able to.

BRANDT: OK. Are there any questions? Senator Brewer.

BREWER: Thank you, Mr. Vice Chair. Well, first off, John, thanks for coming in and testifying. Is there any chance I can get you to stick around for LR242?

JOHN HANSEN: I-- I think that-- I think that with the right kind of look, I think you could get me to do that.

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BREWER: All right. This is a great history lesson, and that's one of the fallacies of the-- of-- of term limits is there's not a lot of carryover knowledge. This-- this helps us to understand how things got to where they are and-- and some of the, I guess, frustration with the fact that it's so hard to take something that should be logical and makes a little bit of common sense--rare-- and-- and then to see that essentially derailed. So here we're trying to get things back on the track. LB1095, again, none of the legislation we do is perfect, but you-- you feel comfortable that it's getting us where we need to be as much as we can in, you know, what we're trying to do here?

JOHN HANSEN: I-- I am comfortable with it, and I-- I think it does some necessary updates of kind of what we had before. I think it's-- you know, it-- from a policy standpoint, it puts us, I think, back-- I-- you know, to where I thought we were, and-- and I think it's a good place to be. And I think all of the above is a-- is a good policy for our state. And as you know, we have lots of different kinds of ideas about animal ID, along with-- along with fences and other issues. But I think that-- I think it's-- it's good policy and I-- I think that it-- it gives us a good starting place. And I think that it's-- it deserves support. And so that's why I'm here today.

BREWER: All right. Thank you.

BRANDT: Any other questions? I see none. Thank you.

JOHN HANSEN: Thank you very much.

BRANDT: Other proponents? Welcome, Doctor.

DON CAIN: Thank you, Chairman. Doctor Don Cain, D-o-n C-a-i-n, Jr. My father's still alive and kicking. I'm here to testify in favor, as a proponent for LB1095, and I'm not here to bring up the past. I want to get you guys current as to where we are right now. On this booklet, you can see that says "leaders" on it. I'm a 20-year, or 20-year-plus member, of the Livestock Emergency Disease Responders [SIC] Ser-- System, a veterinarian, a cattle producer, and also interested in harmony. LB1095 is strictly a cleanup bill. OK? We worked hard on LB344. It got dropped in '19, 2019. It got brack-- brought back up in '20. The COVID messed it up. We never got a chance to really talk about it again before it got passed during the July session, so there were some things that didn't get cleaned up. One of those was the voluntary animal identification and the voluntary premise identification, which go back a long ways. Bringing you up to

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date right now, in July of '20, USDA issued a notice of comment and a timeline for mandatory animal identification and mandatory premise ID, July of 2020. Then there was a comment period that went from July of 2020 to October of 2020, and the comments closed. We never did get a report of what those comments said about mandatory identification, mandatory premise ID, or the timetable, which was supposed to make identi-- RFIDs mandatory by January 1, '23. Then, in March of-- March of 2021-- that was just last March, OK-- the USDA withdrew that July notice and decided that that's not the right process. We have to go through the process of law. OK, so then it all went away. Then in April of that same year, all the accredited veterinarians in the state of Nebraska got this letter, and this is the one that you have in front of you. And there's some things I want to tell you in here, bring up, because the issue or the attitude of USDA and the Department of Agriculture has not changed, even though their push has. If you look at page 2, at the bottom of the page 2, number 3: When entering RFID tags, please-- we're asking please right now--please put the producer premise identification number on the form. When you write a health paper in the state of Nebraska, at the bottom of the consignee in the consignor is the premise ID. Those things are already in place. On page 3, if you want to order RFID tags, the producer premise identification number is not "please," it's required. This is from the state of Nebraska. Then if you look at page 6, the last page on that, this tells you how to get your premise ID number. It doesn't tell you any way about how you can remove it if you decide you don't want it on there, OK? And it goes into a database. So that brings you up from the past of 2006 till April of 2021 and where our status is right now. And it's still a voluntary program, and it needs to stay a voluntary program for more than one reason, other than producers' desires. As an administrator, I administer, I am a producer, and I may at some time have to-- to enforce the law. OK, that's different than the policy makers or the regulators. When you have to administer something, be the person that they're administering it to, and then enforce it, you take a whole different attitude about a law. And I know, just from the administration part, they've given us the nice opportunity to get RFID tags at no charge, and both times they do not include taggers and both times they do not include readers. Now they did have an option where they do a cost share with a veterinarian to get a reader. But, gentlemen, that's like telling you, you gotta drive a car to work and, oh, by the way, there's no tires and no steering wheel. You gotta have taggers to put them in. You gotta have a reader to be able to read it so that you can help your-- your producer. None of that's ever talked about for the administration, the producer, or

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even the enforcement side. As far as the administrating these-- these tags, you guys won't ever know it. But I would-- I've got a \$50 bill in my pocket that says there's not a one of you that can put 100 of them in or, if you can, your hands gonna hurt so bad that you'll wish you'd never see them again.

BRANDT: All right, Doctor. I'm going to have to have you stop.

DON CAIN: OK.

BRANDT: But I'm sure there's going to be some questions. Senator Brewer.

BREWER: Thank you, Mr. Vice Chair. Continue on this line, please. You're talking about the ability to--

DON CAIN: Put them in.

BREWER: --put them in.

DON CAIN: Right.

BREWER: What else is going to come with as far as the issues that we need to be aware of?

DON CAIN: The other thing that needs to come, I'm aware of with that, is that most of this is for foreign animal disease control, and we do not have these mandates at the border in Mexico, and foreign animal diseases come from foreign countries. They're not diseases that replicate in the United States.

BREWER: You know, a lot of folks would like us to think that the meat comes already off the animal when it gets there. You're saying that there is a considerable amount of livestock that comes on the hoof that potentially could bring?

DON CAIN: Absolutely. And it can come in feeder calves that go into feed yards that have hundreds of thousands of head. They're just certifications. There's no RFID mandates. There's no premise ID mandates. There's just statements on that coming in from Mexico to the United States every day, and they don't mandate RFIDs in foreign animals coming into the United States. That's where you're going to get a foreign animal disease, by and large. And then when they want to put them in cattle that are 18 months of age, those are the ones that have never been off the place. Now, if you take a feedlot that takes in Mexican cattle in Texas and then they go ahead and bring

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some cattle in that have foot-and-mouth disease or some other disease that they have down there, and then they take some replacement heifers from that feedyard and move them to another ranch, that's how you're going to get spread. And all those animals will be under 19-- under 18 months of age, so that doesn't fit the protocol of the regulation or the statutes, either. So in our opinion, the voluntary side of it is the way it needs to be until these issues of border control and all animals, from weaning time on up, are dealt with.

BRANDT: OK. Any other questions from the committee? I guess I've got a clarification on the Mexican steers and heifers because my wife is from El Paso, and where my in-laws live is less than a mile from the port of entry for this. USDA, I believe, has to inspect all those cattle coming into the United States, and they go through a USDA facility before they can leave. Was-- is that a correct statement?

DON CAIN: That-- that is a correct statement, right.

BRANDT: All right.

DON CAIN: Right.

BRANDT: Senator Brewer.

BREWER: So they inspect the cattle, but people can come across?

BRANDT: I don't know. That's above my pay grade, so.

BREWER: Right.

BRANDT: Any other questions? Seeing none, thank you, Dr. Cain.

DON CAIN: Thank you.

BRANDT: Next proponent. Seeing none, opponents? Are there any opponents? Come on up.

BRANDT: Welcome.

JARED WALAHOSKI: Good afternoon again. Good afternoon, Chairman Halloran and members of the Ag Committee. My name is Jared Walahoski, J-a-r-e-d W-a-l-a-h-o-s-k-i. I served as the chairman of the animal health/nutrition committee for the Nebraska Cattlemen. I'm also a licensed large-animal veterinarian at Overton Vet Services in Overton, Nebraska. I'm here today representing the members of Nebraska Cattlemen and the members of the Nebraska State Dairy

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Association. Both organizations are opposed to LB1095 because it unnecessarily rewrites existing statutes in the Nebraska Animal Health and Disease Control Act. In the One Hundred Sixth Legislative Session, LB344, adopt the Animal Health and Disease Control Act, was a comprehensive bill to bring all animal disease testing and traceability requirements into one act. That bill advanced from the Agriculture Committee unopposed and unanimously. It also passed on Final Reading 47-0-1 and was signed by the Governor. A comprehensive animal disease traceability system is our best protection against a devastating disease outbreak. In January 2013, USDA published a final rule titled Traceability for Livestock Moving Interstate. The rule establishes requirements for the official identification of livestock and documentation for certain interstate movements of livestock, specifically sexually intact beef animals over 18 months of age, moving in interstate commerce. Cattle used for exposit-- exhibition, rodeo and recreational events, and all dairy cattle must be officially identified and must be accompanied by an interstate CVI, veterinary inspection certificate. This regulation permits brands and tattoos as acceptable identification if the shipping and receiving states agree to these, that they are acceptable methods of identification. Nebraska Statute 54-2948 already states livestock imported into Nebraska shall comply with federal animal disease traceability requirements for official identification of animals as set forth in line Article 9, C.F.R. Part 86, as such part existed on January 1 of 2020, meaning if there is any inconsistency between the federal regulations and the act, department rules, or department order, then the state-level rules and regs will trump the federal regulations. Additionally, premise registration is already voluntary and may be provided to the Nebraska Department of Agriculture for voluntary participation in or compliance with animal disease traceability, per Nebraska Statute 54-2949. As we stated earlier, a comprehensive animal disease traceability system is our best protection against a devastating disease outbreak, and premise locations which are not part of public record can aid in quick and effective response to a foreign animal disease to protect Nebraska's cattle. We fully agree that any and all information provided to the Nebraska Department of Ag pertaining to voluntary participation in premise registration must be kept confidential. LB1095 as introduced is already existing general law of the Department of Agriculture to protect confidentiality of provided information. Specifically, Nebraska Statute 54-2949 already states: Any information a person provides to the department for purposes of premise registration or for voluntary participation in or compliance with animal disease traceability shall not be a public record subject to disclosure under

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Section 84-712 to 84-712.09. This change was made in 2020 through the advancement of LB344, which was updated to protect premises and owner information. In closing, the Nebraska Cattlemen is opposed to LB1095, as we believe that it is an unnecessary rewrite to the Nebraska Animal Disease Control Act, which was recently updated in advance via LB344 through this committee and the One Hundred Sixth Nebraska Legislature. I'd be happy to answer any questions.

BRANDT: OK, thank you. Are there any questions? Senator Hansen.

B. HANSEN: Sorry if I'm being a little naive, but when was the last time we've had an outbreak among animals?

JARED WALAHOSKI: For animal disease-wise?

B. HANSEN: Yeah.

JARED WALAHOSKI: In cattle, not in recent times. I guess I would refer to Director Wellman. Avian influenza, I think, was the most recent.

B. HANSEN: OK, mainly live-- like cattle, I guess, because that's pretty-- basically pretty much what this bill pertains to, doesn't it, like the- the--

JARED WALAHOSKI: Sure.

B. HANSEN: Yeah.

JARED WALAHOSKI: If you go back to major-- major outbreaks across beef, we'd be back to brucellosis times, which is long before me.

