

Transcript Prepared by Clerk of the Legislature Transcribers Office
Agriculture Committee February 4, 2025

DeKAY: Welcome to the Agriculture Committee. I am Senator Barry DeKay of Niobrara, Nebraska. I represent the 40th Legislative District. I serve as chair of this committee. The committee will take up bills and confirmations in order posted on the agenda at the door. Our hearing today is your public part of the legislative process. This is your opportunity to explain your position on proposed legislation before us today to offer insights and information for our consideration. The committee members might come and go during the hearing. This is just part of the process, as members can have bills to introduce in other committees. I ask that you abide by the following procedures to better facilitate today's proceedings. Please silent or turn off your cell phones. Intro-- in-- 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 fill out a green sheets-- green sign-in sheet that is on the table at the back of the room before you come up to testify. Please print. And it is important to complete the form in its entirety. When it is your turn to testify, hand the sign-in sheet to a page or to the committee clerk. This will help make a more accurate public record. If you do not wish to testify today but would like to indicate your position on a bill, there are yellow sign-in sheets at the back of the room. These sheets will be included in the hearing record. If you have written statement or other handouts, please have 12 copies and hand them to the page when your-- when you come up to testify and they will distribute those to the committee. If you do not have enough copies, a page will make sufficient copies for you. Please speak clearly into the microphone. Tell us your name. And please spell your first and last name to ensure that we get an accurate record. We will be using the light system for all testifiers. You will have five minutes to make your initial remarks to the committee. When you begin, the green light will be on. When you see the yellow light, that means you have one minute remaining. And the red light indicates your time has ended and you should conclude your remarks. Questions from the committee that follow will provide an opportunity to further explain your position. No displays of support or o-- opposition to the bill vocal or otherwise are allowed at a public hearing. Offenders may be asked to leave. The committee members with us today will introducing themselves, starting with my far left.

McKEON: Dan McKeon, District 41: eight counties in central Nebraska.

RAYBOULD: Jane Raybould, Legislative District 28, which is the center of Lincoln.

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IBACH: Teresa Ibach, District 44, which is eight counties in southwest Nebraska.

DeKAY: And Teresa Ibach is the vice chair that will be taking care of part of this committee today. Now the senators to my far right.

STORM: Good afternoon. Jared Storm, District 23, which would be Saunders, Colfax, and most of Butler County.

KAUTH: Kathleen Kauth, District 31: the Millard area.

HANSEN: Ben Hansen, District 16, probably the best district in Nebraska: Washington, Burt, Cuming, and parts of Stanton Counties.

DeKAY: To my immediate right is the committee research analyst Rick Leonard, and our committee clerk is Linda Schmidt that is seated at the far left. Our page for the comm-- our pages for the committee today will introduce themselves.

TATE SMITH: I'm Tate Smith. I'm a third-year student at UNL, studying political science.

LAUREN NITTLER: I'm Lauren. I'm a second-year student at UNL, studying ag econ.

DeKAY: Thank the-- thank you. With that, we will open the hearing with the first item on the agenda.

IBACH: First item up today is LB245. Senator DeKay.

DeKAY: Thank you. Since this is just a simple cleanup bill, my introduction will be limited to 20 to 25 minutes. Thank you, Senator Ibach and the members of the committee. I am Senator Barry DeKay, B-a-r-r-y D-e-K-a-y. Representing the Legislative District 40. I will give a brief description of the purposes of LB245, which I brought at the request of the Department of Agriculture. LB245 would amend the Nebraska Pure Food Act to incorporate the 2022 Food Code recommendations of the Food and Drug Administration. The food code has long been adopted by Nebraska, and I believe almost all other states has a system of science-based and uniform standards to be followed in food manufacture, retail and food service, and safeguarding against risks to public health from foodborne illnesses, ensuring food is unadulterated and honestly presented when offered to the consumer in commercial food settings. The food code is revised periodically to include updated standards based on regulatory experience and new understandings about how to mitigate risks learned from scientific

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study and evaluation of causes-- of incidents of food illness. Legislation is introduced to the Legislature from time to time to incorporate the more recent updates to the food code into the Pure Food Act. The last general update of Pure Food Act was LB3-- LB835, passed in 2020, which incorporated the 2017 Food Code. Briefing items provided by the staff provide a more detailed review of the changes brought about by the bill. And following me will be Director Vinton, who will more thoroughly explain the changes proposed in the bill and the reasons behind them. In addition to updating the standards governing food establishments, LB245 proposes a significant upward adjustment in the annual license and inspection fee caps charged to licensed food establishments. The department's Pure Food Inspection program is currently supported by a combination of cash funds generated by these fees and general funds, which is roughly a 50/50 split. The current fee caps were put in place in 2012 and have been adjusted by the department over time to maintain the Cash Fund contribution but are now at the statutory maximum. It is my understanding that the fee schedule would enable the department flexibility to partially replace general funds or even fully cash-fund the Pure Food program as one of the means to reconcile the department's ongoing obligations with proposed reduction of general food appropriations to the department contained in the governor's budget recommendations. Again, staff has included in the briefing items to prepare for this hearing information to place the fee revisions in context with the budget consideration. Thank you for your attention. I would entertain any questions, but I would largely defer to Director Vinton and other witnesses to provide more expert-- and explanation of the details of this bill. Thank you.

IBACH: Thank you, Senator DeKay. Are there questions from the committee? Seeing-- oh. Senator Raybould.

RAYBOULD: Thank you, Senator DeKay. I know you've mentioned that the fee structure has been changed since 2012, and it seems like there has been an-- a big increase in the, the fees that are being proposed. And I think you gave a good explanation, but could you say, say-- give that explanation again so it'll sink in?

DeKAY: Well, the fees are, are going to be increased. And I can see where we will be expanding the, the cash funds on them. And-- so it's going, it's going to briefly-- or, basically go from-- up, up to \$86 from-- on, on this licensing from-- if I can find it here.

RAYBOULD: It looks like it's going from \$86 to \$200.

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DeKAY: That-- we're at the \$86 maximum right now. We can go to \$200, but that will be done over time depending on how much cash funds-- how we'd balance that with the cash funds going forward. It's not going to go from \$86 to \$200, but that's where we'll probably end up over time.

RAYBOULD: OK. Thank you.

