

Transcript Prepared by Clerk of the Legislature Transcribers Office
Agriculture Committee February 08, 2022

HALLORAN: Good afternoon, everyone. Welcome to the Agriculture Committee. I'm Senator Steve Halloran and 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, which is just your 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 are planning to testify, please pick up the green sign-in sheet from 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, please move to the reserved chairs when you're ready to testify. Excuse me. If you have handouts, please make sure you have 12 copies and give them to the page when you come up to testify. They will be distributed to those on the committee. If you do not have enough copies, the page will make sufficient copies for you. When you come up to testify, please speak clearly into the microphone. Tell us your name and please spell your first and last name to ensure that we have an accurate record. We will be using the light system for all testifiers. You 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 your time has ended. Questions from the committee may follow. No displays of support or opposition to the bill, vocal or otherwise, are allowed in public meeting. Committee-- committee members with us today will introduce themselves starting on my far left.

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

GRAGERT: Tim Gragert, District 40, northeast Nebraska.

LATHROP: Steve Lathrop, District 12.

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

HALLORAN: And on my right--

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

HALLORAN: Thank you. To my left is committee research analyst, Rick Leonard, and to my right is committee clerk, Rod Krogh. And we have one page and he's more than qualified to take this on single handedly. It's Bobby-- page, sophomore at UNL with a major in political science. OK, we will begin with LB744. Senator Erdman.

ERDMAN: Thank you, Senator Halloran. My name is Steve Erdman, S-t-e-v-e E-r-d-m-a-n. I represent nine counties in the Panhandle. This is my normal hearing room, but we don't usually have that jet engine running, and I've never seen those TVs on, so you guys must be special. So I appreciate the opportunity to be here this morning, or this afternoon. Let me-- let me explain what he's passing out to you is an amendment that becomes the bill, and I want to go through with an explanation as to why we got where we are with this. I had introduced LB744 at the beginning of the session because the Nebraska Brand Committee had had a couple of double, secret meetings, and I didn't know what those were and what was discussed there, and so I wasn't sure how the EID, electronic identification was going to work. And so I had introduced that legislation to try to get some answers to why they did what they did. About a week and a half-- two weeks ago, I had a meeting with a couple of the Brand Committee members. They explained to me what their goal was and what they were trying to do, and it was somewhat different than I perceived it to be. And maybe some of you have never had that problem, but I have preconceived ideas that sometimes aren't exactly right. So what I agreed-- we talked that day and they were talking about trying to keep their information, FOIA request proof, and they were going to use blockchain information-- or technology to record the information about ownership of cattle. And I suggested that I would change LB744 to be an amendment to protect the FOIA-- against FOIA requests. And so I am going to ask you to withdraw LB744, the bill that I first introduced, and replace it with this amendment. I'm going to draw your attention to page 2 at the bottom of the amendment that I just handed you. And the goal of this amendment is to protect information that is submitted to the Brand Committee in the form of-- when they do inspections to see who the owners are, that that would be protected against those who are trying to seek that information for maybe some other use than-- than is necessary. And so what I did at the bottom of the page 2, line 30-- starts line 30, any information that a person provides to the Brand Committee for the purpose of inspection is not a public record subject to disclosure under Sections 84-712 and 84-712.09. Those are the FOIA request statutes, and so this is giving them protection that when they record their information that they have gotten from inspections, that will be

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protected against FOIA requests. The other issue that I thought was important is that we have the emergency clause also implemented so that when they decide how they're going to do EID inspection and they have a hearing to get information from the public, how to implement it, that would become law as soon as the Governor signed it. So it's a very simple, straightforward bill that I think protects that information that needs to be protected, and I would take any questions you may have.

HALLORAN: Thank you, Senator Erdman. Senator Lathrop.

LATHROP: Can you tell me what they might learn? What are we-- what are we-- what are we not want to happen?

ERDMAN: So if I was selling my cattle, I sold my cattle and say, PETA or HHS or anyone else could do a final request to find out how many cattle you had and where you sold them, it's an opportunity to protect their information about who owns the cattle.

LATHROP: Let's say that-- that-- that this stuff's available and PETA gets their hands on it, what's the-- what are we afraid of?

ERDMAN: They'll show up at your ranch. They could show up at your ranch. We've seen them do that and they very well could interrupt what you're trying to do in your daily operations.

LATHROP: They'd have to trespass to do that, wouldn't they? I'm just trying to--

ERDMAN: Not necessarily.

LATHROP: I'm not being a wise guy or--

ERDMAN: It's on the county road and they obstruct what you're trying to do, how is that trespassing?

LATHROP: You're thinking that they would block the road like that.

ERDMAN: Very well could. I've had experience with some of those organizations in western Nebraska, and we had-- we had a couple hundred horses that were being starved on a ranch and we picked those up and HHS-- HSUS got involved in that.

LATHROP: So what's stopping them from just going out at the end of your driveway and pulling a trailer across--

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ERDMAN: They won't have any idea where you live unless they can find out. They have to take a random sample just to guess where you live and look it up. This-- this information would be available to them about who owns. Say they're looking for somebody that owns 50 head of cattle. They could sure search that on the Internet and find out who those people are. Just protecting of their information.

LATHROP: OK. Thank you.

HALLORAN: OK, thank you, Senator Lathrop. Any further questions? Seeing none, thank you, Senator Erdman.

ERDMAN: I'll be around to close. There'll be some people behind me testifying from-- from the cattle organizations that can share their information. They may be able to answer those questions better than I did, Senator Lathrop.