B. HANSEN: OK, just kind of curious. OK, thank you.

BRANDT: Other questions? Senator Brewer.

BREWER: All right, if you're going to force me. All right, so I-- I thought Dr. Cain did a good job of trying to explain where he was at and why it was necessary, so forgive me if I'm a little shocked the Cattlemen come in opposed to it because it seems like the steps aren't unreasonable. But evidently, and I got your testimony here, but just as far as straight from the heart, looking at-- at LB1095, you see it as unnecessary changes and-- and that, you know, it's-- it's to the point where you go against the others that have come in and testified in support of it? It seems like we got folks that have

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the same concerns that are banging heads here on this one in, and-- and I'm kind of struggling to understand why.

JARED WALAHOSKI: Sure. So personally, the premise ID thing, that was voluntary, I'm not sure why we're worried about taking that back if it's protected from the conscient-- confidentiality state that we're in. So that, to me, just seems like we can live with it the way it is. I don't have a-- don't have a problem with that, I guess, one way or the other. But I think it's important as you go forward to look at some of those things. You know, in the event that we have an outbreak, you know, God forbid, how are we going to track those? And in my personal opinion, we're no closer to tracking things like that than we were with the BSE outbreak in 2003, and if any of you were involved with agriculture at that point, the effects that that one animal had on our country and ramifications going forward with regard to trade. And I think that's where the EID thing, it's not so much that we have issues with other identifications, other methods of identification, it's that we want to see us move forward with electronic ID in the marketplace so that we continue to maintain our level of leverage on an international trade level.

BREWER: All right. Thank you.

BRANDT: OK. Senator Gragert.

GRAGERT: Thank you, Chairman. You just made the comment that this premise identification thing was voluntary and--

JARED WALAHOSKI: Um-hum.

GRAGERT: --on page 3 of the hand that we got prior, it is required. Can you, first of all, tell me-- further define, what is this premise identification?

JARED WALAHOSKI: I would agree that there's probably some instances where the premise ID thing and the way it's worded is-- is confusing. The premise ID thing, from my standpoint, is simply a registration, a number that they assign you with name, address, phone number, location of where you're at, so that in the instance of disease traceability, if something tracks back to your-- your premise, one, if-- if it's involved in the incident itself, that they can contact you immediately and try to get to the bottom of it; and two, if it's not your premise but in close proximity, that they can alert you to what's going on and hopefully help prevent the spread.

GRAGERT: OK, thank you.

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BRANDT: Any other questions?

B. HANSEN: Can I have one?

BRANDT: Yeah, Senator Hansen.

B. HANSEN: Thank you. I think-- so the-- the outbreak that was in 2003, was that like the mad cow disease?

JARED WALAHOSKI: Um-hum.

B. HANSEN: OK, spongiform, OK. So how did they track those? Did they-- did they have the-- did they-- to-- to follow-- to follow the-- which cows got infected and-- when cattle get infected? But did they-- did they have the EIDs or do they have like tags or brands or--

J. CAVANAUGH: That one came from Canada and I don't recall how they were able to trace it back, but moving forward, you know, anything that comes out of Canada comes in with an EID--

B. HANSEN: OK.

JARED WALAHOSKI: --and a Canadian brand.

B. HANSEN: The re-- reason I ask is like I'm somewhat familiar with some of this stuff, but I'm not--

JARED WALAHOSKI: Sure.

B. HANSEN: --entirely. And so whenever I'm trying to figure out if something should be mandatory or not mandatory, it's-- it's more like the importance of it, and I think history kind of plays a part in that. So if we historically have shown that EIDs work very well, that might make a case of sometimes being mandatory. If we haven't used them before to control outbreaks, which is what you're arguing is-- that what this would help with, maybe it's not as important. So that's kind of I was asking those questions.

JARED WALAHOSKI: Fortunately, historically, we've not had some of the outbreak issues that you've seen with diseases that have come through in the swine industry and the poultry industry. And in the beef industry, the-- the-- the thing that we lack is the ability to confine those animals the way the poultry people and the chicken people can in terms of outside influencers. You know, cattle travel, fences are not perfect, you can't control birds and wildlife, you

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know, so there's always that potential for it to spread. I think my standpoint and the standpoint of the Cattlemen is, the more we know, the more readily we can act on a potential threat, the sooner we can address it and hopefully stop it from spreading.

B. HANSEN: OK. Thank you.

BRANDT: Any other questions? Thank you for your testimony.

JARED WALAHOSKI: Thank you.

BRANDT: Other opponents? Welcome.

BRUCE BRODERSEN: Hello. Good afternoon, Senators. Thank you for agreeing to me testifying this afternoon. My name is Bruce Brodersen, B-r-u-c-e B-r-o-d-e-r-s-e-n. I'm testifying today on behalf of the Nebraska Veterinary Medical Association, and I'm a veterinarian. I am-- I am the director of the Nebraska Veterinary Diagnostic Laboratory on East Campus here in town. It's-- it's-- and I come from this background, and that's partially why I'm testifying against this, in opposition to LB1095. Premise IDs, or PINs, are seven-digit numbers, which are location identifiers like an address, county name, subdivision plot, or a map coordinate. These numbers are specific to a point on the map which may not have an address. The premise ID-- premise identification system allows for rapid searching by computer during disease responses as compared to mailing addresses. PINs allow movement permits to be issued more quickly when quarantine zones are in place for high-impact diseases, such as foot-and-mouth disease or African swine fever. PINs are anonymous, whereas postal addresses-- address is available to the public. These PINs are incredibly important in rapid-moving disease outbreaks that outstrip state resources. Without readily or consistently available PINs, the disease response for Nebraska would be greatly delayed, so timing is important on these in dealing with these outbreaks. Since PINs are only an-- a location identifier, livestock producers cannot and should not opt out of the animal disease traceability laws by having or not having a PIN, as proposed under the section-- under a section of LB1095. If a high-impact disease, such as foot-and-mouth disease, is traced to a location, that location will be quarantined under either state or federal authority until a state or federal official can ascertain that it is no longer a threat to other livestock producers. PINs are an important tool in stopping the spread of animal disease, and the withdrawal of premise registration will only have costly consequences to our state in the event of a foreign animal disease outbreak. LB1095 also applies to the animal disease

traceability rule, which is 9 C.F.R, Part 86 in the federal codes. This rule applies to livestock that move interstate. For an animal to travel interstate, it needs to be compliant with 9 C.F.R Part 86, as well as any additional requirements for the state of destination. 9 C.F.R Part 86 currently allows state officials from sending and receiving states to agree to accept identification methods other than official ID, and this may include brands, tattoos, or other agreed-upon identification. If federal regulations in the future require that all official ID must be readable electronically as well as visually, producers not using the APHIS-approved official ID tags would be allowed to move cattle and bison only to destination states that agree to accept an alternative type of ID. Movements of cattle or bison into states that do not accept an alternative to the official ID would be in violation of federal laws and potentially in violation of destination state laws. Any animals that are compliant with the federal interstate movement requirements could have-- would have no regulatory issues with that movement, given the-- an appropriate certification of veterinary inspection. Likewise, cattle and bison that do not move interstate would not be impacted. I'd be happy to answer any questions at this time. And to answer one of your questions, Senator Hansen, in 2014 or so of the-- in Nebraska, there was an animal disease outbreak of high consequence, a disease where a whole pen of cattle displayed lesions that were compatible with foot-and-mouth disease. Eventually, it was demonstrated that it was a vesicular stomatitis, which is not as high a consequence disease. So-- so we are continually on the lookout for these diseases. Every year in the Veterinary Diagnostic Center, we probably investigate four to six suspected foreign animal disease outbreaks, so it is a very important thing and it's very real.

BRANDT: OK. Thank you, Doctor. Let's see if there's any questions. I guess I've got a couple, and I don't know if you're the one that can answer this. First of all, I've got a DEQ permit PIN number. Is that the same-- would that be the same PIN, premise ID number, as what we're talking about today?

BRUCE BRODERSEN: You know, I'm not sure about DEQ. I-- I can't answer that.

BRANDT: OK. And then you said you were in charge of the Diagnostic-- Veterinary Diagnostic Lab at the University?

BRUCE BRODERSEN: Yes.

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BRANDT: And I did have an opportunity to tour that a couple of years ago. And just to enlighten the rest of the committee, can you tell them what you do on a daily basis and why you're qualified to testify?

BRUCE BRODERSEN: OK, so-- so in the very most simplistic terms, we're a medical laboratory for veterinarians, and part of our job is to perform tests that are necessary for export of livestock from Nebraska. We also investigate disease outbreaks using specimens submitted by practicing veterinarians to the lab to help them in coming up with a diagnosis so they can treat their clients' animals. That's-- that's kind of the brief-- briefest part of-- or the brief rundown of it.

BRANDT: All right, thank you. Senator Brewer.

BREWER: Thank you, Mr. Vice Chair. All right. So BSE is mad cow disease, right?

BRUCE BRODERSEN: Correct.

BREWER: Now, so if you have a cow that has it and you put it in a pen with others, is it contagious? Will they get it? Because I was thinking it was from feed, maybe, but--

BRUCE BRODERSEN: It-- it can be transmitted from the-- the environment that these animals are in, or it could be transmitted from--

BREWER: [INAUDIBLE]

BRUCE BRODERSEN: --horizontal transmission.

BREWER: OK.

BRUCE BRODERSEN: But it's-- it's a very slow, insidious onset. So if an animal's in one pen, you know, it may-- you may not see it in other-- you know, until very much later in the time frame.

BREWER: If you do get it, how do you make sure that there aren't carryover elements of it? I mean, is there a process where you sterilize the pen? And-- and I assume you have to terminate the livestock and burn 'em, bury 'em or something?

BRUCE BRODERSEN: They-- it's not well understood how long those-- those agents, prions are infectious in the environment. They're very,

very stable, and so-- so it would literally take probably years, in my-- my guess, to-- for that to go away.

BREWER: And are there countries that are notorious for it being constantly there and that you have to be on guard if any livestock come from that area?

BRUCE BRODERSEN: Well, the-- some of the European countries, I don't know if there's still regulations that-- that control movement of animals based on BSE or not. You know, the UK and Germany and France were all infected at one point in time. And so-- so I imagine there's still some vigilance there for those.

BREWER: So is that why, when you're-- when you're doing your-- your form, traveling, that you don't want to mark and put on a form or else they--

BRUCE BRODERSEN: The--

BREWER: --give you the once over?

BRUCE BRODERSEN: That's more for things like foot-and-mouth disease or African swine fever, classical swine fever.

BREWER: All right, thank you.

BRANDT: Senator Hansen first.

B. HANSEN: Yeah, you-- that outbreak you had in 2014, so was that traced through the EID, or is that like trace-- if you know. It's not a big deal if you don't. I'm just [INAUDIBLE]

BRUCE BRODERSEN: They-- I don't think it was ever resolved where those animals-- how they got infected.

B. HANSEN: OK.

BRUCE BRODERSEN: You know, vesicular stomatitis is a disease that usually infects just a very few number of-- of cattle, and it's more of a disease of horses than cattle, and so-- so it was a big question mark after the fact. But the USDA considered it a very significant outbreak because so many cattle were affected. In fact, when the samples were collected, they had an airplane, a jet sitting on the tarmac in Grand Island to fly those samples to the Foreign Animal Disease Diagnostic Lab at Plum Island, New York, and they had results-- well, we had results by 5:00 in the afternoon. They had

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official results by 4:00 the next morning, so they worked through the night on that.