IBACH: Very good. Are there other questions? Seeing none. Thank you, Senator.

DeKAY: Thank you.

IBACH: And can we have the first proponent?

DeKAY: I'll try to stay for closing.

SHERRY VINTON: Good afternoon, Senator Ibach and members of the committee. My name is Sherry Vinton, S-h-e-r-r-y V-i-n-t-o-n. And I am the Director of the Nebraska Department of Agriculture. I'm here to testify in support of LB245. And I would like to thank Senator DeKay for introducing this bill at the request of the department. LB245 amends the Nebraska Pure Food Act by updating provisions for food establishments and the adoption of the 2022 FDA Food Code and the adoption of updated federal regulations for food processing plants in the state. These updates are more specifically addressed in our written testimony. The bill also increases the statutory ceiling for fees charged to cover the costs of food inspection-- of the food inspection program. It's important to note that the fees will be set based on budgetary requirements for the existing program, and the ceiling increase is not associated with growth in program activities. Under the act, fees are set each July 1 based on a statutory formula with a specified maximum ceiling for each fee type. The current statutory ceiling was last increased in 2012. And pursuant to the statutory formula, the fees have been at the maximum since July of 2023. The existing caps were set so that the food inspection program costs were funded approximately a 50/50 General Fund match with revenue generated by fees. Allowing fees to be set at a higher rate will decrease the burden on the General Fund and potentially eliminate the need for any general funds used for the food inspection program. Approximately \$850,000 in general funds could be saved annually by adopting both this bill and the weights and measures bill we will be discussing later. We could save \$1.7 million of general funds. In fact, if the statutory ceiling is not increased, we would be ma-- we would not be maintaining the status quo. The department would be forced to use more general funds to cover costs of the program.

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More general funds would need to be used than are currently being used because we-- because our operating costs have increased by about 30% since the statutory caps were established. Additionally, the new state maximum fees would not be out of line with the permit fees of the state's local jurisdictions with their own regulatory authority to permit food establishments. The new statutory maximum fees in LB245 are only about half of what most, most food establishments pay in Lincoln and Omaha. A listing of their fees is attached in the written testimony as well. I would also ask for the Agriculture Committee to consider amending LB245 to address an issue that has "arigen" this legislative session in regard to medical marijuana and hemp and food products. The department does not have the resources to inspect an even greater number of food establishments that could be created under these bills. In the written testimony, you will find a proposed amendment to exempt facilities similar to pharmacies that sell shelf-stable products from being permitted as a food establishment. With that, I would like to thank Chairman DeKay again and the Agriculture Committee again for the consideration of LB245. I'm happy to answer any questions you may have.

IBACH: Very good. Are there questions from the committee? Senator Hansen.

HANSEN: Thank you. Wouldn't you say in general this is putting more regulations on small businesses or keeping it the same or, or less regulations?

SHERRY VINTON: The regulation is no different. If anything, there's a little bit-- there's some amendments in the food code. For example, the water for washing your hands no longer has to be 100 degrees. It can be 85 degrees because studies have shown that people actually wash their hands longer at that temperature. So I guess you could say that would be less of a regulation. And there's a few little tweaks in there that would make it less burdensome. But it does increase fees.

HANSEN: OK. Thanks.

SHERRY VINTON: That's the main purpose.

IBACH: OK. Is there other questions? Senator McKeon.

McKEON: So I was looking at this paragraph here about the medical marijuana and hemp products. What's-- are-- is that going to be something different? How are we going to look at those products then in the-- for the committee?

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SHERRY VINTON: It really isn't looking at the product so much as it is looking at the establishment. So right now, the Department of Agriculture does not inspect pharmacies that are selling medicine or supplements. We're not required to establish those. But if you look at some of the various six or seven bills, I believe, that are dealing with, with medical marijuana, we wouldn't want that to be construed as food. So we wouldn't want to have to-- for example, what's, what's the definition of a dispensary? It would be more like a pharmacy. And it wouldn't be something that should be inspected as a food establishment. It's different.

McKEON: So [INAUDIBLE] there are things that have in food products in other states with the marijuana [INAUDIBLE]. How would that [INAUDIBLE] of inspecting those? Because they would be a food product.

SHERRY VINTON: They would be adulterated. And that doesn't fall on the pur-- under the purview of the Department of Agriculture.

IBACH: Thank you, Senator McKeon. Other questions? I just have one, if I can. I noted that the bill requires persons in charge of food establishments to have the ma-- food manager credentials.

SHERRY VINTON: Correct.

IBACH: Can you go over some of those credentials for us?

SHERRY VINTON: You bet. I'm not familiar with the specific con-- credentials, but that, that certification can be met by an online course. For example, one that's called ServSafe is, is very popular. And what they have found is if there is a food manager on site, a food program manager that has those credentials, there's a drastically reduced incidence of norovirus. I think you'll find it in your testimony, the written testimony. If that is on site, it-- the, the incidence of it is-- goes to, like, 20% versus 80%. So it really teaches the basics of safe food handling. And that certification has never re-- been required. And it can be met by a simple online class. And I think it would reduce foodborne illnesses.

IBACH: I think we had a bill that spoke to that, didn't we, last year or the year before?

SHERRY VINTON: Perhaps.

IBACH: Thank you.

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SHERRY VINTON: So that might be a little bit of increased regulation, but minimal. And it's more like education that our inspectors are providing now.

IBACH: And kind of a necessary-- it-- I would-- as a consumer, I would feel more confident knowing that food service managers are actually getting training.

SHERRY VINTON: It would be a very good thing, in my opinion.

IBACH: OK. Thank you. Other questions? OK. Seeing none. Thank you, Director Vinton.

SHERRY VINTON: Thank you.

IBACH: Are there other proponents? Seeing no other proponents. Are there any opponents? No opponents. Anybody in the neutral? Are you, are you "opponening?"

JOHN HANSEN: Yes.

IBACH: OK. Open.