LATHROP: Thank you.

HALLORAN: Thank you, Senator. All right. We'll move on to proponents of LB744. Proponents? Are there any proponents for LB744? Don't make me beg, I mean if you're not. Good afternoon.

JIM DINKLAGE: Good afternoon, senators. Jim Dinklage, J-i-m D-i-n-k-l-a-g-e. I'm from Orchard, Nebraska. I'm here this afternoon to testify in support of the amendment to LB74 (LB744), the amendments that are proposed by Senator Erdman. We do so reluctantly because we do not agree with the original law allowing EID tags as a means to show proof of livestock ownership. EID tags cause the Brand Committee consid-- considerable expense and for a few livestock producers who want to use it as a proof of ownership. I don't have that much to say, that's my testimony.

HALLORAN: All right, short and brief. I appreciate that. Are there any questions from the committee? OK, seeing none, thank you, sir.

JIM DINKLAGE: Thank you.

HALLORAN: Any additional proponents for LB744? OK, seeing none, are there any opponents to LB744? Seeing none, any in the neutral position? Good afternoon.

JACY HAUGE: Good afternoon, Chairman Halloran, and members of the Agriculture Committee. My name is Jacy Hauge, J-a-c-y H-a-u-g-e. I serve as the director of Government Affairs on behalf of Nebraska Cattlemen. I'm here to testify today on behalf of the members of

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Nebraska Cattlemen and Nebraska Farm Bureau in support of AM1932 to LB744. Because our members support updates made to the Livestock Brand Act to diverse-- to diversify inspection methods, we cannot support LB744 as introduced. That said, we greatly appreciate Senator Erdman for recognizing the desire of our members to better protect their personal information provided to the Nebraska Brand Committee. That additional protection, as described in AM1932, is significant to our members. To further emphasize our support of this effort, we thank Senator Erdman for expanding the protection to all personal data collected for all inspections and not only for electronic inspections, as he initially called for in AM1714, but to include physical inspections as well. Owner name, physical address, the type and number of cattle sold, the buyer and the address to which the cattle are being delivered is information that is currently included on a physical inspection document that our members would desire to keep confidential. We understand that Senator Erdman may not appreciate our neutral position today, but we want to emphasize that we cannot support the bill as introduced. Nebraska Cattlemen and Nebraska Farm Bureau urge you to vote for AM1932 to amend LB744 and protect all personal data collected pertaining to brand inspections completed by the Nebraska Brand Committee. Thank you for your time, and I will be glad to answer any questions you may have.

HALLORAN: OK, any questions? Senator Lathrop.

LATHROP: Can I just ask a simple one? Have you-- have you or any of your members been the subject of a FOIA request by any of these groups that Senator Erdman identified as groups of concern?

JACY HAUGE: Senator Lathrop, I do not know for sure if we've had any specific members being FOIA'd, but we have had-- know of activists in other states that have used the Freedom of Information Act to get info on physical location of cattle production in order to harass the operation, and also getting the information of someone selling their cattle, and number of head can be used to develop info on cattle production by competitors.

LATHROP: Oh, by competitors as well?

JACY HAUGE: Uh-huh.

LATHROP: It never happened to your knowledge in Nebraska, but it happened somewhere else?

JACY HAUGE: To my knowledge, no.

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LATHROP: No, it's not happening in Nebraska.

JACY HAUGE: To my knowledge.

LATHROP: And you said you thought it happened in some other state?

JACY HAUGE: In other states that these types of activist things have happened.

LATHROP: So these type of activist things, has-- has a FOIA request or some version of that happened in other states to identify cattle producers?

JACY HAUGE: I do not know that to my knowledge, but I can follow back up with you.

LATHROP: OK. Thank you.

HALLORAN: Any additional questions? Senator Brewer.

BREWER: Thank you, Mr. Chairman. All right, so how could of Senator Erdman have rewritten this amendment to the bill so they would satisfy your needs?

JACY HAUGE: So last year, LB752 (SIC), that would make the necessary revisions to the Brand Committee authorizing support in electronical inspection. Our policy that our membership has put forward would end up-- support the use of electronical inspections as a choice for the producer to make for his or her operation. So we do not support getting rid of the electronic inspections as LB740-- LB744 would do as introduced.

BREWER: OK, but you're speaking on the amendment or on the primary bill as introduced?

JACY HAUGE: We would not support-- support the primary bill as introduced, but we would support AM1932.

BREWER: Didn't he say that the amendment becomes the bill?

JACY HAUGE: Yes, he did say that, but we are going off what was introduced.

BREWER: OK.

HALLORAN: Any additional questions? I guess I have a little bit of the same kind of confusion that Senator Brewer might have been expressing.

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In the neutral position when a white copy is introduced and replaces a bill that's typically what we're presenting in front of the committee, and what we're hearing proponents and opponents on, not-- the original bill becomes irrelevant, right? So, you're a proponent of the bill as amended by the white copy amendment?

JACY HAUGE: We would be a proponent of the AM1932.

HALLORAN: OK. All right, thank you very much.

JACY HAUGE: Thank you.

HALLORAN: Additional proponents? Oh, excuse me, opponents? Are we in neutral? We're moving right along.