B. HANSEN: OK. All right. Thanks.

BRANDT: Senator Groene.

GROENE: Thank you. Sorry, I'm-- I have a bill to present and I'm watching on TV a little bit. China had a big cholera outbreak, lost half their pigs here last-- two years ago. Is that correct?

BRUCE BRODERSEN: Say-- say it again?

GROENE: China-- China--

BRUCE BRODERSEN: Oh.

GROENE: --had a big-- was it cholera in hogs?

BRUCE BRODERSEN: African swine fever.

GROENE: And they lost half of their hogs, right?

BRUCE BRODERSEN: Um-hum.

GROENE: Could that happen here?

BRUCE BRODERSEN: It could. I mean, it-- it hasn't. Hog cholera, I think, was last present in the United States in the-- in the '50s.

GROENE: Was this swine fever new?

BRUCE BRODERSEN: Afri-- no, African swine fever has been around, been recognized for a long time, but it's been confined mainly to Africa and-- and the Middle Eastern parts of the world. And it's only since more animal movement has occurred that it's spread

GROENE: And got to China, right?

BRUCE BRODERSEN: To China, and it's also in-- in Europe, in Germany and Poland, you know, several countries around-- around the eastern-- eastern Europe, southeast Asia.

GROENE: So those areas be-- China didn't catch it in time or they're more concentrated, their livestock? Why haven't we heard about an outbreak in Germany or Europe?

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BRUCE BRODERSEN: Well, it's-- it's been in the news. It just probably doesn't make the headlines or make the headlines like some of the other things do, so.

GROENE: So it's just a matter of a hog being flown over here or somebody having-- carrying it--

BRUCE BRODERSEN: It-- yeah. As-- as a matter of fact, this last early winter, it was discovered in Haiti and now it's in the Dominican Republic. And so, you know, there's a-- there's a big concern about making that jump to Florida or Texas from those areas. So the-- so the USDA is-- has people on the ground in-- in Dominican Republic doing testing to monitor, trying to control that outbreak in-- in Dominican Republic, and, you know, Haiti is not very accessible, so.

GROENE: Kind of it's the old fashioned way. You kill the whole herd that's infected.

BRUCE BRODERSEN: Pretty much, yes.

GROENE: It's the only control method right now.

BRUCE BRODERSEN: Yeah.

GROENE: Thank you.

BRANDT: Senator-- Senator Gragert.

GRAGERT: Thank you. I have a-- I want to go back to this premise number. I'm sorry. But it's a seven-digit number. Could you tell me once again what all that seven-- seven-digit number informs you of? And I guess where I'm going with this, you establish this number, does that track these cattle from-- from birth to death?

BRUCE BRODERSEN: The premise ID number is used mainly to-- for USDA people or State Veterinarian-- State Vet--the veterinarian's office people to go to that location. You know, it's just to locate that premise so they can go there to-- it--

GRAGERT: What if they're not there? I mean, what if they sold those cattle? Are they-- are they tracking those cattle then?

BRUCE BRODERSEN: Well, if they are not moved interstate, they don't have to be tracked, so they could be mobile.

GRAGERT: OK.

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BRUCE BRODERSEN: But, I mean, they could move to the next county and-- and nobody would really know why.

GRAGERT: All right, thank you.

BRANDT: Any other questions? Thank you for your testimony.

BRUCE BRODERSEN: Thank you.

BRANDT: Any other opponents? Anybody to testify in the neutral capacity?

STEVE WELLMAN: Good afternoon--

BRANDT: Welcome.

STEVE WELLMAN: --Vice Chairman Brandt, members of the Ag Committee. I'm Steve Wellman, Director of Agriculture, S-t-e-v-e W-e-l-l-m-a-n. I'm here to testify as neutral. LB1095 proposes to amend the Animal Health and Disease Control Act, which is administered by the department, and I would like to clarify some points raised by the bill. Participation in the animal disease traceability and premises registration program facilitated by the department is already voluntary. As a key state in livestock production, the department provides support to livestock ranchers, feeders, and industry, which includes planning for prevention, traceability, and control of disease outbreaks. Premise registration and animal identification are-- are important components of protecting the health and livestock and implementing disease eradication and control programs. Also, the department's enforcement of import requirements strives to ensure that only healthy animals enter the state, thereby protecting livestock in Nebraska. Another clarification I would like to make is that Nebraska's farmers, ranchers, and feeders may already choose to identify animals using any methods set out in 9 C.F.R. Part 86. Section 52-2948 of the act already adopted by reference the same version of the federal regulations dated January 1, 2020, referenced in this bill. The types of official identification which may be used are listed in the adopted C.F.R. for a specific species. For example, cattle may be identified with official ear tags, brands, or tattoos when agreed to by the shipping and receiving jurisdiction or with group identification in some situations. Horses may have an identifying description, electronic identification, or digital photographs. Poultry may be identified by approved leg bands or group identification. Official identification for swine includes official ear tags, ear notches or tattoos, and approved back tags. The adopted

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C.F.R. also provides a process to replace the lost identification devices. Additionally, any information that a person provides to the department for purposes of premises regis-- registration, including animal identification, would already be withheld from the public record request under the language of the act. The department will continue to work with the Legislature and the industry to implement animal disease responses and planning for potential outbreaks. And with that, I'd be happy to answer questions.

BRANDT: Thank you. Are there any questions? I guess, seeing none, thank you, Director. Anybody else to testify in the neutral capacity? Senator Halloran, you're welcome to close.

HALLORAN: Thank you, Vice Chair Brandt. I would like to thank all the testifiers today. First, I want to make it very clear that in the crafting of LB344, Senator [SIC] Wellman worked with me and-- and my staff on that and there was, in my estimation, nothing underhanded in-- in-- from the Department of Agriculture. in regard to trying to-- underhandedly try to implement something that would require or impose EID on anyone. It was-- it was-- it was-- I don't know how to say it, but he-- he-- it was a very aboveboard effort to craft that, that bill. There was nothing underhanded in it. That being said, as I said in my opening statement, LB1095 essentially is a cleanup bill. It's not a major cleanup bill, but it's a cleanup bill that was asked to be done, and it primarily codifies current law. It's intended to preserve less costly, lower options for producers to meet traceability requirements that are currently embedded in the federal traceability rule. And in the event the USDA were to narrow traceability ID requirements, which it may, including the potential to mandate electronic ID tagging, it will obviously require us to consider those actions and whether to adopt changes at the state level. So with that, I will close and accept any questions you may have.

BRANDT: Senator Brewer.

BREWER: Thank you, Mr. Vice Chair.

HALLORAN: Is this a voter ID bill that you're talking about?

BREWER: [LAUGH] No. We'll start with some clarifications. I assume that you meant Director Wellman, not "Senator" Wellman.

HALLORAN: Did I say "Senator" Wellman?

BREWER: You did.

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HALLORAN: I didn't-- I--

BREWER: It's in the record.

HALLORAN: I did not mean--

BREWER: We'll read it back to you.

HALLORAN: Sen--Senator Brewer, I-- I trust that, if you say I did, I did.

BREWER: All right, so--

HALLORAN: And-- and may I add?

BREWER: Yes.

HALLORAN: I-- I did my-- I did not mean to de--

BREWER: Good, good, good.

HALLORAN: I did not mean to demote and--

BREWER: I know.

HALLORAN: --and reduce his status.

BREWER: [LAUGHTER] Indirectly, that's why I want to make sure you were on it. All right. Let's talk a little about your bill.

HALLORAN: OK.

BREWER: You've drawn a quite a little fire over a cleanup bill. Why is that? I mean, when I first read through it, I didn't-- didn't think there would be opposition or it would be pretty limited, but it's been fairly vigorous.

HALLORAN: It's-- it's-- it's-- you know, it reminded me of a Department of Health and Human Services or Judiciary bill for a while there. I-- I did not quite expect that, but that's all right. That's fine. I think a lot of it centers-- centers around the issue of EID that we're dealing with with-- with brand law, and a lot of it centers around, I believe, anxiety that a lot of people have about it being-- that being mandatory. So I think you have the various groups that testify, and I think you could draw a line and see that-- see that divide on that issue, but it-- a lot of it goes back to that issue locally in the state on brand issue.

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BREWER: So do you perceive the end state, if-- if LB1095 is passed, that we implement an EID system?

HALLORAN: No.

BREWER: So some of those concerns are-- are unfounded, is what you're saying.

HALLORAN: I'm not saying they're unfounded. That's the perception people have. People have judgment about whether EID is something that might potentially be mandatory and they have concerns about that--

BREWER: Thank you.

HALLORAN: --genuine concerns.

BRANDT: OK. Any other questions? Senator Groene.

GROENE: So I was trying to listen before I got here. So this is for everybody.

HALLORAN: Yeah.

GROENE: If I have a calf, I put an ID in it, traceable ID? Is that what this is about, for all animals, or am I completely off?

HALLORAN: You're completely off. Next question. [LAUGHTER]

GROENE: I thought-- I thought I heard somebody say about animals coming across the border--

HALLORAN: Right.

GROENE: --and tracing them. How are you gonna trace them?

HALLORAN: Well, as I said in my opening, that would have been a good question to ask someone a whole lot smarter than me back here, one of these gentlemen. I don't have an answer. I can get an answer to you on that.

GROENE: You do understand in politics, it's-- deferring honorary titles is a form of corruption.

HALLORAN: I understand that. And again, I apologize to Director Wellman for demoting him to being a senator.

GROENE: All right, thank you.

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BRANDT: Any other questions? Before we close the hearing, we have two position comments for the hearing record. We have two proponents: Candace Goodrich for herself and Andrew Dunkley for the Nebraska Farm Bureau, zero opponents and zero in the neutral capacity. And with that, we will close the hearing on LB1095. There you go.

BREWER: Who is next? That'd be me.

HALLORAN: Next on the agenda is LR242 with "Director" Brewer.
[LAUGHTER]

BREWER: Oh, you're so unforgiving. Thank you, Chairman Halloran, and good afternoon, fellow senators of the Ag Committee. I am Senator Tom Brewer. For the record, that's T-o-m B-r-e-w-e-r, and I represent 11 counties of the 43rd Legislative District of western Nebraska. I'm here today to introduce LR242. I'm introducing this resolution to help Nebraska, Nebraska's congressional delegation, and ultimately our ag producers. I'm going to read part of the bill here, just so we're all on the same sheet of music as we go through here. The Legislature urges that the congressional delegation of Nebraska to pass legislation that supports farmers, ranchers, and small meat producers with-- without compromising food safety standards and foreign market access. Now, with that said, the point of doing this is to encourage our congressional delegation to support various bills in Congress that will help cattle and beef industries here in Nebraska. I want our members of Congress to have a resolution from our Legislature that sends a strong message to support our industries. It is my hope that I can get all 49 senators to sign onto it. Things flow in Congress, much like they do here in the Unicameral. I introduced this bill last session and then asked Senator Halloran to hold off doing a hearing until this session so we could give time to our federal Congress to kind of get their act together when it come to some of these issues. Now there are a number of bills active both in the House and the Senate that would help these industries, and that is why I'm asking that this be forwarded. The language of this resolution may need some revision or alignment as far as lining up with federal legislation. Happy to make those changes necessary. After reading it through this morning, I don't see anything significant. Understand this conversation also came from a meeting with Senator-- or with Representative Adrian Smith, and he said: If I had this resolution that I can show to others in Washington, D.C., it will help our efforts to get Ag issues addressed, specifically some of the ones with the beef industry, and now you'll see why I asked the question. I'll be followed by Mr. John Hansen from Farmers Union, who has some detailed understanding of the

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different federal legislation that is currently in play. Subject to your questions, that concludes my opening. Thank you, Mr. Chairman.