JOHN HANSEN: Madam Chairwoman, members of the Agriculture Committee. Good afternoon. For the record, my name is John Hansen, J-o-h-n; Hansen, H-a-n-s-e-n. I am the President of the Nebraska Farmers Union and appear before you today as our organization's lobbyist. To be clear about what the nature of our opposition is, it is not any of the things that, that have to do with the updating of the, of the 2022 Food Code or updating and, and harmonizing with the, the new-- newer version of the regulations or even updating or changing the, the fees. What causes us to be opposed is a big picture look at the, the, the substantial change in public policy relative to how it is that we pay for these services that are important public health safety services. And that is we're moving from a 50/50 cost share basically between the private sector that's regulated and the public sector that oversees, has the authority, and provides the services. So with the kinds of fee structures that we're looking at in this particular bill-- and I understand that, that the governor didn't see fit to fund the Department of Ag about \$1 million more money than they really needed and they-- that they do need in order to operate. So they're, they're finding ways to try to shift their costs to other areas to reduce the amount of-- to be able to por-- continue to provide services. So what does this shift mean? Well, if you followed Farmers Union historically, we've not always been a very big fan of fees generally, but we've kind of got drug kicking and screaming to a 50/50 cost share

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kind of policy. And we think that that's a, a, a more fair and balanced policy. But if you look at the impact of this amount of fee increase on all the different folks who pay these fees, I think it would be fair to say that a disproportionate amount of the fees for the small folks, for the small grocery store trying to stay open, for the small restaurants trying to stay open, for the food trucks, for all of the smaller end of the food sector here that would be paying these fees, that this amount of fee increase becomes fairly regressive and that-- it'll be felt by everyone, but will be felt more so by the folks at the small end of the food service pool. And so we have a hard time looking at that and say, if we move this direction now to help get ourselves out of a situation where we're needing to find tax reductions, I can't help but look at what it is that we've just done big picture relative to how it is we raise money. So we very strongly oppose what happened to the very substantial reduction in income tax rates and, and revenues that we did two years ago. We said two years ago that if we go down this road, we're going to find ourselves short of money in the very near future and then we're going to come up with a more regressive way to raise money. So of all the taxes that we pay in terms of the big picture, the one that is the most fair based on ability to pay is still the income tax. If you're making it, you can afford to pay it. And that's what most people think. So somewhere in the, in the pecking order of the regressivity or progressivity, however you want to look at it, or the fairness, I always look at ability to pay. So to me, depending on sales taxes, depending on property taxes and then fees, the, the fact that we have a lot of small food sector providers, it's a tough business. And these guys are, are struggling to keep their doors open. And, you know, it's always a big win in a small town when you can keep a cafe open for two years in a row and with the same ownership. And so I think that the fee structure here is regressive enough that it causes us to be in an opposition position and would caution the committee to think very carefully about the overall picture of funding of services before we give up the 50/50 cost share and move to a system where fees drive the, the entire funding process. And with that, I'd be glad to end my testimony and answer any questions if I could.

IBACH: Great. Thank you very much. Are there questions from the committee? Senator Hansen.

HANSEN: So you view this-- thank you, Vice Chair-- so you view this as kind of like a unfunded mandate on small businesses?

JOHN HANSEN: Well, Senator Hansen, that's an interesting question. An unfunded mandate. It, it certainly-- apples to apples. If this goes

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through, compared to next year and compared to last year, all of a sudden you picked up a lot of additional costs for a public service that was-- that you were paying half of the costs for the year before in order to [INAUDIBLE] and make sure that our food system is safe and you're operating properly. So you, you just got hit with a bigger bill. And so it certainly is a shift. So whether it's an unfunded mandate or not, it is a regressive shift, I would say, in my opinion.

HANSEN: OK. OK. Thank you.

IBACH: Thank you, Senator Hansen. Senator Kauth.

KAUTH: Thank you, Chair. So aren't these fees being applied to businesses that, that's-- correct. The businesses, not public services, correct?

JOHN HANSEN: Well, it, it's-- the, the folks who are in the food sector who--

KAUTH: Right, but they're, they're running businesses.

JOHN HANSEN: --that are being regulated.

KAUTH: They're running businesses.

JOHN HANSEN: They're, for the most part, running businesses, yes.

KAUTH: So the, the fees are a cost of doing business, correct?

JOHN HANSEN: It's one of the costs of doing business, yes.

KAUTH: And then the cost of doing business are things that are written off on taxes also, correct?

JOHN HANSEN: Written off is, is--

KAUTH: They're-- it, it, It's a, it's a justifiable business expense. And so it is not factored into your-- the, the total profit for the, the business, so-- because it's an actual expense. So I guess I'm confused by why-- first of all, your statement that the ability to pay. It sounds very much like people should only pay what they can afford to pay, which seems very socialist, which-- that's a whole nother topic. But I guess my concern is you're, you're talking about this as if we are deliberately trying to hurt small businesses by just changing the fee structure. And you think that these fee structures

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are not appropriate or-- I guess I'm trying to figure out what it is about the fee structure that you don't like.

JOHN HANSEN: So, so the, the ability to be able to pass costs on have something to do with who pays it. So do your customers pay it or do you pay it? Some folks are more or less able to pass costs on. But if you're a small-- if you're a small restaurant or a small grocery store or a smaller food truck or any of those things, these are, are fairly marginal operations, for the most part. We, we struggle to keep grocery stores open. We struggle to keep cafes open in, in rural Nebraska. So all of a sudden, you're a, a struggling, smaller business and you're picking up a substantial increase. Yeah, 2.3 times increase in the rate of the, of the fees. And you, you look at going from paying half the cost to all of the costs. It is a shift from the overall tax revenue structure to you as a business owner. And so I don't think it's helpful to small business. I don't think it's helpful to all of those folks that, that, you know, that I tend to represent across rural Nebraska.

KAUTH: So, so the money they-- usually comes from the Department of Ag. That's money that is taken from taxpayers. And so if we're trying to reduce the amount of money coming from the state to reduce what taxpayers are paying and then pass it to the people-- make the, the businesses pay that fee instead. So you don't like the idea of, of directing the taxes where they're being used or you like the idea of taking the money from everyone?

JOHN HANSEN: I, I think that what we do to protect the safety-- I mean, this is the-- given the name of the bill, this is about providing the necessary regulatory structure in order to protect the public interest. I think it's a legitimate public expense. I think it ought to be paid for by the public in a, in a, in a fair and reasonable way. I think that's a more fair way to pay for it than to shift 100% of the costs of those-- of the regulatory costs to business owners who are not of an equal position to be able to afford that amount of additional cost.

KAUTH: OK. Thank you.