JOHN HANSEN: Mr Chairman, members of the committee, good afternoon. 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 we-- we sort of struggled on which way to land on this as some of the previous testifiers have, and so I guess that's the best way to describe our testimony would be neutral, in favor. So we are in favor of the amendment and we were not in support of the original bill, but we are in support of the amendment. And from a practical standpoint, if you want producers to participate in any of these different kinds of identification systems, they need to feel that the information that is gathered is secure and it's not subject to FOIA. And so just from a practical standpoint, if there's any question about whether or not their participation would cause them to be subject to a FOIA request, that would not be-- that would not be helpful to participation. So just taking a look at the practical side of it, knowing our guys as suspicious as they are of things in general, I think the FOIA just for that purpose brings a certainty that is needed. And with that, I would end my testimony and answer any questions if I could.

HALLORAN: OK, thank you. Are there any questions from the committee? OK, seeing none, thank you.

JOHN HANSEN: Thank you.

HALLORAN: Are there any additional neutral? Good afternoon.

TANYA STORER: Good afternoon, Chairman Halloran, members of the committee, thank you. My name is Tanya, T-a-n-y-a, last name Storer, S-t-o-r-e-r. I am a rancher in Cherry County, Nebraska, and I also serve on the Nebraska Brand Committee. I'm here today representing the Nebraska Brand Committee, and we are providing neutral testimony. We

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feel strongly as-- in our role on the Brand Committee, it is our job not to necessarily weigh in on a position on a bill, but here to certainly answer questions and ultimately to carry out the-- the law as directed by the body. And so we appreciate the Ag Committee's work and certainly appreciate Senator Erdman's work on-- on this bill and the conversations that we've had. I will say that I do feel that this is a very proactive measure, and I would just take a moment to maybe respond to Senator Lathrop's questions, even though he has exited the room. We are-- beef is our number one liquid asset in this state. And I think that it's-- it's valuable to just take a step back and I view the key role of the Brand Committee as really the policing agency for the largest liquid asset in the state. Proof of ownership, obviously being our primary responsibility. And so to be proactive, I think, you know, to ask the question as to whether or not this has happened before or the harassment or attacks from special interest groups, it's-- this is a proactive measure that I certainly applaud Senator Erdman for in protecting that information and-- and again, our largest ag industry. And so with that, I will-- happy to answer any questions.

HALLORAN: Thank you so much. Any questions from the committee? Just a quick observation. It's again kind of an obvious observation, the brand inspection certificates are public record now, right, and this would protect those obviously from--

TANYA STORER: Right, so-- so this would protect the information provided for the purposes of an inspection. So as I understand it wouldn't-- it wouldn't negate the ability for someone to look up the owner of a brand that was-- that would still remain public information, but rather those specifics related to individual brand inspections.

HALLORAN: OK. All right. Thank you. Appreciate your testimony.

TANYA STORER: Thank you.

HALLORAN: All right. Any additional neutral testimony? All right, seeing none, Senator Erdman, you're welcome to close.

ERDMAN: Thanks, Senator Halloran. That is the most positive neutral I've ever heard. (LAUGHTER) Anyway, as you can tell by the the conversation from the young lady from Cattlemen, they were going off with the first bill I introduced. And as I said, as I gather information and understood what they were actually trying to do and when they have double secret meetings, it's hard to figure out and so once I figured out what it was, the idea thing wasn't nearly as significant of an issue to me then. I have since visited with several

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producers who use that method who are not in the brand area, and it is a significant thing for most people to use, and so we need to have that available to them. So when they figure out how to implement it, they'll have to have a hearing. They'll have to have input from the ranchers on how it's implemented and then we'll move forward with that, but it's another method they can use to identify cattle. So I appreciate your time. A very straightforward bill and just a clean up. And I'm sorry for any confusion that may have been brought on by LB744, but I think in the end, we accomplished what we needed to accomplish. Thank you.

HALLORAN: All right, thank you, senator. Any remaining questions? Seeing none, thank you, senator.

ERDMAN: I'm thinking consent calendar. Thank you.

HALLORAN: That's a good thought, senator. OK, for the record, there were no official position comments submitted on LB744. All right, moving on to LR284. Welcome, Senator Blood. How are you?

BLOOD: I am well. How are you, Senator Halloran?

HALLORAN: I'm doing good. When you're ready.

BLOOD: Good afternoon, Chairman Halloran, fellow senators, friends all. My name is Senator Carol Blood. That is spelled C-a-r-o-l B-l-o-o-d, and I represent District 3, which is the western half of Bellevue in eastern Papillion, Nebraska. Thank you for the opportunity to bring forward LR284 to your esteemed committee. I bring forth this resolution for the same reason we have a standing committee. Ag is the number one industry in Nebraska, and cattle production is the largest segment of this industry. Ag drives our economy, and with that comes over 6.5 billion in cattle sales each year. This industry clearly impacts all Nebraskans, whether they are meat eaters or not. We all know that Nebraska has more cattle than we do people. As policymakers in Nebraska, we need to support measures that will protect our beloved beef industry as participants in the global market. The intent of LR284 is to encourage the Nebraska Legislature to support an objective review of the product of USA label by the USDA and support any future actions to restrict the scope of use in a way that is beneficial for cattle producers and consumers and is trade compliant. American consumers rely on food labeling for truthful, meaningful information about retail food purchases. If a label says product of the USA, they assume the meat they are placing in their grocery cart was actually raised here in the United States and not in another country, as has been happening. They may have only marginal connections with the U.S.