HALLORAN: Thank you, Senator Brewer. Any questions from the committee? Senator Gragert-- Gragert.

GRAGERT: I have a quick one. Thank you. Chairman. Thank you, Senator Brewer. Federal and-- you know, all of the small meat processing facilities, and-- and I'm all for that, but it seems like during the pandemic, what hung the small meat processing-- processing facility up was we didn't have enough federal inspectors. Is this-- will this help that? And has anybody requested more federal inspectors?

BREWER: Well, we started to peel back the layers to better understand this, and-- and part of the problem isn't the number of ins-- well, it is the number of inspectors. But what we figured out it was there are literally hundreds and hundreds of open positions for inspectors that they can't fill, and-- and part of that is they start them like at a-- at like a GS-6 or something. And then what they're going to ask them to do is, listen, we're going to have you-- you're going to do Mullen, Alliance, and Chadron. Well, then you've gotta figure out somewhere to live and you're going to do that on GS-6 pay. There's a point where people are like, no, I don't need this, don't want it. And so, you know, the fix may be actually making it so these jobs are reasonable, that-- that you can do that job, because the level of skill that you have to have and the pay that they're getting aren't-- aren't matching up and, consequently, they just don't fill the positions. Now, again, that has to be fixed on a federal level, not on a state level, because they're federal positions. So what they're doing is they're telling these places, well, you're going to have a kill day, and a kill day might be Monday in-- in Mullen. And then they'll send another day, so then they can-- they can hop to all these different locations during the week. But what that means is they've got to kill enough on that one day to carry themselves for a whole week or sometimes two weeks, and that's where the system gets plugged up and they can't-- they can't meet their timeline in order to have enough animals to employ the people. And if they can't people-- keep the people employed, then, obviously, you know, we have challenges there too.

GRAGERT: You know, and-- and I'm all about \$200,000 for grant money that can be-- you know, it can be used for update and expand. But I-- I just see where, if we do that and we still lack-- and we don't want to lose security, you know, I mean, the safety, we've got to have those inspectors.

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BREWER: Agreed, although some of it, it would help if they had the ability to say instead of because of, say, freezer capacity or their-- the ability to hang animals, if they could double or triple their capability, then on that kill day, they could kill enough to carry them through, where otherwise they might only be able to kill enough for a few days.

GRAGERT: Right. But I-- again, I'll-- i'll come back to the question I first asked. How do we get more-- you know, and you came up with the problem was they're not paying enough and they just can't. How do we get federal inspectors? Is-- is that a request by us or is that a request by-- by "us," I mean Nebraska-- or is that a-- I mean, I'm sure the federal government-- here's-- here's a few more inspectors for you. Who's-- who's gotta request these federal inspectors?

BREWER: Well, I would hope that the-- the lead person doing that would be our director of Ag. Now, if you remember right, him and I had a bit of a knock-down, drag-out last year when I brought that small meat lockers bill, trying to have a process where we could have Nebraska inspectors. That way, we could-- we could throttle up our ability to process the number of animals. And he put a--- what I thought was an astronomical tag on the-- on the cost of that, on the A bill, and made it so it was unreasonable, that we just couldn't do it. Now I-- I'm not going to deny it ain't gonna cost-- cost the Department of Ag some time, energy, and effort and money to do that. But if we can't depend on the federal government to provide enough inspectors, I think we have to have a state meat program. And if you remember, we also talked about how there are individuals that would require minimal training to be able to do this inspection. For example, we could identify veterinarians that are in the area. They could designate a day a week when they would come down, they would do the inspection, and it would-- it would help keep them employed and it would give us the ability to have a quick inspector that-- that would, you know, just understanding the paperwork requirements, then could fill in that capacity.

GRAGERT: Thank you.

HALLORAN: Thank you, Senator Gragert. Senator Brandt.

BRANDT: Thank you, Chairman Halloran. Thank you, Senator Brewer, for bringing this bill. Anything with meatpacking in the state of Nebraska piques my interest, both as a producer and a former meatpacker. What do you think of the concept that Congress also be asked to take over all 50 states' state meat inspection and be

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responsible for the financing of such? And I know that the current USDA does not like to mess around with small plants. They just-- it's a pain for them, and I-- I just see an opportunity because half the states in the United States have some form of state meat inspection. And when you read the federal regs, it's one sentence. It says state meat inspection will be equal to or exceed the federal regs.

BREWER: Right.

BRANDT: And so there really is no economic incentive to do it. But there-- there-- there are some logistics that work for a state with compliance and working with your-- with these small plants that gives them more flexibility. So I don't know. What do you think about asking them to maybe just take over the whole enchilada? And it would-- in a sense, the entire United States would be a federal meat inspection, but then they would just give the states grants to finance their state inspection.

BREWER: If we could make that work, I mean, we are putting a lot of faith in the federal government if we go that route, but I would think that we would be able to manage finding individuals to work in some of the locations that currently are not being managed by the federal government. The-- they are-- the inspectors just simply aren't getting there and they're-- that's forcing the closure of a lot of the plants. I mean, they-- they're able to exist on local stuff, but for them to actually throttle up and-- and take Nebraska beef and-- and get it to more places, it's not happening.

BRANDT: We've got-- and I'll use an example. Pickerel, Nebraska, has a brand-new locker plant, less than five years old. He built it. He got USDA inspection. He got rid of USDA inspection because the paperwork was horrendous. And part of that also is he is making so much, he's got more business than he can use right now, just on people trying to get their-- their cattle killed under the locker system. And that tells me right there the system is not working. If you have a state-of-the-art facility, that shed, it's USDA inspection, you know, that's one less outlet for the guys that have their own labels that are trying to prosper using the USDA. I don't know. Are you hearing any stories like that?

BREWER: Well, a lot of them are because, for survival sake, they had to go to something like this. You know, the concern is that if we turn all these small-town meat lockers into local only and they don't have the ability to expand, they're never gonna have a chance to grow to where they could potentially be. And-- and it-- it simply goes

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back to inspection again, so your idea of being able to have a-- a way of getting inspection done through federal resources but state management, is that kind of where are you going with that?

BRANDT: Yeah, kind of.

BREWER: I-- it's going to take a little bit of work to get the verbiage right on that. And again, we'd have to get with the Department of Agriculture and make sure that they're not going to come in opposed to us on it. But if we're ever going to get meat inspection the way it needs to be in Nebraska, something like that's going to have to be done.

BRANDT: All right. Thank you.

HALLORAN: Thank you, Senator Brandt. Senator Groene.

GROENE: Thank you, Chairman. I know these three meat lockers. They could expand now because of individual slaughter. They're two years out for appointments, so really the meat inspection isn't the problem. The problem is finding help to work there, is what they tell me. In Kansas, just south of the border, they are-- people are selling their appointments for a couple thousand dollars, their-- their slots because certain people want their own meat and they're wealthy enough to do that, just to get their own meat. But I guess my scenario here is I don't know if the meat inspectors are the problem. It's that we can't allow-- Senator Brandt had that bill last year where people could own a, buy a share, and then they could get-- then we expand that. But I don't know how we get-- how we get these small guys. They tell me they can't hire anybody. They can't hire anybody. The one in Grant, Nebraska, expanded. They put in a bigger cooler and-- and he-- he won't take any more. I can't find any of them that will take any more [INAUDIBLE] or needs any more work. So anyway, you mentioned that some of them are going broke, but I-- we're already seeing that, I guess.

BREWER: Well, the-- the problem comes in and, again, it's partly by location, but some of them that I've gone to and talked to, they said, our problem isn't that we can't find help; we can do that, but we've got no workforce housing, so I'm going to have to buy trailer houses and move them in for a place for a place to live. And-- and then, if I can't keep the flow of meat coming through, I can't keep them employed, can't keep employed, I can't keep them, so then they come up missing, so, you know, his overhead, trying to figure out what to do with workforce housing, combined with, you know, his-- his

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limits. And-- and I think if you're where a large population is, you can have that constant flow of people coming in, wanting something processed. It's when you get out kind of the middle of nowhere that you need to make money by taking the meat, processing it, and then shipping it somewhere. And-- and, you know, I was-- Mullen is a good example. And then I was up to Martin, South Dakota, and some of the others, and that's-- that was where they were struggling is they-- the population wouldn't support it being standalone only with the local butchering that needed to be done.

GROENE: All right. Thank you.

HALLORAN: Thank you, Senator Groene. Any further questions? Senator Gragert.

GRAGERT: Thank you. And I just-- one more step into this, but, you know, for our local small meat-processing facilities, it isn't-- it isn't only about, you know, cutting up your beef, you know, and-- and as you know-- as you mentioned that, yeah, they got all the-- they got all the work they can handle at that. But at the same time, if we could get this to where there's inspection, then they've got meat for sale over the counter, which is a whole nother ball game for them there where they can make a little more money also.

BREWER: And--

GRAGERT: So that's where I see that, why the inspection is-- is so needed, for them to be able to sell that meat over the counter.

BREWER: And part of what they approached me on is they said, well, you know, why can't we be the Napa Valley, only for beef for the whole country? I mean, we've got the cattle. We've-- we've got the passion on the part of people wanting Nebraska beef. We just haven't figured out a good way to take and give them that Nebraska beef in a way that they know they're getting Nebraska beef and not Argentinian beef.

GRAGERT: Thank you.

HALLORAN: So you're comparing beef to wine now?

BREWER: It's just the concept of-- of--

HALLORAN: OK. Senator Groene.

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GROENE: Back to your LR242, so I've known two meat inspectors, retired. They're both veterinarians. So you have to be a vet to do this? I just assumed that.

BREWER: No, no, no. You-- there's a-- there's training that you go through to-- to be able to check the block and be a meat inspector. If you are a veterinarian, you get the compressed course instead of the long course because you already-- you already know what some of the signs are that there's an issue with the, you know, the--

GROENE: So I- can-

BREWER: --the muscle marbling disease--

GROENE: I can talk with our federal representatives, but we can't do any of this, where they could do a local big-- big animal vet, because those guys are hurting, because the big feedyards have their own vet, have their own system. And the guy I hired, he-- vet, he-- he's been working with little-bitty guys like me, but he could use some more work and-- but--

BREWER: Well, that would be part of-- of our-- you know, we'd need a--

GROENE: Part-time meat inspector, yeah.

BREWER: --Nebraska program to do this. So right now, there isn't.

GROENE: In the federal--

BREWER: What I'm trying to do is figure out a-- a conduit, a way that we can take existing talent and get them into this cycle of being able to help process cattle through the-- the feed process or the-- the lockers.