JOHN HANSEN: I argued the same thing about farmers generally and fee structures for years, saying that these are legitimate-- you know, regulatory functions of government and ought to be paid for in a, in a more uniform kind of way.

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IBACH: Thank you, Senathor Kauth. Any other questions? I just have one. Do you think that any of these fees currently are passed on to the customer through cost of goods or cost of services?

JOHN HANSEN: Well, the, the ability to be able to pass on costs are-- it's, it's hard to measure, but it's also depending on your size, depending on your, you know, how much competition you have, depending on where you are in the food system. It's more or less difficult for different kinds of players. And I, I don't have a, you know, a magic way of looking at it, but generally the small businesses and the smaller folks are, you know-- it's more difficult for them to pass costs on. And so, you know, if you're running a small-town cafe and you pass it on and your customers say, you know, that's just too much for coffee, they don't come back.

IBACH: Yeah. I can attest to that.

JOHN HANSEN: Did you pass it along or did you not?

IBACH: Yeah. Thank you.

JOHN HANSEN: Thank you.

IBACH: Any other questions? Thank you very much for--

JOHN HANSEN: Thank you.

IBACH: --coming in today. Any other opponents? Anybody in the neutral capacity? Welcome.

ANSLEY FELLERS: Thank you. Thank you, Vice Chair Ibach and members of the committee. My name is Ansley Fellers, A-n-s-l-e-y F-e-l-l-e-r-s. I'm here on behalf of the Nebraska Grocery Industry Association, along with the Nebraska Hospitality Association. And I'm testifying in a neutral capacity on LB245. In the interest of time savings, my comments would be substantially similar on LB394. I think you'll hear in that opening in-- from the department it's been brought for similar reasons. And I, I think, to be entirely fair, we're here in a neutral capacity because we understand that the fees haven't been increased in a long time. We also understand what the department and what the administration's goals are in terms of taking-- you know, saving general funds and using increased fees. Again, we're not entirely sure what that looks like, but we have been in these negotiations previously, and I can tell you a couple of things. Eliminating that 50/50, you know, General Fund fee fund situation definitely hits our smallest entities, our smallest establishments the hardest. Any time

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you go from \$50 to \$200, that's absorbed a lot easier by larger establishments than it is smaller ones. The General Fund split broadens the cost. This actually narrows it. So you heard from the department that there will be an \$838,000 savings from this bill. There might be another \$850,000 savings in LB394. If we're saving \$1.7 million in general funds, that means that's \$1.7 million, \$1.7 million being made up by the industry. So somebody will pay that. I haven't been able to necessarily reconcile that number with the-- in the fiscal note, that savings, with what level the department intends to take the fee increase. We just heard in the opening that they're talking about not going up to the statutory maximum immediately. That would be one request we'd ask of the committee. That's been part of the negotiations for local fees in the past, that you don't necessarily increase the statutory maximum all the way right away, that maybe you go up 3% to 5% in one year, 3% to 5% the next year to allow our companies, our establishments to budget for these increases and not experience a 200% or a 250% increase in one year. So that would be-- that would be something we recommend. We would also just ask for some thoughtful consideration of these full cash-funded entities simply because those have been targeted for sweeps in the past. So I know-- Senator Kauth, you mentioned, you know, taking the general funds and putting them into these cash funds and how that doesn't make sense to everybody. And I think from the industry's perspective, taking those fee funds and putting them into the General Fund also doesn't make a lot of sense. So we have some concerns about those getting swept previously and swept again and just resulting in increased fees in the future. In summary, we just asked for a gradual increase, some consideration about full cash funding. And with that, I'm happy to answer any questions. I'm not sure that was very helpful.

IBACH: Thank you. Are there any questions? Senator Raybould.

RAYBOULD: Yes. Thank you, Ms. Fellers, for being here. So as it is currently written in the bill, it does not stipulate graduated or it gives the Department of Agriculture the, I guess, the authority to go ahead and establish the fees? Or are you suggesting that we need to have a little bit more precise language in it?

ANSLEY FELLERS: That was my understanding. And I, I assumed that they were going-- that in order to put together the fiscal note and the \$1.7 million in savings between the two bills, I assume that was the consideration, that they would be going to the max. If it's-- if that's not the case, we would definitely welcome hearing that. That's how I assume they got to that cost savings.

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RAYBOULD: OK. Thank you.

IBACH: Very good. Are there other questions? Senator Storm.

STORM: Thank you. Thank you. So we're talking about one fee here or a couple other fees. What other fees do your clients pay? Because I think this is-- people need to realize this might be a small amount of a fee we're talking about, but small business owners pay fees on a lot of different items. So what other fees do--

ANSLEY FELLERS: A lot. The inspect-- yeah. Thank you. Yeah. I mean-- so for, for instance, I'm looking-- if I'm looking at LB245 and LB394, we're talking about food establishment inspections and we're also talking about anybody that may be a C store. So they might have food availability or food prep and then also have fuel retail, things like that. So that would-- that's kind of a double whammy to them. Again, I, I think-- to your point-- and I know the director mentioned local fees, so that varies by location as well. That's-- this is not even getting into things like federal regulation, right, and other state regulations that I could probably opine about for the next two hours. But I think-- yeah. To your point, everything you see listed hits the people I represent. And some of those things, you know, some of them hit-- in, in some cases, several of these things hit them, right? And so it's not just going from \$50 to \$200 over here. You might be going from \$50 to \$200 and then \$96 to \$250 and then \$143 to \$300. And eventually that adds up.

STORM: And a fee is a tax.

ANSLEY FELLERS: Yeah. And I think-- yeah. Thank you, Senator. I'm glad you asked that. I think we're a little bit-- maybe I'm a little bit on the other side of Mr. Hansen in that regard in that I think industries generally are OK paying for the things that benefit their own businesses. I think the heartburn comes when we face the reality, which has been the last several years of those fees getting pulled in and used for other things. So if-- you know, I think if they knew that it was going to benefit their industries or if, you know-- to the extent that the \$1.7 million that was being saved, right? We knew kind of-- like, there was some benefit coming on the back end of that. I think, you know-- again, I'm not sure what the level is here, but there could be some compromise.

STORM: So what I would contend-- you know, instead of raising it 250% or 400% or 300% or whatever in one year, the fairest way would be a gradual, you know, raise.