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cattle sector, and the product may have been born, raised and processed in another nation and then repackaged in the states. The Legislature should strongly support initiatives to prevent misleading and deceptive practices that negatively affect the United States cattle producers and drive down prices for the cattle producers while increasing the profits for the meatpacking industry. LR284 is in support of these efforts. We're targeting the USDA to review-- to review the product of USA label because they are responsible for the safety, labeling and packaging of the nation's commercial supply of meat, poultry and egg products. They currently allow the use of the label on foreign imported beef or beef food products by the packaging grocery industry-- grocery industry, which we really need to take a closer look at. Multiple government entities agree that the USDA must provide a deeper review of the use of the label. President Biden issued an executive order on July 9, 2021 that directed the USDA to consider new rules defining the conditions under which meat products can bear a product of USA, and other similar labels so that consumers have accurate, transparent labels that enable them to choose products originating in the United States. In July 2021, the Federal Trade Commission finalized a new rule cracking down on marketers who make false unqualified claims that their products are made in the USA, and specifically requires made in the USA claims on labels be used only for products that are all or virtually all major source in the United States. The review needs to request and support these new rules. Friends, Nebraska has the top three beef cow counties in the United States, including the nation's number one cowen county-- cow county, Cherry County, with nearly 166,000 cows. Custer County is number two, 100,000, and Holt County is number three, 99,000. So it's important to not only our culture, but obviously our economy as well. So we need to support initiatives that will prioritize better, more honest practices in the beef industry. This resolution has strong support from the ag community, and I urge the committee to quickly advance the resolution forward so that we may have a robust-- robust debate about its merits and ultimately pass it to the Legislature to show our farmers, ranchers and producers that we prioritize their needs as they give so very much to our state. Thank you for your time today. I'm happy to answer any questions you may have, but I really feel that this resolution is pretty self-explanatory as to its purpose, and I also believe that it would be a really great candidate for consent or a committee priority bill or speaker priority bill, but the window is closing, and so I'm hoping that you see as much urgency in-- as much urgency in this as I do.

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HALLORAN: All right. Thank you, Senator Blood, and thanks for the pitch for consent calendar. Everyone's doing that and understands. Are there any questions from the committee? Senator Brewer.

BREWER: Thank you, Mr. Chairman. Well, first off, thanks for bringing the bill and bringing attention to the subject. A lot of people seem confused. Why-- why would we have all this meat that comes in from say, Argentina? But if I understand right, most of that is used for more-- how should I say it? Other stuff like you're making ground beef for chili, it's in a can. Stuff like that. And once it comes in, if it's inspected by U.S. inspectors, says USDA inspected, that doesn't mean it's USDA American?

BLOOD: Right. But-- but if indeed it ends up being labeled that way, it's misleading to consumers. So what you're talking is a sector that is part of the problem. But what happens when it's been born, raised, processed in another country? It comes here and it basically gets repackaged and then it says, made in USA because it got repackaged in the United States. That's the biggest issue.

BREWER: Thank you.

HALLORAN: Thank you, Senator Brewer. Senator Gragert.

GRAGERT: Thank you, Mr. Chairman. I just want to expand just a little bit on that because I did research back when, you know, we were in the pandemic and why are we bringing beef in from Africa, beef from--

BLOOD: Brazil.

GRAGERT: --ground beef, and what I found is that United States is a society of hamburger. We love hamburger. And what happens when you bring in, just say that African beef, which is low-grade beef compared to what we have, and-- but we use it because we don't want to use our high premium beef for hamburger. What happens when you mix that with some of ours? What's so urgent now?

BLOOD: You know, that's above my pay grade. But here's-- here's where I'm at. As a consumer, don't you want to know?

GRAGERT: Yeah, thank you.

BLOOD: Not to answer a question with a question, but to me, that seems like the logical answer.

GRAGERT: Thank you.

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HALLORAN: All right. Additional questions? Senator Cavanaugh.

J. CAVANAUGH: Thank you, Chairman Halloran. Thank you, Senator Blood, for being here, for bringing this resolution. What's the justification for labeling beef, producers raised, processed, packaged in another country as a product of the United States?

BLOOD: I'm sorry, can you rephrase that? I'm not sure I understand what you're asking.

J. CAVANAUGH: So, what is the justification for this, because you said that they're allowed to do it?

BLOOD: So the justification for my resolution?

J. CAVANAUGH: No, no, the justification for why somebody would be able to-- to label something as a product of the United States because--

BLOOD: It's not-- that's the point. Yeah, it's that there should be no justification, but there's so many layers of government involved that the policy is-- I'm trying to get a good word for it. The policy is not consistent. And so that's what the Biden administration actually is going to do. I don't think anybody sat in on that ag call several months ago. But they've walked through the process of what they're trying to do, they're trying to get every level of government all be on board, because right now it's not consistent. I hope that answers your question.

J. CAVANAUGH: Thank you.

HALLORAN: Thank you, Senator Cavanaugh. Any additional questions? Along the same-- if I may help-- or may add my comments to Senator Cavanaugh's questioning, A lot of it is simply because there-- there's a soon-to-be justifiably a lot more confidence amongst Americans for American- produced beef, right? So it's-- it's-- it's-- it's assuming on the part of those that ship in beef from outside this country that they're going to play off of that confidence. And it's-- it's-- it's misleading at least.

BLOOD: And it takes money away from the cattle folks. I mean, just for that alone, we should be supporting them.

HALLORAN: All right. Any additional questions? Yes, Senator Hansen.

B. HANSEN: Thank you. More just my curiosity. So does-- so does the USDA or the Trade Commission currently already regulate this?