GROENE: So you're saying, was your idea last year, is we do our own. We could easily do that. We could have part-time meat inspectors, but the federal probably wouldn't work.

BREWER: Well, no, it-- it could, probably. But again, and when you go federal, the bigger plants, they've-- they've got a whole platoon of-- of inspectors and those issues. What I'm trying to do is snag some of them from a local community, where they may not have an inspector, who could come in and fill that void if they didn't have them.

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GROENE: Part-time--

BREWER: Right.

GROENE: --contractor type of--

BREWER: Yeah.

GROENE: --inspector. Thank you.

HALLORAN: Thank you, Senator Groene. Senator Gragert.

GRAGERT: Thank you. I just wanted to add to that. And I think the profession where-- like guided to is the vet tech associate degree. I mean, they're at that point that they're not full veterinarians, but they're vet techs with enough experience that I wonder just how much more it would take to make a inspector out of them, you know, because there's multiple job-- like you said, well, a G-- GS-6 and not enough work here, I mean, that being multiple, it could work in the big feedlots or-- or where, you know, normally they have one vet and a number of vet techs, that that would open up in a whole other area--

BREWER: I have--

GRAGERT: --in conjunction in--

BREWER: I have an LA that I'll put to work on that question and get you an answer--

GRAGERT: Thank you.

BREWER: --Tony.

HALLORAN: Thank you, Senator Gragert. Senator Brandt.

BRANDT: Thank you, Chairman Halloran. In my experience, the only difference between the locker and-- and if the guy has a forms filled out for a USDA plant is that federal inspector that does the pre-mortem and the post-mortem to assure the public that this food supply is safe for anybody to buy any pieces of parts as opposed to-- it could be the exact same locker/plant, doesn't have that inspection because the animal is sold prior to it going through; therefore, the parties that own those quarters and halves have accepted that responsibility. Other-- is that your understanding, Senator Brewer?

BREWER: No, I-- I think you're exactly right. When I was out there for the kill day, they were walking through the pens prior to them

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being processed up to shoot. And then as soon as they were-- they were killed and they had finished the dressing part, they were in there inspecting individual carcasses.

BRANDT: Yep. All right, thank you.

BREWER: Thank you, Senator Brandt. Any further questions? Seeing none, we will look for proponents. Thank you, Senator Brewer.

BREWER: And I will stick around for close.

HALLORAN: I appreciate that. Thank you. Proponents for LR242? Good afternoon, Mr. Hansen.

JOHN HANSEN: Chairman Halloran and members of the Ag Committee, again, for the record, my name is John Hansen, J-o-h-n Hansen, H-a-n-s-e-n. I am the president of Nebraska Farmers Union, and I thank Senator Brewer for bringing this legislative resolution forward last year. And as we were contemplating when to deal with it last year, we were waiting for the development of more of the appropriation process that had some COVID dollars tied to it in those programs. That was a nice chunk of money, but compared to the amount of money that's on the table today, very small. And so if there's-- and I will send the committee the link, but you can go to the USDA link and you can see those programs that are already in-- in deployment. You can see different layers. There's three different kind of standards. The last one is pending, so there's a huge chunk of money that is still pending that they're trying to figure out what to do with. So as I've worked on this issue for some time, it seems to me that you-- you have to kind of stand back and take a look at what kinds of facilities do we have in Nebraska and what is it that we want to do. And so we have federally inspected plants and, of course, those are-- you know, once a year they come in and they do the inspection of the facility. They're not there before, during, or after slaughter. They might do a spot inspection or two during the course of the year. And that's for folks-- those are the custom slaughter facilities. And so, Senator Brandt, that was a good step forward last year relative to herd share to try to expand the use of those kinds of plants. And then you've got all different sizes of USDA-inspected plants. And by USDA, they're-- the plants are not only inspected, but there's also the before, during, and after inspection. And there's also a fairly rigorous inspection protocol and paperwork component that goes with that. That is the reason that Senator Brewer spoke up, is that I know a bunch of those folks who are federally inspected today who used to be USDA and it just wasn't a good fit for

their operation. They couldn't find the compliance person that had the skills to be able to do the paperwork to stay on top of all of the reporting requirements. And so here, they're already swamped, they already have more business than they know what to do with, so why take on this additional reporting responsibility and liability that goes with it when you're already swamped? And so now we have this pot of money. And so as I look at this, there's a couple of things to think about, is that there's-- a lot of what comes out of Washington says, let's give those poor, federally inspected guys who just don't have enough money to be USDA-inspected, let's give them some additional dollars to upgrade their plants so they can be USDA-inspected. Well, I'll tell you, there's a bunch of the federally inspected plants that need updates, but they don't want to be USAD-inspected. So if you're targeting the money only to those folks, we're leaving a lot of capacity building on the table. We're not getting money to those federally inspected plants, who want to stay federally inspected, who also really do need upgrades, they need to be modernized, they need more efficient facilities. So when you look at the design of some of these facilities, they're really old. They're old. They're tired. Everybody's still slogging, you know, meat around by hand. They're not on rails. It's just not an efficient system. So from my perspective, I would like to do an all-of-the-above kind of approach and suggest that, that the money ought to go, as some states have done, where the governors have given direction on some of the early monies that have gone out, make sure the money goes to everybody so that it goes to the federally inspected who want to stay federally inspected, it goes to the federally inspected that wants to move up to USDA status, and it also goes to a lot of those little mom-and-pop, USDA-inspected facilities that we need to be able to do direct marketing in that are really old and tired and need capital investment and need upgrades. And so they ought to be eligible as well. And so it seems to me that an all-of-the-above is-- is a good thing. And I like Senator Brandt's idea, which is of having the feds because the-- the small plants are a pain in the USDA inspection's knickers. They don't like it. It ties up too much time for not getting enough animals through. So doing a split at the national level and saying we're going to encourage the feds to move forward to pick up the cost of state meat inspection for the smaller plants, in particular, I think, is a very good idea and would yield really good, positive results. And with that, my red light is on and I'll be glad to answer any questions if you have any.

HALLORAN: OK. Thank you, sir. Senator Brandt.

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BRANDT: Thank you, Chairman Halloran. I'm very intrigued when Senator Brewer stated he wants us to be the Napa Valley of beef, which I think is great, without the fire. But one thing Farmers Union has done and has always been a champion of is COOL, country-of-origin labeling, which I think ties into that statement because then you can identify a product. And I'm not sure if the-- if like the Piedmontese outfit on North 84th is sort of-- in my mind, plays into that. They've established a brand. And there's four of us in this room that also sit on General Affairs Committee, and we spent a quality afternoon yesterday on craft beer for Nebraska. We've got farm wineries for Nebraska. Does it make sense that we have a craft beef program or a pork program for Nebraska?

JOHN HANSEN: I really think it does. And from a marketing standpoint, when I took ag econ, which is eons ago, but if you can't identify and differentiate your own product in your own market, I'm not sure whether it technically qualifies as marketing, because you're just dumping product into the-- the-- the general stream of things, but you're not able to differentiate your product. We have really good, a lot of really good, high-quality producers in Nebraska, but we-- we need to help them be able to identify their product through the marketing system so that they're able to exact the premium which they deserve for the quality product that they produce. And so anything that we can do at the state level to help do that would be very helpful. There are signs at the-- at the national level of revisiting the country-of-origin labeling issue. And so we're hopeful. Senator Booker has a bill that gets into meatpacking worker safety, but that takes off-- it does a whole bunch of things in ag market reforms that make the eyes of a lot of Farmers Union guys light up because they're going, oh, country-of-origin labeling is back, we're doing all of these spot market reforms, we're doing all these different things. And so there are some coming together, science, I think, in the-- in the Senate that compromises between Senators White and Fisch-- and Fischer. That bill has been now morphed into the-- the Tester and Grassley bill. And so there-- things are, I think, helpful. But helping do more identification is-- is critical if you're going to exact the premiums. And I-- I went-- I went shopping with my wife, Sunday, which I seldom do, and I-- I saw a nice one-pound sirloin steak. It was only \$15.86. And you're-- you're looking at the cost of buying meat that way versus being able to buy it direct from a producer, go through a USDA-inspected plant or a federally inspected plant, however you can make that work, and being able to take home your own quarter of beef or eighth of beef or whatever you want, put it in your own freezer. Not only is the quality better, but the price

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is so much better. And so, to me, we have a huge amount of potential that we're not realizing because we've never really invested, as I think our state could or should, in maximizing the marketing of our world-class product. As you-- as I look at it, we have a world-class meat production in our state and we have what amounts to kind of a third-world, kind of, fairly corrupt marketing system tied to it. And so you have to figure out new and better ways to open up channels where you get premium. And so I think that's-- that's one of them.

BRANDT: All right. Thank you.

HALLORAN: Thank you, Senator Brandt. Any further questions? Seeing none, thank you, Mr. Hansen.

JOHN HANSEN: Thank you very much. Good luck.

HALLORAN: Any additional proponents to LR242? Good afternoon again.

JARED WALAHOSKI: Good afternoon. Chairman Halloran and members of the Ag Committee. My name is Jared Walahoski, J-a-r-e-d W-a-l-a-h-o-s-k-i. I serve as the chairman of the animal health and nutrition committee for Nebraska Cattlemen, and I'm also a practicing veterinarian. I'm here today representing the members of Nebraska Cattlemen to express support of LR242. Thank you to Senator Brewer for doubling down on the need to expand marketing options for cattlemen and -women in Nebraska. LR242 calls for support of federal legislation that could help expand the market reach of a USDA-equivalent, state-level meat inspection program. Local processors provide an essential service that could help some sectors of our industry utilize different processing options while supporting businesses in their communities. The beef cattle supply chain is fragile. In the wake of COVID-19-related plant slowdowns and closures, in addition to other black swan events, Nebraska's cattle producers have repeatedly expressed interest in seeking solutions that result in additional resources to bolster continuity and security in the beef supply chain. We continue to see incredible innovation for cattle producers across the state, particularly in terms of direct retail sales from ranch to consumer. A USDA-equivalent state meat inspection will provide more processing and marketing options for our members looking to expand their businesses through direct marketing. It would also allow our producers to utilize federal legislation introduced in the 116th Congress, like the DIRECT Act, which would allow state-inspected meat to be sold across state lines through e-commerce. While this currently-- while this is currently allowed in Nebraska under the

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system of federal inspection, there are a limited number of inspected facilities to process smaller amounts of product to accommodate farm-to-table business models. This challenge is compounded by the inability of some small-town meat lockers to access USDA meat inspectors. Cutting out the federal red tape and empowering Nebraskans is a worthy goal that our members support. Thank you again to Senator Brewer for your continued work to support rural communities by supporting the expansion of small processor marketing options via a USDA-equivalent, state-level meat inspection program. Are there any questions?

HALLORAN: All right, thanks for your testimony. Any questions from the committee? Seeing none, thank you so much.

JARED WALAHOSKI: I guess personally, I would-- you know, the issue of not being able to access the USDA-level processing facilities kind of hits home. Our own school system, we have a Beef to Schools program and all of that meat has to go through the federally inspected plants, of which there's one in about a 60-mile radius of our location. I took a calf in last week and there are no other slots available in 2022, and they're not booking for '23. So we found the biggest one we could find, and that's the one we sent.