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ANSLEY FELLERS: Thank you. Yeah. I think we'd really appreciate that.

STORM: Small-- because you look at small towns and small towns, if you're lucky enough to have a grocery store in your small town in the Sandhills or wherever else, that's vital to your community. And so I think we have to be conscious of that as well when we're doing this, so.

ANSLEY FELLERS: Thank you.

IBACH: Thank you, Senator Storm. Senator Raybould.

RAYBOULD: Yes. Ms. Fellers, can you clarify-- so the, the fees that, that are charged to establishments, are they going to be going to the Department of Agriculture that has the oversight or are you saying they're just going to the general funds?

ANSLEY FELLERS: So what I'm un-- my understanding here is that the department is asking on behalf, I, I think, at the direction of the administration for the department to go entirely in this regard to cash funds. So currently, these funds are 50% General Fund, 50% Cash Fund. The idea here is to increase the fees to make up for that 50% General Fund and just eliminate any contribution from the General Fund. And historically-- yeah. I mean, I, I've said this-- sorry. I've said this three times. It probably bears repeating a lot of times. But I feel like that, that the Cash Fund, I think-- you know, others can correct me, but I think the industry is OK paying some amount. And understanding that we haven't had an increase in more than ten years, I just think a, a large increase the first year, you know, year over year is, is tough to swallow. And then also the fact that there isn't a guarantee that we increase the fees and then it's not swept into the General Fund anyway.

RAYBOULD: OK. Thank you.

ANSLEY FELLERS: Does that make sense?

IBACH: Thank you, Senator. Any other questions? Senator Hansen.

HANSEN: Thank you. Can we use money from the Grocer Reinvestment Act to help pay for this?

ANSLEY FELLERS: We, we don't have a Grocery Reinvestment Act.

HANSEN: Oh, OK. All right. That might be coming up soon.

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ANSLEY FELLERS: It's coming up, yeah.

HANSEN: Thanks.

ANSLEY FELLERS: I know that-- I feel, I feel like I am not the one you have to ask [INAUDIBLE]. Thank you.

IBACH: Thank you. I have one more question if no one else has a question. And I've been trying to find it in here. I thought I read where there-- I, I noticed that any health care facility, any nursing home, governmental organizations, educational institutions are included. Is there anybody that's exempt from this program? Do you recall seeing that?

ANSLEY FELLERS: Not for food. I, I don't think for food inspection purposes. I think that-- yeah.

IBACH: All right. Thank you. OK. Seeing no other questions. Thank you very much for your testimony.

ANSLEY FELLERS: Thank you.

IBACH: Is there anybody else here in the neutral position? Welcome.

ASHLEY DEMPSEY: Good afternoon, senators. My name's Ashley Dempsey, A-s-h-l-e-y D-e-m-p-s-e-y. I'm the Budget and Finance Administrator for the Department of Agriculture, and I was hoping I could provide some clarifying information on your questions. First, I'll touch on the ceiling that's being set here. It is not the intention of the department to go straight to that ceiling. We provi-- or, we do a analysis around April or May of every year to make sure we're keeping in line with the statutory requirements of the Cash Fund. And that is no greater than 107% of-- or, revenue can be no greater than 100%-- 107% of Cash Fund appropriations. And the Cash Fund balance at the end of the fiscal year can be no greater than 17% of Cash Fund appropriations. That addresses the fear of a sweep that was referenced. These funds, the food cash fund, and the weights and measures that will be discussed later have not been swept in my seven years with the department. Additionally, like I said, it's not our intention to go up to the max. We can entertain any sort of split from 50/50 to 25/75. Any bit will help, you know, shift the burden from the General Fund to the Cash Fund, understanding that if we don't raise these fees at all, the costs of these programs are going to continue to increase and it's going to be seen via appropriations requests where we're going to need more general funds to continue to support the program. So. And Senator Ibach, you asked regarding exemptions.

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There are exemptions. That's a little bit out of my wheelhouse. However, the department can get back to you on what those exemptions are.

IBACH: Great. I apologize. I should've asked the director. There any questions from the committee? Seeing no questions. Thank you very much.

ASHLEY DEMPSEY: Thank you.

IBACH: Anybody else in the neutral position? Seeing none. Senator DeKay, would you like to close? While he's coming up, we had 3 proponents, 5 opponent letters, and 0 in the neutral for LB245. Senator DeKay.

DeKAY: Thank you. Like was testified earlier, these fees have been put in place in 2012 and reached their limit and now have to be updated. The department's hope is to make it different in each of the funds and fees and reduce the pressure on general funds and in comparison to where these fees are compared with the possibly going to \$200 as compared to other areas of the state. Lancaster County, new permits are right now \$630 for a new permit, and a renewal for those permits are \$430. So from going from \$86 to \$200 in other parts of the state, this is just part of the process of updating our funds to go away from general funds if possible. So in regards to what Senator Raybould was asking about the step by step. On page 6 on line 12, that clarifies the statutory formula on how we get to 107%, 107%, so. With that, if-- any questions? I'll try to answer them.

IBACH: Thank you. Are there questions from the committee? Senator Hansen.

HANSEN: I should have asked this question earlier.

DeKAY: Yes.

HANSEN: But since we don't have in statute that we, that we have-- that they have to pay 50%, why don't you just keep the fees the same and they-- and then they just charge 100%?

DeKAY: Repeat. Louder.

HANSEN: So right now, there's nothing in statute that says they have to pay 50%. That's just been a standard I think we followed for, for a while. So why don't they just keep the fees the same? So instead of going up to \$200, you keep them at \$86. But now the business pays 100%

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of it instead of 50%. So you keep the fees the same, they just pay 100% instead of 50%.

DeKAY: Well, it's at 50/50. And, and as the, as the fees graduate, you know-- I mean, the funds-- we need to get away from general funds if we can going forward, and that's the intent of this. So if we're going to get away from general funds and we go possibly 50% to 75% to possibly 100%, that's where these fee increases come in.

HANSEN: OK.

DeKAY: Does that answer your question?

HANSEN: Sort of. So-- yeah. I'll-- yeah. I'll ask-- I'll talk about that later.

IBACH: Thank you, Senator Hansen. Any other questions? Seeing none. Thank you very much, Senator DeKay. That closes our hearing on LB245. And we will ask you to open on LB394.