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BLOOD: Well, regulate exactly what they're meaning?

B. HANSEN: Made in America label. Like if somebody says it's made in America, but it's not, that the USDA and the FTC already get involved and they can prosecute the introducer of things.

BLOOD: So, I'm going to-- I think John Hansen is going to testify. I think he'll be-- have a better answer on that than I will. There's so much involved, so I think he can do it in a more concise fashion.

B. HANSEN: OK. And just one more thing. Could-- if something like if we do make a bill or a resolution, will that negatively impact some businesses in Nebraska?

BLOOD: How would it negatively impact a business?

B. HANSEN: If somebody is using it, you know and so considering it being-- it's 90 percent made in America, but now we're required to say 100 percent made in America, so they can't use that label anymore, so might negatively impact their ability to sell beef, could they have it?

BLOOD: So I think that's an interesting question. We're not-- we're not mandating anything. It is our expectation that there's truth in labeling. So I think it would be kind of like if we gave you a candy bar and it said it was 10 percent chocolate, but maybe the other 90 percent was like sawdust. Now, do you want it to be 100 percent chocolate or 100 percent sawdust? You know, it's-- it's just, I think part of it is-- I mean, I know that part of it is, but it is that our consumers do deserve better. Our cattle folks deserve better. If we want to keep the number one industry that drives ag, right, we've got to protect them. We can't do a lot because we're not in federal government, but we can do is say why it's important and that we support initiatives to protect this industry. So, yeah, I hear what you're saying, but the resolution just doesn't have that power. And at the federal level, I think what it's got to be, what it is. As a consumer, we've got to know what we're eating. I-- I don't want to eat something that came from another country because I don't know how they-- they manage their cattle. But I know how it's done in Nebraska, and I'm really proud of that.

B. HANSEN: You know, this might be something to ask John too. So this-- I know it's just a resolution, so do we have any kind of--

BLOOD: Right. It's using that authority.

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B. HANSEN: --some type of authority, right, so the state probably wouldn't get too involved. Or if somebody calls state authority, it's not so much our responsibility, it's more of a federal responsibility.

BLOOD: Actually, in the AG's Office, there's a truth in labeling. And so if you actually suspected that this was happening, you could actually file a complaint with the Attorney General's Office. Nobody ever takes advantage of that. I was always surprised when they do-- didn't do that when the-- the faux meat started coming out and using the word meat. Any Nebraskan can-- can file a complaint through the Attorneys General's Office because it's theirs-- that's part of their job is truth in labeling.

B. HANSEN: OK. Thanks.

BLOOD: Uh-hum.

HALLORAN: Thank you, Senator Hansen. Any additional questions? Thanks, Senator Blood. You'll stay around for closing?

BLOOD: I will.

HALLORAN: All right. We'll move on to proponents of LR284. Proponents? Good afternoon, Mr. Hansen, you can start when you wish.

JOHN HANSEN: Mr. Chairman, again, hello for the afternoon. This is John Hansen, Nebraska Farmers Union. J-o-h-n, Hansen, H-a-n-s-e-n, and we thank Senator Blood for bringing this resolution forward. There's, I think, maybe some need to try to kind of differentiate between issues that are sort of linked but separate here and that you've-- we've got two different kind of issues or efforts going on right now in Washington, D.C. And one of them is the going back to the country of origin labeling issue itself, which was mandatory COOL. And so Senator Tester has a bill that goes after that, that they think has a fairly good chance of being able to-- to get by WTO objections that were-- that were made last time. And so as a part of that whole issue, you've got the-- the issue of mandatory country of origin labeling as an issue for our meat products, which our organization strongly supports and has for a long time. And then the other is the label itself. And so USDA is working on the label itself of what actually constitutes a product of the USA and so mandatory COOL was in place from September of 2008 to December of 2015. Our organization tried to salvage the-- the label that was tied to that, that country of origin labeling law. We were unsuccessful. And so as a result, when we lost mandatory COOL, we also then set aside the-- the-- the whole USDA label, which did make it clear that it was born, raised and processed.

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So the Biden administration is now in the process of revisiting the label. And so all of this goes through all of this information gathering rulemaking, all of those things. We're trying to steer them back toward what we had in the first place, which we thought was fairly straight up that people understood that was, you know, clear rules of the road. And so, yeah, we've-- we bring in a lot of meat products, but we also bring in a lot of animals to be slaughtered in the-- in the U.S., and so having all of those three different components born, raised and processed and so in order to be able to meet that standard is important because we have so much product that comes in that is not born here, but is-- is processed here. We process a lot of Canadian beef, for example, in Schuyler. And so you-- you've got to be able to differentiate so that at least consumers have a more clear idea of what it is that they're buying. And the-- the thought is that from a marketing standpoint, the U.S. has higher health, safety and environmental standards than the rest of the world. We have better food safety standards. We have what we believe are the-- is the highest quality products. And so as producers, we want to be able to identify, differentiate our own product in our own market. And if we can't do that, then it becomes very difficult for us to go into that market in an undifferentiated fashion with blended products from other countries and be able to exact the kind of premium that we think that we're entitled to and that we deserve. And so with that, I would end my comments and urge the committee to look favorably on this effort. It is an issue that is in play right now in the Biden administration. Any guidance that the Legislature can give the Biden administration about the importance of moving forward in a timely fashion would be helpful. Thank you very much.

HALLORAN: All right. Thank you, Mr. Hansen. Questions from the committee? Senator Brandt.