HALLORAN: All right. Well, thanks for that personal note, appreciate your testimony. Any additional proponents for LR242? Good afternoon.

ANDREW DUNKLEY: Good afternoon and thank you, Chairman Halloran and members of the Agricultural Committee. My name is Andrew Dunkley, A-n-d-r-e-w D-u-n-k-l-e-y. I'm the director of governmental affairs for-- state affairs for Nebraska Farm Bureau, and we are here today in support of LR242. I will keep this short. I believe the testimony that has already been put forward has-- has been pretty succinct. Long story short, we-- we support letting Congress know that, that we're-- that we need help on-- on the meat-- meat processing side and we support these-- these small meat-- meat processors and we encourage our federal delegation to do what they can. Our-- our priorities in our state policy book in-- include expanding economic develop-- development opportunities to-- to grow rural Nebraska and enhance profitability, supporting animal agriculture production and policies to enhance that growth and growing markets, domestic and international, for Nebraska-- Nebraska agricultural products. We-- we support the meat process-- meat processing industry. Small meat processors are a critical market component and-- and this would send a clear message to our federal delegation. So I will try to answer any questions that--- that I have, but wanted to keep it short.

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

ANDREW DUNKLEY: Thank you.

HALLORAN: Are there additional proponents for LR242? Good afternoon.

DON CAIN: Good afternoon. Dr. Don Cain, D-o-n C-a-i-n, Jr., and I'm here representing ICON and Cain USA Beef, two independent organizations in the state of Nebraska, as proponents for resolution LR242. This resolution hits to the heart of the problem. I'm here to tell you, not what we're going to do, I'm telling you what we're doing right now. And if you haven't figured that out with my testimony, that's usually where I go from. On January 6, we delivered our first semi-load of cattle that were bred, born, and fed in Nebraska to a slaughter plant in Oklahoma because we could not find one that fit USDA qualifications, had time, space, or wanted to mess with international transport, because this beef is now on its way to Shanghai, China, to be fed at places like the Waldorf Astoria. So you talk about prime product, 40 percent of these animals graded USDA Prime and they're going over to the best tables in the world, and we could not get them slaughtered in Nebraska. This resolution should help stop that. So far, in our quest to find packing facilities that can do this and at a fee that's reasonable, we've tried to work with small ones and they struggle. We just slaughtered and processed two head in Ainsworth yesterday, and they struggled because they don't have the resources behind them. They've got the desire, they've got the will, they've got the cattle, they've got the market, they've got the people to work it. They didn't have the resources behind. We struggle with labeling, we struggle with proper packaging, all those things that are so important to handle Napa wine vine-- wine-- Napa Valley wine, OK?. We have to continue to go outside the state of Nebraska to have these cattle processed, and unfortunately some of the better ones outside of the state have now been bought by the "Big Four." There's all sorts of people that out there that want to procure your cattle and sell it under their own brand and take the profit from procurement all the way through, but there's very, very few in the whole United States-- in the whole United States that will let you custom kill your cattle and let you participate. Our cattle that are going to be in Shanghai, China, have a QR code on them that they can scan on it. They'll see my wife and I and our operation. We did all this without R-- RFID. We did it all without premise identification. We did it through competent producers working in partnership with competent retailers and marketers, and we used the government for what they're supposed to do: certifying, cleanliness,

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wholesomeness, that everything's under spec-- under right specifications, and we had to go to Oklahoma to do it. It's not a very pleasant thought in my mind. We at the Independent Cattlemen have been focused on independent entrepreneurship of our meat product for a long time. We were in support of the shares bill last year, which at least got some producers to sell meat independently immediately. Because of the problems it ran into with Brewer's bill on the state inspection, when that thing got delayed, and-- and we were in favor of it, too, but, you know, things got in the way. This here is a good step in the right direction, and I would encourage you to pass this resolution and help support the people like me and the other ones that want to have family members stay and grow their operations in Nebraska, give the world this quality product. Thank you.

HALLORAN: Thank you, Dr. Cain. Any questions? Senator Brandt.

BRANDT: Thank you, Chairman Halloran. From a producer perspective, am I correct in saying you have to procure a USDA label for Cain USA Beef? That's-- that's your commitment to the-- the USDA inspection. Would that be a correct statement?

DON CAIN: That's correct, takes about six months, and you gotta get your-- you gotta-- if you want to have certain claims on it, then you have to run those through USDA to make sure that your claims can be verified, or you can just label it as Cain USA Beef without magnified claims on top of it.

BRANDT: I know when I looked into this about 20 years ago, it was about a \$6,000 cost to get a label. I'm sure that's escalated.

DON CAIN: Oh, no, I don't think it's that hard. We work with a consultant out of Colorado on that, and we-- we-- we did our China shipment through a partner in China, so they actually bought the product from us and it went through on their label. What's important is that the packing plant have their specifications, their number, their right things, because you got to be certified to do certain things. If you want to ship overseas, you have to have-- be certified on certain lists and different things like that. And of course, the first step is you gotta have a USDA inspector on site, OK? You can't even begin to go to step number two. We worked with McLean Natural or with the McLean Beef in York trying to get this process going through those, which we thought would be a perfect deal. McLeans were part of our Nebraska Corn Cooperative years ago when we used corn and cattle and tried to market that way. And they just ran into problems with

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the inspector not being able to put time into it and then labor being able to cut the meat properly and, you know-- and, you know, click click, click, time goes on.

BRANDT: Do you know, at that plant in Oklahoma, was the veterinarian also the grader or did USDA have to bring in a separate grader and a roller?

DON CAIN: Good question. Those are two separate areas in USDA. One, the slaughter inspection for wholesomeness, cleanliness, those things, that's done by the inspector on the floor the day those cattle are slaughtered, and he has to be there every day of the cattle are slaughtered for it to be a, quote unquote, USDA-inspected plant. Then, if you want those cattle graded under USDA quality-grade standards, that particular plant had the grader come in one day a week, and they backed those cattle up and then he graded all those cattle that day, separate person, separate cost, separate program.

BRANDT: Final question: As farmers, when we face frustration, we do things ourself, and I'm sure you've looked at building your own plant or doing something of that. Have you guys looked into that?

DON CAIN: Yes, we have, all the way from the module units, all the way to brick and mortar on our own location, all the way to we know that there's a plant in the-- in the state of Nebraska that will possibly be for sale and doing a cooperative with that. But the problem we've ran into is the big packers come in, and you can see it in West Point, when-- when Tyson closed down the West Point slaughter plant and they turned it into a fabrication plant, OK? And it's happened in Iowa. Niewohner's plant, a slaughter plant in Iowa, is now owned by one of the Big Four. Plants in-- in Minnesota have been bought by JBS. For example, Imperial Wagyu Beef out of Omaha is now owned by JBS. So it's the-- it's the capitalist-- capitalistic way of destroying your competition. You buy him out, and that's a problem.

BRANDT: OK. Thank you for your testimony.

HALLORAN: Thank you, Senator Brandt. Senator Groene

GROENE: Thank you. Maybe this is off the wall. Omaha Steaks, when I see a bag-- and a lot of little companies in Nebraska make beef jerky. Do they-- like Omaha Beef, are they like you? Do they pick their own cattle and to be slaughtered and do they contract or do they just take it off the hook at the packing plant and make their steaks or get, like you with that specialty brand--

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DON CAIN: No, the-- the-- and I don't mean to interrupt. Are you--

GROENE: No, I'm--

DON CAIN: Basically you have custom kill and you have procurement, and the people that procure the cattle then go ahead and take it through on their own label, their own program, and it's the custom-kill packer that is very, very hard to find.

GROENE: Well, now Omaha Beef, are they-- are they going out to the feeder? Are they contracting with him, I want these cattle, so much marbling, so much fat, and then they inspect them and say, I'm contracting, it goes to the slaughterhouse, and I have to track it from feedlot to my brand? Do they do that?

DON CAIN: No. Oma-- Omaha Beef buys cattle, and they know who they want to buy cattle from--

GROENE: Right.

DON CAIN: --so they try to buy what they think is going to be successful for them. And then once they own them, then they do their own. Now we did talk to Omaha Beef about this, and of course they were interested. In the future they were thinking of maybe doing some more custom kill. Morgan Ranch is a perfect example of a custom-kill organization in the state of Nebraska.

GROENE: Does-- in Snyder, Nebraska, there was the quality-- whatever they called that beef, steaks there. Are they still around?

DON CAIN: Don't know, don't know.

GROENE: So is there any plant in Nebraska at all that's a small slaughter, USDA, that people can take, book 20 head, 30 head, small beef jerky company and have them slaughter and you-- then therefore they can retail? Is there a place like that?

DON CAIN: Yeah, there is.

GROENE: Where's that?

DON CAIN: O'Neill Pack in Omaha, but they won't do Chinese export.

BRANDT: Because they have to jump through some more hoops?

DON CAIN: Because they don't want to do it, right. There's more things that they gotta do.

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GROENE: Right, or they're so busy they don't need--

DON CAIN: That's-- most of the small-- well, most of the small processors, those are the ones that do 50 head a week or less, OK, which are the ones that have a huge opportunity to this pool of high-quality cattle and branded beef, small-scale stuff. Most of those are so backed up with custom slaughter, it's like the veterinarian that said, you know, it's next year before I get a slot, OK? And most of those don't quite have the quality control or the ability to do what you need to do to get to next-- that next level.

GROENE: So we don't have any state in Nebraska, is what you're answering.

DON CAIN: Correct. O'Neill Pack is the--

It's so unimportant. Is it that one or is that-- that was--

DON CAIN: It's all custom kill. That's all custom kill up there-- or not-- excuse me, I apologize, not custom kill. That's all procurement cattle on that.

GROENE: What does that mean?

DON CAIN: That means they buy your cattle. They come-- they're like a cattle buyer. They send their cattle buyer. Do you want us to buy your cattle? You'll-- you talk to these guys over the phone, first thing they say is, well, do you want us to buy your cattle? No, we want to-- we want to have a custom-processed. Oh, we don't do that. O'Neill's in Omaha will, and he does about 600 head a week. That's a nice group. This plant that we used in Oklahoma does 85 head a day, and they've got their act together. It's really good, a good outfit, but then they're selling to high-end in the United States-- in-- throughout the United States. That's how we got in on the thing. There is a packing plant in-- in Hastings that sells export to Israel and the Muslim countries, and they do pro--

GROENE: Kosher?

DON CAIN: But it's procurement again. They buy it and then they sell it under their own brand. That's not the same thing as custom kill, where you're trying to get the producer to participate. You know, let's look at dollars and cents. When I have to go to a small processor, it costs me almost \$1,000-1,200 to get that beef processed, OK; at O'Neill's or in Oklahoma, costs me \$500. See the difference? Now who gets that \$500 difference in there? We do. That's

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part of our profit margin that we get now. OK? And-- and that's a huge issue because of economies of scales, in-- inspection issues.

GROENE: Thank you.

HALLORAN: Thank you, Senator Groene. Senator--

GRAGERT: Thank you Chairman.

HALLORAN: --Gragert.