DeKAY: Do you want me to introduce?

IBACH: Oh. Senator Holdcroft, would you please state your name for the record?

HOLDCROFT: Hello, everyone. Rick Holdcroft, District 36: west and south Sarpy County.

IBACH: Welcome.

DeKAY: I'm waiting for-- Rick. Thank you, Senator and Ibach. I'm Senator Barry DeKay, B-a-r-r-y D-e-K-a-y. Representing Legislative District 40. This bill is the second bill brought at the request of the Department of Agriculture. I will give a brief overview, and Director Vinton will follow me to explain more fully the changes proposed in the bill and the purposes behind them. LB394 would amend the Nebraska Weights and Measures Act to incorporate current reference documents utilized to-- as standards for the design function and performance for weighing and measuring devices utilized in commerce for accurate and transparent net content disclosures of package products priced and sold by weight or volume and the methods for inspecting and verifying the accuracy of scales, beaters, and other devices for measuring the amount of products transacted commercially. The Weights and Measures Act incorporates a number of handbook publications of the National Institute of Standards and Technology, as described in Section 89-186. I will not list each of

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them, but will defer to Director Vinton and other witnesses to follow to explain the purpose and utility of reference documents to businesses and to the department's duties under the act. I will note that these publications are periodically updated with recommendations of the National Conference on Weights and Measures and that from time to time legislation is brought to incorporate current editions. We currently incorporate the 2019 versions of the handbooks referencing the act. LB394 would incorporate the 2025 versions. The Department of Agriculture inspection program and other duties carried out under the act are supported through a combination of general funds and cash funds derived from annual fees paid by weighing and measuring the establishments. Briefing items provided by the staff for this hearing include a document showing the contribution to costs of the Weights and Measures program by fund source. Cash funds have generally provided 55% to 60% of the funding, and general funds the remainder. LB394 proposes a substantial and immediate increase in the schedule of annual fees paid by the regulated public in order to provide the flexibility to replace general funds currently supporting the program. As I mentioned in my opening on the previous bill, the governor budget recommendations include a substantial reduction in general funds to the department. The briefing documents staff provided helped place this bill in context with the budget proposals. With that, I will conclude my opening and [INAUDIBLE] any questions you might have. Thank you.

IBACH: Thank you, Senator DeKay. Any questions from the committee? Seeing none. Will you stick around to close?

DeKAY: I got to leave. I'll be here.

IBACH: Any proponents for LB394? Welcome, Director Vinton.

SHERRY VINTON: I'm back. Good afternoon again, Senator Ibach and members of the Agriculture Committee. My name's still Sherry Vinton, S-h-e-r-r-y V-i-n-t-o-n. And I am still the Director of the Nebraska Department of Agriculture. I'm here today to testify in support of LB394 and would like once again to thank Senator DeKay for introducing this legislation at the request of the department. LB394 amends the Weights and Measures Act by adopting the 2025 versions of the National Conference on Weights and Measures publications of Handbook 44, 130, and 133. The updated handbooks replace the 2019 versions currently adopted in the act. The handbooks provide national standards for the regulation of weighing and measuring devices, the use of devices, packages labeled by weight, measure, or count. Adopting these versions will keep Nebraska in line with other states. Of note, the

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requirements for the electric vehicle charging devices would now be enforceable under the new language. LB394 also increases the statutory ceiling fees charged to cover the costs of the Weights and Measures program. The fees will be set based on budgetary requirements for the existing program, and the ceiling increase is not associated with the growth in the Weights and Measures program activities. Under the Weights and Measures Act, fees are also set each July 1 based on a statutory formula with a specified maximum ceiling for each type of fee. The current statutory ceiling was last increased in 2003. And pursuant to the statutory formula, the fees have been at a maximum since July 1, 2023. As I testified on LB245, the existing caps were set so that the Weights and Measures program costs were funded approximately by a 50/50 General Fund match, with the revenue generated by fees. Allowing fees set to be-- set at a higher rate will decrease the burden on the General Fund and potentially eliminate the need for any general funds to be used for the Weights and Measures program. Approximately \$850,000 in general funds could be saved annually by adopting this bill. By adopting both LB394 and LB245, we could save \$1.7 million of general funds. Again, if the statutory ceiling is not increased, we would not be maintaining the status quo. The department would be forced to use more general funds to cover costs of the program. More general funds would need to be used than are currently being used because operating costs have increased approximately 40% since the current statutory caps were established. The bill also includes some cleanup changes and establishes a fee for the EV charging devices. A detailed description of each section is included in the department's written testimony. With that, I would like to thank Senator DeKay again and the committee for your consideration of LB394. And I would be happy to answer any questions you might have at this time.

IBACH: Thank you, Director Vinton. Are there questions from the committee? Senator Kauth.

KAUTH: Thank you, Vice Chair Ibach. So Director Vinton, this talks about owners of commercial electrical vehicle charging devices would now be required to obtain a permit. So they're not-- they are not permitted right now?

SHERRY VINTON: Not at this point.

KAUTH: So the commercial electrical chargers are not permitted or-- so there are no fees associated with that?

SHERRY VINTON: Correct.

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KAUTH: And they're not regulated. Like, we don't know how things are going with that. We're not-- the state's not checking up on them to make sure they're being done right. Correct?

SHERRY VINTON: I would say correct.

KAUTH: OK. Thank you.

SHERRY VINTON: I would note that in 2019 the standards were just beginning to be established, experis-- experimental standards in the handbooks. So now we're adopting--

KAUTH: OK. Do you know how many commercial electrical vehicle charger stations there are in the state?

SHERRY VINTON: I do not.

KAUTH: OK. Thank you.

IBACH: Thank you, Senator. Are there questions? Senator Hansen.

HANSEN: I think the 2019 version was the first bill I had when I first came here five years ago. That might have been my bill I passed, the Weights and Measures bill. So I'm familiar with this to some extent. But what I, what I was asking Senator Kay before, does that make sense? Like, you're doing a 50/50 split right now or no?

SHERRY VINTON: There is a 50/50 split. But I would like to specify that on our fees, it isn't like the business entity is only paying half of that fee and it's being matched.

HANSEN: Sure.

SHERRY VINTON: The \$86 would be the entire fee that is being matched with general funds. So it's not like it's half of that, right?