BRANDT: Thank you, Chairman Halloran. Thank you, Mr. Hansen, for your testimony. Can you put a dollar figure on the value of either a country of origin label or a product in the USA label versus an unlabeled piece of meat?

JOHN HANSEN: No, but it's a lot of money. It-- it-- I did when-- when our organization was-- was going back to when we were working with Congress to try to get a country of origin labeling established in the first place, there were two basic choices on the table. One is to put in a ban on meatpacker ownership of livestock. And the other one was country of origin labeling, and I was a part of two or three folks who worked on a study to look at the dollar difference between those two different issues that actually country of origin labeling was a higher

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value issue, which was why we recommended to Senator Daschle that he go forward. So it was a-- it was a huge number and I'm sorry, but I don't remember what the number was, but it-- it was-- it's-- the results sort of surprised me.

BRANDT: So traditionally we think of country of origin labeling as made in the USA, but that cuts both ways, so somebody used the example of African meat or Mexican or Argentina. Does WTO prevent us from labeling made in Canada or whatever, from labeling meats that are imported from outside of this country? Do you know the answer to that, if not then maybe somebody else can answer?

JOHN HANSEN: So the-- so the decision that the WTO made was that for us to be able to label our products in the fashion that we labeled them caused an economic hardship on the livestock producers, the beef producers in particular from Canada and Mexico. And that was the the basis of the WTO decision was that and there's now a lot of revisiting of that data and those numbers as to whether or not that was in fact actually the case. But there's there's still economic issues going back to your first question, is, why is it that-- that if you bring in an inferior product, this lower quality and you blend it with U.S. supply and you sell it as all, quote, USDA inspected, most consumers assume that must be, you know, because it's USDA inspected, it must be a USA product when in fact, that's not the case. So that product, if it was on a standalone basis, would-- most American consumers would rather have the U.S. product because they believe it's-- it's a healthier, better product. And so they don't suffer the economic discount that goes with it. But the other thing that goes on is that when you bring in that much imported product into our domestic supply, it doesn't take that much to create a small amount of excess in the market, which is then used to price the entire pool. And so the case of imported meats are a classic case of pool pricing, where you bring in just enough additional product to reduce the price of the whole domestic pool. And so if you look at the difference between when we were not bringing in Canadian cattle because of the BSE case, for example, and from that time when the border was closed to the time it was not, it was \$40 a hundred weight difference in U.S. beef prices.

JOHN HANSEN: All right. Thank you.

HALLORAN: Thank you, Senator Brandt. Senator Cavanaugh.

J. CAVANAUGH: Thank you, Chairman Halloran. Thank you, Mr. Hansen, for being here. Is there a difference being made in USA. and product of the USA?

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JOHN HANSEN: Technically, I don't know.

J. CAVANAUGH: OK. I'm just looking at this thing, and there's a distinction in this USDA announced transparency-- product of US labeling. I guess-- I was just wondering if it maybe has to do with products that are manufactured versus products that are grown or something.

JOHN HANSEN: Right. And whether or not you consider the-- the-- the manufacturing of the meat products and the blending of them in the make-- making of the sausage, whether that's a manufacturing process or whether you're making sausage or whether if it's a product of the USDA. I assume it was born and raised, not the process.

J. CAVANAUGH: So that's my question. So there are-- right now there are products that were born and raised and processed in other countries that are bearing the product of USA. Is that-- but when you buy at the store, that-- a product that says a product of the USA could potentially be an animal that was born and raised in Argentina.

JOHN HANSEN: Parts of it, certainly.

J. CAVANAUGH: Parts of it.

JOHN HANSEN: Or blended. Blending is, I think, the big thing that goes on.

J. CAVANAUGH: And so we don't have-- actually have control over what position the USDA would make in terms of setting a limit on the amount or that the blend ratio and those sorts of things, we're just here advocating that they take a more pro-American posture, I guess. or--

JOHN HANSEN: We would like to-- we would like to characterize as a more accurate label.

J. CAVANAUGH: More accurate.

JOHN HANSEN: We're willing to compete, but you can't compete if you can't differentiate and you can't differentiate unless you have an honest label.

J. CAVANAUGH: Thank you.

HALLORAN: Thank you, Senator Cavanaugh. Senator Hansen.

B. HANSEN: Thank you. I think-- I think when they say product of USA, it has to be inspected in a USDA facility minimally-- minimally

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processed, I think, from my understanding. I could be wrong, but when it comes to the-- like, when you talk about blending and I think this is a question I kind of asked Senator Blood, and just more of your opinion because I'm like just more just curious. If-- if I say, if we start to enforce this or if this is the position that we are taking, would this-- could this affect businesses and other business in the state of Nebraska in a negative way? It's OK, I was just curious. I don't know.

JOHN HANSEN: Well, I-- So there's-- there's a fundamental difference of economic interest, as you know, between interests of livestock producers and the folks who buy and process our products. And so there's always that constant tension. And so, you know, we're-- we're struggling right now in the meat sector because of the amount of concentration that we have. And these large companies-- two of the largest meat processing companies that we have in our United States are not United States companies. One is JBS from Brazil and the other one is Smithfield that is owned by the Chinese government. And so, they have their own particular interests. And I represent the interests of the folks who do the work, take the risk to produce the product.

B. HANSEN: OK. Yep, I don't have much of a problem with resolution. It makes sense to me. I was just kind of worried about for curiosity. Thanks.