GRAGERT: Thank you for your testimony again. I've got a couple of questions as far as Oklahoma and you had to go down there. Why? Why Oklahoma? What are they doing different than what we're doing? Do they have a state inspection plan of their own?

DON CAIN: Well, first of all, that was a federally inspected plan because to go to an overseas market, it had to go through federal inspection. Now that doesn't mean you can't dovetail the two together. And I see in Nebraska in my mind, that's the only way to make it work in the rural areas is you have dual inspectors.

GRAGERT: OK.

DON CAIN: We're already federally accredited as-- as veterinarians, OK, so what's the big deal? I-- I can do federal stuff. You know, if we get foot-and-mouth disease, guess what? I'm on the hook for it. You know, I gotta take care of those things, but those are things yet to be determined. I wouldn't let them be stumbling blocks. Oklahoma had-- their-- their place had management that was more big-plant oriented. Their fabrication lines were set up in a small scale of what the IBPs and the Tysons and that sorts of-- where their kill line and their-- and their slaughter day-- you know, day one is-- is slaughter, harvest, OK? And that was really no different than anybody, whether it was Cornland Beef back in the old days or whether it's Omaha, Greater Omaha, or whether it's Tyson, you know, they're all pretty much the same deal. Some are just faster. Some are more efficient. But when it gets into the processing side of it, that's where the rubber meets the road. And, you know, for like the Japanese mark-- or the Chinese market, your primals are 33 primals, 33; in the United States, it's 8. See a little difference there? And they pay you to have them cut in 33 primals done the right way. Well, it takes a place that's got some knives and know what to do and a process that can actually bear out those 33. Now in Ainsworth, they did a great job for us getting our primals done, but it's just like one guy taking the whole thing and doing it at all. OK? It's so far behind.

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We're-- we're almost a millennia behind in the small, independent processor. We gotta get them moved up. It's gonna take money.

GRAGERT: So when we-- we're talking small plants, and you're talking Ainsworth and that's really small, what-- like the new plant that's going to be built in, or I hope it's built, but in North Platte, 785 employees, I don't know how many head going through there today. What's going to keep them from getting gobbled up by the top four?

DON CAIN: Absolutely nothing at all. If somebody wants to sell out and take their profit, that baby's gone just like that and is part of the Big Four. Now I know their business model is to try to get ranchers and producers and feeders to buy shackle space so that they have the ability to sell their cattle to the North Platte packing plant. But I went back to my distinction between a packer that procures cattle and sells it under their own brand versus somebody that custom kills and sells it underneath the rancher's brand. OK? And what they wanted for our cattle is they wanted to be able to scan that QR code and see my smiling wife and me in my chaps and my cowboy hat.

GRAGERT: Omaha Beef has been around quite a while. How do they-- how do they stay around? Is it their marketing? Is it-- is it their marketing that they don't get gobbled up by the Big Four?

DON CAIN: I think you'd have to ask Mr. Davis about that, but I do think their desire is to be sustainable and independent, and they do have a good product there, Omaha Steaks. You know, they were one of the first people that did the certified Hereford beef program, which you guys probably don't know anything about, but it was a national program under the-- the American Hereford Association, and they embraced it and they-- they-- they did some good things there on that. I mean, you take an independent spirit like that, my hat's off to them. They're doing some right thing. And when they told us, well, we really can only procure your cattle right now, but we-- we'd look at maybe custom kill later on, at least there's a glimmer of hope there.

GRAGERT: But they have to have producers willing to sell to them and not-- and not go off on the 50 cents a pound or whatever, you know, to the Big Four, right?

DON CAIN: Well, you have to either have producers willing to send them at a higher price, because it's all about the money.

GRAGERT: Yeah.

DON CAIN: Let's get this right, OK? I mean, it's-- or independent cattlemen that are willing to take the risk to have their cattle fed and delivered and slaughtered and packaged and wrapped and sold that way, and that's a substantial risk. I mean, this deal up in Ainsworth that we did, you know, we basically got as much-- these are non-GMO-fed cattle. They're fed corn with no GMOs in it. That's their little niche market, OK? The feed costs are as expensive as the cattle were to get in the pen. The processing costs to get the cattle processed were expensive as the feed costs, as it was. We got three times the expense wrapped up in those cattle, and I left my house this morning with a nervous wife because she didn't have the meat sold yet.

GRAGERT: What, in your opinion, at the-- at the grocery store, is the consumer willing to pay for that Nebraska beef versus that other one that may have come from somewhere else? Where-- where's the-- where's the dollar-per-pound cutoff on that?

DON CAIN: Great question. I'll take it back to USDA-stamped first. I'm a big proponent of count-- mandatory country-of-origin labeling. So when that consumer sees "USDA inspected" on there, they know that that's USDA born, raised, fed, and slaughtered, OK, instead of Brazilian beef getting brought over and doing the same thing, letting them upgrade the thing. Pricewise, I can tell you that we really don't have to get on-- if you look at the value of the live animal versus the carcass, OK, there's enough margin-- this is a perfect-- this is a perfect environment we're in right now because the margin between the live animal and the retail product is so big right now that you can take that risk as a cattleman to put more money into it because you're gaining more dollars all the time. Now the packer let that happen because of his greed, in my opinion. You know, he not only can buy your cattle and take that margin, but he can bring cattle in from Argentina or -- or Brazil or Uruguay or Paraguay in quarters and halves and he can get more margin on the thing. OK? So what-- to answer your question directly, I don't believe you're going to see a whole lot of increase in retail price of the beef. I do think you're going to have some marketing expenses so that people know what they're getting, and that's going to have to bear the cost. I think it's still going to be a quality product, so you may not see it throughout the grocery store. That's the kind of commodity meat. You know, certified Angus beef is predominantly black. There's no guarantee they're even Angus. I've got pictures of Argentine Holsteins in a certified Angus beef packing plant. OK? So when you

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market these things properly and-- and we em-- we embrace the technology so that you can scan the QR code and see our red cattle on our label and you know exactly what they are and you can say, well, here's the pedigree on those cattle, it goes back five generations, OK, and that's why we got 40 percent prime? That's pretty good stuff, but it takes a lot of work.

GRAGERT: And we even have to step that up even-- I'm not talking about competing international, but even state to state, you know, this beef is from Nebraska, not from the United States.

DON CAIN: Yeah. Prior to a purebred wagyu steak I had about a year ago, the best steak I'd had was in Bay's [SIC] Head, New Jersey. Bay's [SIC] Head, New Jersey, is at the top of the pack-- of the Sound over there. And I got the restaurateur out, because I'm not afraid to talk to people, and I says, I want to compliment you, that was the best prime rib I'd had with that. He says, well, thank you, that come from Nebraska. And he said, and-- and we want to make sure we have the best steak because we believe we have the best lobster in the country too. So the East Coast has got us whipped really bad. This Oklahoma plant sends all their meat to a retail group in Massachusetts and New York. OK? And now we've got them going to Shanghai, China. That stuff is leaving Nebraska, guys. It should not be.

GRAGERT: Thank you.

HALLORAN: Thank you, Senator Gragert. Senator Groene.

GROENE: Can you clarify that? It's leaving Nebraska. That's what we want to leave Nebraska, an export.

DON CAIN: We want the money.

GROENE: I've got-- I've got plenty of ribeyes at home that--

DON CAIN: Right, exactly. We're not getting the money, Senator.

GROENE: Oh, all right.

DON CAIN: Thank you.

GROENE: The guy in Oklahoma is.

DON CAIN: Yeah, right.

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GROENE: But those folks are selling Oklahoma beef, right?

DON CAIN: What's going to the East Coast is Oklahoma beef.

GROENE: Yeah.

DON CAIN: That's right. Yeah. I, you know--

GROENE: So you-- you said-- none of my business, I guess, but you said you had it-- you don't have it sold in China yet.

DON CAIN: Yeah, we do.

GROENE: Oh, you said your wife couldn't sleep.

DON CAIN: No, this is that-- all that GMO-- all-natural beef that we slaughtered in-- in Ainsworth, because that's the direction we would like to go.

GROENE: You want to go West Coast with that stuff.

DON CAIN: Exactly. She's talking to a salesman. She's originally from California. And if you had a Harris Ranch steak at Harris Ranch Steakhouse, it's not good, [LAUGH] won't be hard to beat, guys.

GROENE: One last question. What would that steak, a ribeye or-- or a filet, cost in China for that, if I was in a restaurant? Do you got any idea?

DON CAIN: I hope one of these days I can tell you that, after I pay the bill. [LAUGH]

GROENE: All right.

HALLORAN: All right, thank you, Senator Groene. Any additional questions? Well, Dr. Cain, I feel like we all got a master's degree in procurement, processing, and packaging the beef, so I appreciate that. It was very good.

DON CAIN: Thank you for your time.

HALLORAN: Thank you. Additional proponents for LR242? Good afternoon.

DAVID WRIGHT: Good afternoon. Thank you, Mr. Chairman. Committee members, my name is David Wright, D-a-v-i-d W-r-i-g-h-t. A little better now, right? I'm on behalf of Independent Cattlemen of Nebraska and myself. So I was on the Nebraska Beef Council for eight years, to

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answer some of these other questions, and I was also in the Cattlemen's Beef Board, appointed by Secretary Vilsack, for six years. What will consumers pay? Well, at-- at Neligh, Nebraska, at Albion, Nebraska, probably at Creighton, Nebraska, the meat says-- will say "born and harvested, raised in-- in the United States." And I asked my people at Neligh. I said, what's-- why? I mean, how can you prove that? And the meat guy looked at me and said, all I know is if we put "Canadian" on it, they won't buy it. So how much will they pay? The adverse of it is they won't buy it. And then while I was on the Beef Council, Stan Garbacz, is he still at the Department of Ag, Stan Garbacz? He used to do the-- he used to do the trade. You know, he'd go over Taiwan and do trade missions. While I was on there, he wanted-- the state wanted like 50 grand to go do trade over in Taiwan. And I would vote no and then finally I decided I'm gonna vote yes, but there's only one thing I want. I want the Nebraska checkmark, referring to the checkoff, the check, Nebraska, on all the promotional items that we pay for. I was accused of trying to promote Nebraska product with checkoff dollars. I said, no, I just want to make sure they know we paid for it. A year later, Mr. Garbacz--Garbacz came back and he said, you're not going to believe this. And Taiwan and Hong Kong is where he's going. He said, you're not gonna believe this, but that Nebraska check is showing up on the rest-- on the menus of the high-end restaurants in Hong Kong, just a simple Nebraska check. See, so when Don's talking about marketing, it doesn't-- it-- you can get it done. Back to inspection of this-- of Senator Brewer's great idea, I'm sure it's gonna come down to inspection someday, get federal inspectors. We used to milk 150 cows besides ranching. And if I'm not mistaken, it seems like the state inspector came every quarter, every three months. The federal inspector came around once a year, if maybe, because they drew the name out of your hat and that's how they determined who they were going to while they were there. Might be two or three years before you see a federal inspector, but obviously Nebraska and the state and the federal inspectors were working together in a way because that dairy produced milk every single day, a consumable product which can get bacteria in it, you know. So what I'm saying is there's got to be some sort of a way that you can marry federal inspectors with state inspectors because you're going to-- this is what you're going to get. We can't afford all those federal inspectors. I'm just throwing that out there ahead of time. So now I want to talk as a rancher because I'm a cow-calf guy. I don't have any row crops. We don't-- we can't farm. When we had to milk cows, we had to buy all the-- all the feed that came in. From a rancher standpoint, I got the biggest kick out of this. It says here, January 1, 2000-- 19 of 2020, American

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Meat Institute. You know who that is, the American Meat Institute? American Meat Institute testified to Congress and they said, you know, they're being accused of having 85 percent of the kill. And the woman says, yes, we do, we have-- or their lobbyist says, yes, we do, we do have 85 percent of the kill in the United States, but when you figure in, when you figure in cows and-- cows and nonfed cattle, it's considerably less, we really only control 70 percent. Now that is a true statement, absolutely true. But let me ask you this question. Are fat cows traded on the board of trade, on the Mercantile Exchange? No. If you control 85 percent of the steers, the-- the fed-- fat cow, you control the cow price, the bull price, the bred cow price. You control it all because it's all at a discount to that fat steer. That's why you gotta control, and you will control the whole industry. So-- so I'm going to kind of put words in Senator Brewer's mouth. I hope he accepts them. I-- I agree, Senator Brewer. We should-- we should do everything we can to help relieve the Big Four of this burden that they have. I'd entertain some questions.