HANSEN: Yeah. I'm just saying instead of them paying 50%, can they pay 100% and not change any fees?

SHERRY VINTON: No. We would have to raise our fees to absorb that other 50-- I mean, we would have to raise our fees because currently we're only at 50%. You see what I'm saying?

HANSEN: Yeah. I'm just--

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SHERRY VINTON: And I look at the statutory authority for the \$86. So I would need to be able to raise my fee to \$172 then if, if the business were going to pay 100%.

HANSEN: OK. All right.

SHERRY VINTON: But you need the authority. And--

IBACH: Thank you, Senator Hansen. Senator Storm.

STORM: Thank you. Thank you. So, you know, some of these fees are increased, like, 300%, 400%. Was there any thought into trying to maybe stairstep this up instead of just socking the small business owner or the service station or the farmer with a 400% increase in one year?

SHERRY VINTON: I certainly understand that fee increase. And I think as you heard the budget and finance manager testify that, no, the thought isn't to make it boom to the, to the limit. We estimate our costs. And for example, I'd like to talk about the value that's provided. A large scale fee is \$56. The fee increase, even if we would double that, is less than a dollar a week.

STORM: So what-- let me ask you. So-- and I tried to look at this. So if-- you're talking about going to, like, a-- we'll say, a gas station and they-- so what did they charge last year to check that one pump? What was the fee?

SHERRY VINTON: I can't tell you the fee for one pump, but--

STORM: I think I was looking at that trying to find-- I saw this before. Because this was brought to my office before. But it's gone from, like, \$38 or something--

SHERRY VINTON: \$38.

STORM: But it's going to go up to \$196 per pump?

SHERRY VINTON: It could go up to \$196, yes.

STORM: It could, but it-- so when will they know how high it's going to truly go up to?

SHERRY VINTON: July 1 of each year.

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STORM: OK. So if you're-- I'm going to give a hypothetical here. So if you're a small gas station and you have six pumps, now that's going to cost you \$1,200 every year or two years?

SHERRY VINTON: Every year.

STORM: Every year?

SHERRY VINTON: Mm-hmm.

STORM: So \$1,200 compared to \$120. Is that kind of-- or maybe \$150. So that's a substantial increase for a small business, for [INAUDIBLE] on that?

SHERRY VINTON: A little over-- a little less than \$4 a day per whatever-- your gallon, inches.

STORM: And if you have a food mart inside the gas station, you're paying that 200-- 207--

SHERRY VINTON: \$200.

STORM: You can start stacking these fees up. And-- it's a substantial increase to that small business, so.

SHERRY VINTON: Substantially. They could be hit with \$2.20 a week.

STORM: Yeah. OK. Thanks.

IBACH: Thank you, Senator Storm. Senator Raybould.

RAYBOULD: So this is sort of beating a dead horse question, but I realize that-- so the maximums that were just operating up until July of 2023 have been doubled to become the new minimum going forward. And so that just, you know, seems like a really significant jump. Remember, you had said that you-- the cost of operations had increased 40%. But when the maximum has doubled and then you have increased-- the-- that maximum was doubled to become the new minimum. And now that the new maximum is at least three, if not four times as much. So I think-- that's a lot.

SHERRY VINTON: Percentagewise, it is. Once again, the, the value when we're talking-- going \$86 to \$200 even if-- the ceiling would be reached. If these services were contracted for privately on another basis, I think that the cost would be substantial. Even, even, as you know, the difference between Lancaster, Hall, and Douglas County and

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their fees, as we've shown what the department charges, is, is about half.

RAYBOULD: I have one more question. I've been trying to find the references. I see the electric vehicle chargers, and that's, that's on page 9. And it's-- can you explain to me? Is that for each of the units that they have or-- because some, some locations have six charging stations. Some have two, some have one. How-- is that per--

SHERRY VINTON: Currently, we have no program developed for this and are not inspecting EVs. So I can't speak specifically to how that program would work because it hasn't been developed. This would just allow a fee to be set.

RAYBOULD: But-- I guess-- a fee for what?

SHERRY VINTON: For inspecting each charging unit.

RAYBOULD: So it would be a-- like if a, a location has two-- like a DC fast charger and a level two charger. It would be \$294 and \$294--

SHERRY VINTON: I can't tell you the distinction between a fast charger, a rapid charger, and the other chargers because that program has not been developed. But right now, as you, as you know, on other fuel pumps, it's per pump.

RAYBOULD: So it's per pump, and so it would be per charging unit.

SHERRY VINTON: The program hasn't been developed.

RAYBOULD: OK. But-- so how can we establish a fee if the program hasn't been developed?

SHERRY VINTON: This allows us the ability to set a fee.

RAYBOULD: And, and then I, I guess that means the Department of Agriculture will further develop what that fee is for. Is that what you're saying?

SHERRY VINTON: We will develop the program for that testing. Like the other weights and measures inspections or food inspections.

RAYBOULD: OK. It just seems a little bit different to me. Shouldn't you develop the program first and then kind of calculate what that fee should be?

SHERRY VINTON: I'm not sure.

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RAYBOULD: I don't know. I, I-- you know. In business, we typically look at what the program you want to do and then do a cost-benefit analysis and that helps you drill down to what a fee should be rather than trying to-- let's do a fee first and then we'll figure out if it's cost-effective or-- to pay for the inspector or things like that. So that's, that's why I'm a little bit puzzled. Like, before you develop a fee, shouldn't you have developed a program with its parameters and then make the determination of the cost and, and things like-- that's-- I don't know. That's just how we do it, but government might be a little bit different.

SHERRY VINTON: Government is different, but point noted.

RAYBOULD: OK. Thank you.

IBACH: Thank you. Senator McKeon.

McKEON: All right. Do you want to explain a little bit about the con-- inspections on-- with weight and measures here? Like, your scales, everything that-- they want to make sure that everything is spot-on for the consumer if they know they're getting stuck at the pumps.

SHERRY VINTON: Correct.

McKEON: That's, that's what the inspection-- I would think on this-- on the EV would be the same thing, to understand exactly what you're getting, what you're paying for. That it's metered out and measured right, correct?

SHERRY VINTON: That's what it would be. But we currently do not have that equipment.

STORM: I got a question too. You done?

IBACH: Thank you, Senator. Senator Storm.