JOHN HANSEN: Yep, and they-- they are the companies who have consistently fought country of origin labeling because it is a moneymaker for them at our expense. The other thing that I think needs to be clear here is that when the United States of America, the world's largest food producing nation in the world, lost its own ability to identify and differentiate its own meat products in its own market, and the WTO made that decision, it did not adversely impact any of the other countries in the world's abilities to have country of origin labeling in their countries, and our producers continue to sell into those markets who consistently use country of origin labeling in their markets, except that the U.S. is the only one who is impacted by that decision.

HALLORAN: OK. Thank you, Senator Hansen and Mr. Hansen. I'm just curious, so beef that is made in the USA and processed in the USA and shipped abroad, isn't it likely it receives a premium in the broad international market because it's made, it's-- it's Nebraska beef?

JOHN HANSEN: In some places, I'm sure it does. You know, it really, I think, depends on the market. You know, and there's some countries

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that are-- their consumers are now-- when I've toured French markets, for example, you know, I know what country that particular meat product came from, but you got to see a picture of the farmer and the farm itself that it came from, so the French are very supportive of their-- their producers.

HALLORAN: OK, very good. Thank you, Mr. Hansen.

JOHN HANSEN: Thank you.

HALLORAN: Additional proponents of LR284? Welcome. Good afternoon.

ASHLEY KOHLS: Good afternoon. My name is Ashley Kohls, A-s-h-l-e-y K-o-h-l-s, and I serve as the vice president of government affairs for Nebraska Cattlemen. I'm also here on behalf of Nebraska Corn Growers Association, Nebraska Farm Bureau, Nebraska Soybean Growers Association and the Nebraska Pork Producers. So our members believe that current product of the U.S. labels are a disservice to American consumers and livestock producers alike. The claim implies a meat product is entirely of U.S. origin. However, in reality, imported meat products are eligible to be labeled product of the USA as long as the product has been minimally processed or repackaged in a USDA inspected facility. This is-- it is not subject to source verification. It is not tied to any kind of food safety standard and is applied by packers or retailers in a manner that does not deliver value back to livestock producers. There is a growing desire among consumers to know more about the origin of food they purchase. It is critical to livestock producers are empowered with opportunities to market their high quality meat products in a way that allows them to differentiate the source of their product from competitors and potentially increase profitability. We believe the product of the USA label does not meet the expectations of today's consumers, and dis-- disincentivizes the use of voluntary source verified claims that allow livestock producers to distinguish their products more effectively in the marketplace. Several of our national organizations have required-- have requested, excuse me, that USDA Food Safety Inspection Service eliminate the generic product of the USA label, rendering all claims relating to U.S. origin ineligible for generic approval. This action allows livestock producers to develop voluntary, verifiable origin marketing claims that deliver tangible benefits to livestock producers without violating trade rules. This approach is a win for farmers, ranchers and consumers because voluntary source verified labels represent investments made by farmers and ranchers to continually improve their products and meet consumer demand. Marketing through source verification provides a more accurate and truthful description of the product. This will reduce the potential for consumer confusion while

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increasing the ability for livestock producers to capture additional premiums for their products. This testimony was also submitted online, so there's information about what the Biden administration is doing, which Senator Blood and John have already mentioned. But I want to address the question that Senator Ben Hansen had to the previous testifier, so would a business in Nebraska be harmed if USDA modified their product as USA board requirement. And my answer to that is no, because if you became a validated and verifiable process, they would simply have to go through the process to get that product of the USA label and then they could use it. So it's truth in labeling. So if they want a product that was born, raised and harvested in the USA and put product of the USA label on it, they need to make sure that product is born, raised, harvested in the USDA-- USA. So then they would have to go through USDA to actually get that label to put on it.

HALLORAN: OK. Thank you, Ms. Kohls. Any questions from the committee? Senator Gragert.

GRAGERT: Thank you. I'm just interested to ask, have there been any studies completed on Nebraska beef or USA beef versus other beef? What would-- would a consumer be willing to pay 50 cents, \$1 more?

ASHLEY KOHLS: There have been studies. I don't know the answer to that from the top of my head, but I will email you that study with the cliff notes for, after this. I couldn't tell you off the top of my head what those studies are, but they have been done.

GRAGERT: Thank you.

HALLORAN: OK, thank you, Senator Gragert. Additional questions? Seeing none, thank you so much.

ASHLEY KOHLS: Thank you.

HALLORAN: Are there additional proponents of LR284? Good afternoon again.

JIM DINKLAGE: Good afternoon again, senators. Jim Dinklage, J-i-m D-i-n-k-l-a-g-e. I'm here to represent Independent Cattlemen of Nebraska and myself as a Dinklage cattle feeder. Good afternoon, senators. I'm here to testify before the Ag Committee to give partial support for LR284 introduced by Senator Blood. I agree that Nebraska Legislature should give support for an objective review of the product of U.S. label on consumable products such as meat. The label is deceptive and does not tell the origin of the product for the consumer to understand. The part of this bill that I don't agree with, is the

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continued review by the U.S. Department of Agriculture. It has been over seven years since M-COOL was voted out by Congress. Thanks to the World Trade Center Organization saying that it was discriminatory, it was put in the hands of the USDA. It was-- it was to be reviewed and changed to comply with the demands of the World Trade Organization. USDA has done nothing but sit on it. The consumer is still confused. The United States beef is still adulterated with the foreign meat by the packers and labeled product of the USA. LR284 should be amended to include the American Beef Label Act of 2021 or bill S2716, presented to the Senate on September 13, 2021. This act amends Agriculture Marketing Act of 1946 to establish country of origin labeling requirement for beef and for other purposes. The bill was too much to read in that-- in the time allotted here for this testimony, so you can, Google S2716 by 117th Congress. Thank you.