HALLORAN: Are there-- are there any questions from committee?

DAVID WRIGHT: I'm not near as angry this time.

HALLORAN: Yes, Senator Groene.

GROENE: They are trying to do that in North Platte.

DAVID WRIGHT: They need some help. It sounds like it. They're burdened with 85 percent of the kill.

GROENE: Thank you.

HALLORAN: Senator Brandt.

BRANDT: Thank you, Chairman Halloran. Thank you for your testimony, Mr. Wright, Do you market any of your own cattle under your own label? Have you tried direct marketing?

DAVID WRIGHT: I have not, but Chris Abbott is a friend of mine and-- and he's done it a few times on the internet and he's got to be consistent. You've got to be on top of it. And it turns out most people want steaks, they don't want roasts, and they want hamburgers. But here, about two months ago, Chris and I and Larry Sanger, we looked at the packing plant in Mullen, because it-- it-- it can be federally inspected and it does-- it can do 20 head a day, you know, and, you know, we are considering it. As for when Don was talking about Michael-- O'Neill Pack, Mike O'Neill is a good friend of mine

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and, yes, he does ship overseas and he's one of the-- one of the very few smarter ones, like Don had said, that-- that does that.

BRANDT: All right. Thank you.

DAVID WRIGHT: Yep.

HALLORAN: OK, thank you, Senator Brandt. Any additional questions? Senator Gragert.

GRAGERT: I'm just going to confirm something that-- thank you. Thank you for your testimony. Isn't our American society a society of hamburger?

DAVID WRIGHT: That's true. What they-- what-- what you find out on the checkoff is that 50 percent of what we consume is hamburger, and that's just a fact. I mean, there's no two ways around it. But what's upsetting with that is they take chucks and rounds and ship them overseas and bring back in trimmings to mix with cow meat to make more hamburger. And I've argued many times at the-- when I was on the Beef Council, if you would just short the chuck around market by grinding it, you would force it up. You don't need to bring in trimmings. But, see, they're getting the trimmings for next to nothing.

GRAGERT: And-- and I guess this is--through the research I did, though, that was-- that was the exact opposite of the-- that's why we bring in the-- the real question will be if we mix it with our hamburger instead of mixing our prime beef into our hamburger.

DAVID WRIGHT: Right, so when you get into a discussion, you get to E. coli or, you know, those kinds of-- there's no E. coli in meat. You know that. We all know that it's on the hides and it's in the stomach. It's on the hooves. E. coli gets in the meat at the processing plant. And usually when they bring in all the-- those different animals and mix them together in hamburger in these big chubs, you know, so when you ever hear an argument about E. coli, it's not a producer problem. It's a packer problem, always has been.

GRAGERT: Thank you.

HALLORAN: You cook your hamburger well done?

DAVID WRIGHT: Me? No, I like it medium. I like it juicy.

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HALLORAN: All right. That was my only question. Any additional questions? All right. Thank you, Mr. Wright.

DAVID WRIGHT: Thank you. Thank you again. Sorry I got a little upset earlier.

HALLORAN: It's all right, you're passionate. Any additional proponents for LR242? Seeing none, any opponents to LR242? Seeing none, anyone neutral? Senator Brewer, you're welcome to close.

BREWER: Well, this looks like consent calendar material to me. I have a photo here of my dog. It's not actually what I was looking for. If you can see this, it's a-- a menu off a restaurant in Frankfurt, Germany. And in 2010 I took some leave, flew back to-- to Germany, and I said, take me to the place I could get the best meal in Frankfurt. Well, I expected it to be some type of schnitzel. Well, they took me to the Longhorn Steakhouse. I expected to get Texas longhorn meat, which was OK. Considering where I've been, that would have been fine. But on the menu here it says U.S. prime cut beef, Nebraska, U.S.A. So even in Germany, the idea of getting Nebraska beef is a pretty big deal. Now it just dawned on me as I was sitting back there, this meat locker bill, LB235, that's still in the Ag Committee, correct?

BRANDT: Last year's.

HALLORAN: Last year, yeah.

BREWER: So if I was to request the Ag Committee take a vote on that, it could come to the floor of the Legislature and we could have this discussion that we had today in front of a whole lot more people because I think the-- the discussion here today was invaluable. I learned a lot. I can't tell you how glad I am that the people that took the time to come in here did because I think we pulled back some curtains on-- on the issue of-- of beef and meatpacking and all this that I was, after researching it, still had my eyes opened to. Now you mentioned the facility in Gordon. That's rangeland beef. Their specialty is-- they do. They got buyers. They go out and they buy the beef to bring it in. But they-- they-- they're very careful and they-- they buy and market that for a particular client. And so if you're buying beef and you know it's going to Ruth's Chris, you're going to be careful about it. But you also take away a lot of the risk because you're-- you're making a very reasonable profit for the amount of time, energy, and effort that you put into this. And-- and I'm all about, you know, we can take that example and-- and replicate

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it around Nebraska. That's got a great potential because rangeland beef, every time someone has cancer and they have a fundraiser, they're standing there in line and they've got all kinds of things to make sure that that fundraiser is a success. And when the Legion needed a new roof, they bought it. I mean, they contribute to the community. Now they've also went around and bought up every home there was available, and they need it for their workforce. Now I'm concerned because we've got a lot of money that we're going to make some decisions on here in a matter of weeks. And workforce housing usually doesn't go to places like that because we focus on the big targets, the Lincoln and Omahas, and that's where we tend to shift a lot of those resources. These little communities that are drying up and blowing away and the downtowns, you know, that used to be so booming are now boarded up. For them to ever have a chance of coming back, we've got to figure out something to bring back to them, and we don't have a lot of options. You know, this is one of the few products we have that we could take and sell other places and-- and be able to make a profit. We're not going to get folks to, you know, bring factories to some of these places because it just isn't going to happen. There's too many challenges with distance and everything else. We've got the beef in the vicinity of the places where we want to help promote these communities. So I guess the path ahead here that I'm looking for, not only a vote on LR242, and-- and I'd like to see it unanimous out of here. I'd like to see unanimous off the floor so that I can give it to the congressional folks back there and they can go fight the good fight on the issues they're trying to carry, but also take that small-town meat locker bill and kick it out. and let's-- let's have a discussion on it. And that's LB235, I'm pretty sure. With that, that's all I have. I'll take any questions.

HALLORAN: Senator Groene.

GROENE: In your LR242, again, it says: Whereas, the federal Consolidated Appropriations Act, 2021, includes grants totaling \$60 million for small meat processors, that-- is that-- that bill isn't out of-- has not been passed yet? Is that what we're asking them, to get that kicked out and passed?

BREWER: There-- there is money available. I would have to look and see. Now this-- this particular one, I'll have to double check, but there is money available for meat lockers for-- for the actual const--

GROENE: So then why do we need this if it's already done [INAUDIBLE]

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BREWER: Well, I think what this is doing is kind of a more of a giant blanket saying, you know, all these ag issues that-- that they're trying to address. You know, let me give you an example, and I thank John Hansen for helping me with this. But, OK, right now they're ready to introduce the Cattle Price Discovery and Transparency Act. There's a number of different things that they're working on. The idea behind this LR is that gives them blanket coverage on all of these to help promote them and-- and get them moving through both the Senate and the House.

GROENE: So I guess I should ask somebody else, not that you wouldn't know, Director. But anyway, it's in Germany, it's in Thailand-- I mean Taiwan, it's in Hong Kong, and I heard it was in a lot of other countries, so somebody is already doing this. Who is doing it? Is it the Big Four? Is somebody from Germ-- Taiwan, somebody from wherever, Germany, coming over here and buying from one of the Big Four and take-- and having beef shipped there, or is it somebody here guaranteeing it's Nebraska beef and shipping it there? It's already there.

BREWER: Well, it's-- it's there. I'm sure that someone has probably figured out that-- the technique of being able to identify and get the meat that they're selling over there from Nebraska. Now how that works, probably one of the guys who was just before me would have been a lot better choice to ask that to.

GROENE: Yeah, I understand that.

BREWER: But it doesn't mean I can't get the answer from one of those and get it to you. I guess I think a lot of this is just piecemealed. It's-- somebody has figured out how to do something here and somebody has figured out how to do something here. But, you know, wouldn't it be nice if we could just figure out how to have more of a mechanism that would allow us to take that beef and-- and get it to places? So if you're running a steakhouse in Tampa, Florida, you could-- you could call and say, hey, you know, I need some Nebraska beef, and they say, well, guess what, this is how we can get you some Nebraska beef. And it's not going to be one of the big four because they mask stuff that, you know, that-- that's probably not going to be Nebraska beef. It may be processed here.

GROENE: But somebody's doing it. Somebody is shipping Nebraska beef to [INAUDIBLE]

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BREWER: Well, yeah, they are. But how they're doing that right now, I couldn't tell you. I-- I don't know how they get it there.

GROENE: All right. Thank you.

BREWER: But I will tell you that that steak was an amazing steak, and that wasn't just because I'd been eating MREs for months. It was really an amazing steak, so I have no doubt it probably was--

GROENE: Somebody back there will let me know [INAUDIBLE]

BREWER: --a Nebraska--

GROENE: I don't-- I didn't expect you to know, but maybe somebody briefed you on it. So thank you, Senator Brewer.

BREWER: Well, Tony did, so.

HALLORAN: Thank you, Senator Groene. Any additional questions? If not, I was just-- received a note from Senator Brewer. He's all-- he's buying us all steaks this evening, so.

BREWER: [LAUGH] As long as we Exec on LB235, that's a deal.

GROENE: [INAUDIBLE] want a steak tonight after talking about it all day.

HALLORAN: That concludes-- oh, excuse me. Yes, there was one comment for the record, a proponent, Doug Kagan, representing Nebraska Taxpayers for Freedom. All right. With that, we conclude today's Ag Committee hearing and I will schedule next week, Tuesday, Executive Session, so.

BREWER: On LB235.

HALLORAN: Enough out of you.