HALLORAN: All right. Thank you, sir. Are there questions from the committee?

JIM DINKLAGE: I heard questions before, I wish you guys would ask me.

HALLORAN: Yes, Senator Brandt.

BRANDT: Some of the questions we asked before, do you have any specific answers?

JIM DINKLAGE: Well, you talked about the cost of the label. A label is going to cost you the same as product of the USA or country of origin labeling or if it's born, raised and slaughtered in the United States. The only difference is it might take a little bit more ink. That-- the cost of that labor, that's-- that's excusable.

BRANDT: So as an independent cattleman, and I raise cattle also, what do you feel that would bring back to the feedlot or the ranch on a per head basis, being able to do this? Do you-- do you have any idea?

JIM DINKLAGE: Well, I had cattle on feed when they had M-COOL, it was bringing in over \$2,300 a head. In the last year, guys were hardly bringing in \$1,200 a head. It's all about money. The last time I fed cattle, there were 65,000 head of cattle coming here from Canada to northeast Nebraska and northwest Iowa. That killed the market. Those cattle that I had on feed at that time lost me 25 head-- \$25 a head. There's a packing house in Omaha, this summer only killed Canadian cattle because they had an agreement with the feedlot that's all they were killing. And that feedlot, you can't blame them for buying the cattle because-- because of the almighty dollar, they made good money out of it and were not getting paid what they should have. The packer

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were still making a tremendous amount of money, but you got to do it in dollars. I had a cousin say, if you got a million on head-- a million cattle on head, which he did, if you made a dollar, he made a million dollars and turned it three times, he made three million dollars. He did it by numbers.

BRANDT: All right. Thank you.

HALLORAN: Thank you, Senator Brandt. Senator Gragert.

GRAGERT: Thank you, Chairman. Thank you for your testimony. I was wondering if you had any history of the COOL labeling back when-- was there's terrori-- were there terrorists that came into play when they were debating whether to have--

JIM DINKLAGE: No.

GRAGERT: Terrorists-- COOL may have affected another terrorists?

JIM DINKLAGE: No, not that I know of.

HALLORAN: OK, thank you. Thank you, Senator Gragert and Senator Hansen. Thank you.

B. HANSEN: There's a section in this resolution that says that Biden administration directed the USDA to consider new rules defining the conditions under which meat products can bear product of the USA and other similar labels. Do you have examples of what other similar labels might be?

JIM DINKLAGE: Well, I have a feed-added product, and I have a round sticker that told product of the USA because I make it. I make it. And you can get a company to certify that to the United States, that you're a certified U.S. company that's making your product in the United States.

B. HANSEN: OK. I just don't know if that meant Bob's Farm, you couldn't put that label on there, or--.

JIM DINKLAGE: Pardon me.

B. HANSEN: I didn't know what that meant when it says other similar labels when comparing it to product of USA. I don't know what kind of labels are typically put on beef. I kind of do, but like, I don't know what different kinds there are, so I just didn't know what that-- that kind of broad base notice meant, so.

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JIM DINKLAGE: It is. On beef we'd like to see born, raised and slaughtered in the United States. That's what we want to see on that label. That way, the consumer will know it started here and ended here.

B. HANSEN: Sure. OK. Thanks.

HALLORAN: Thanks, Senator Hansen. Any further questions? Seeing none, thank you Mr. Dinklage. Appreciate it.

JIM DINKLAGE: Thank you.

HALLORAN: Are there additional proponents on LR284? Seeing none, are their opponents to LR284? Opponents? Seeing none, any in the neutral position? Seeing none of those either. Senator Blood.

BLOOD: So while I was sitting here, I emailed all of you the information from the call that I referenced from two months ago that is in reference to not only labeling but other issues that they're moving forward, hopefully in Washington, D.C., to protect ag. I have to say, my-- my friend, Mr. Dinklage, and I had a discussion about M-COOL and if you remember, I know that-- that your analyst would remember this, I dropped a bill that was in reference to M-COOL originally-- a resolution. And then we thought there was going to be quite a bit of opposition, so what we tried to do was find the middle ground. So I'm-- I'm sad that I had to disappoint my friends in the indepen-- independent cattle industry, but I'm hoping that they see this as a movement forward as opposed to no movement at all. And it's meant to protect all of our cattle, so. I'd also like to say that there was some research done in reference to this type of labeling, and 89 percent of the people that were surveyed said that they would like to have a clear label as to where their meat comes from, and they want to know if it does come from another country. And I think we all know that most people prefer to buy American. Right? That's just being a good citizen, keeping all our dollars when it belongs. So I hope-- I got to say I was really surprised when you ask me so many questions and next time I should be better prepared. But I really do hope you see that this is important, that we use our voice and we let our federal folks know that we're watching them and that we want to get this stuff done because unfortunately, it doesn't seem they get anything done very quickly at the federal level the last few years. So let's just let them know that we do care and we're asking them to keep pushing this forward.

HALLORAN: All right. Thank you, Senator Blood. Any final questions from the committee? All right. Thank you very much.

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BLOOD: Thank you.

HALLORAN: For the record, there were three position papers-- three position comments in proponent and one neutral. All right, that closes. Thank you. That closes the hearing on LR284.