STORM: Thank you. I got another question. Senator Raybould brought up a good point about these EV pumps-- or-- pumps-- charging stations. So a lot of these are government funded, correct? It's not state-- you get grant money for a, for a-- to charge electric vehicles. I'll give-- tell you, like, in Wahoo, a town we lived in, they got a grant. They put two charging stations in town for a government grant through the government. So now the state is going to be taxed with trying to figure out if they're metering out the right amount of electricity for a car. Is that the way I'm understanding this?

SHERRY VINTON: It could be.

STORM: So. And-- so that's-- and I would assume when you're talking about a-- something that's doing electricity, they're going to-- so you can really-- you can go to a gas pump and you can measure real easy how much liquid is coming out into a tank to make sure you as the cust-- consumer isn't getting ripped off when you go to a gas pump and you're getting less. But with a battery charger, you're probably just going to see-- I don't know how they're going to test it, but. That's a-- what-- that's a mandate when the, when the federal government comes in and puts charging stations along I-80 or whatever they want to do, I think everybody needs to be clear, though. We're-- as Nebraskans are going to pay for that through regulations. So. That's all I can say. Thank you.

IBACH: Thank you, Senator Storm.

STORM: Yeah.

IBACH: Senator Raybould.

RAYBOULD: Well, I guess I just wanted to have a dialogue with Senator Storm about that because I do know something about it because we have been fortunate to get a grant from the Nebraska Department of Environment and Energy. They got the fundings from the Volkswagen emissions settlement. And it was an incredibly generous grant that allowed private operators like ourselves. 80% of the cost of the equipment and the installation was covered by that grant. The balance, 20%, could be picked up. Half of it could be picked up NPPD, OPPD, or Lincoln Electric System or even one of the smaller to help offset the cost because they are significant. Also, as an owner of an electric vehicle, your car tells you how much energy you have actually charged it. And you can actually watch it when it's plugged in. And-- I mean, it depends. If you have a fast charger, it will tell you quicker. If you want to spend five hours and watch it charge, you can, but it's not a good use of your time. But you can actually see how much you're increasing in-- and like-- just as if you're watching a fuel tank fill up. It's the same, same principle. So that's why I asked the questions. Like, you know, they-- there should be a program developed first on how they're going to be inspected. You know, typically, for example, the electric that is provided to those charging stations is, is provided by that private entity. That private retailer pays for that. But I can tell you lot more afterwards. Too much information. But I didn't mean to dig around your conversation, but it goes back to-- shouldn't there be a little bit more a process of understanding

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of, of how charging stations operate and how is the best approach to regulate them?

SHERRY VINTON: Those are very good questions.

IBACH: Thank you, Senator Raybould. Other questions? Seeing none. Thank you for your testimony.

SHERRY VINTON: Thank you. Thank you, committee.

IBACH: Other proponents of LB394? No proponents. Are there any opponents to LB394? Welcome back, Mr. Hansen.

JOHN HANSEN: Chairwoman Ibach, members of the 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. Very-- there's, there's very many similarities here. First of all, we don't quibble or, or take issue with Director Vinton and, and-- or Senator DeKay for bringing these bills forward. Do the rates need to be adjusted for the fees? Yes. And to our mind, they ought to be adjusted up on a-- perhaps a more regular basis so that the jolt isn't quite so big when it does. The longer you wait for the adjustment, the bigger the hit. Right? So I kind of prefer more smaller adjustments, but it is what it is. And I understand the reluctance to go through this process more often and, and realize that there's pushback with that. So do they need to be updated? Yes. And so to our mind, they ought to be-- fees ought to be updated so that you can maintain what we think is a more fair and reasonable way to pay for the costs of the regulations so that it stays in the 50/50 range. And so what causes us to be in a, in a opposition mode is that we're not talking about doing that. We're talking about doing that plus we're talking about raising the, the rate of the fees to the point that we get rid of the public support and the General Fund support of the regulations. So we go from a 50/50 system to a now-- the regulated parties have to pay for all of it. That's a substantial shift in public policy, and we think that that goes too far. And so I've learned now through the years that, that there's a price to be paid for being too subtle sometimes in this business. And so it's our view that it's always the moral obligation of the stuck pig to squeal. And so we do have a lot of, of folks in ag in both the, the food area and also in the weights and measures area that are impacted by this. And you have to stand back and look at times like this and say, is there a legitimate public purpose for the regulation that we're getting and this being imposed? And we think, yes, there is. But kind of to Senator Hansen's questions earlier about, you know, what is or is not necessarily a step forward or

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backwards relative to the, to the, the-- characterizing the regulation itself, there's the regulation and then there's how you pay for it. So relative to how we pay for this regulation, we think that when you go to a system where you get past the 50/50, that's a step backwards. And we're also fairly sure that once you go that direction, then it's going to be next to impossible politically to go back to a system where you revisit that and that you go back to a 50/50 system. So once you go there, the, the, the pressure for dollars is such that that will be the new standard. And so is that a good place to go? And we think it-- the, the current system is a more fair and balanced way to pay for these regulations than going to an update that goes past the 50/50 cost share and goes into, we're going to replace all of it now. And so that's why we're opposed. Our, our shop helped organize about 445 co-ops in the last 111 years. We organized an awful lot of small creamery co-ops. And the reason that-- one of the main reasons that we did, the mottos for how it is that we organize all these small cooperatives was that you're going to get a fair price, a fair price, and you're going to get an honest weigh. Because folks at the, at the local creameries were absolutely stealing weight from farmers on a regular basis. It was not a minor issue. And so most of the basis for the regulations that we have, especially in this particular area, is because there was just flagrant abuse of, of the scale in a less than fair and honest way. And so is there a legitimate need for these regulations? Yes, there is. And I'll be glad to answer any questions if I could.

IBACH: Thank you very much. Are there questions from the committee? I would just make one comment that I think you raise a really good point, in that we find value in our Weights and Measures program. When I go to the deli, I want to know I'm getting a pound of roast beef. When I go to the gas station, I'm, I'm assured that I'm getting ten gallons of gas. So I think there is value in the program. And you raised a really good point when you, you mentioned that. So thank you for doing that.

JOHN HANSEN: You bet. Thank you.

IBACH: Any other questions with that? Thank you very much. Any other pro-- opponents for LB394? Anybody in the neutral? Anybody testifying in the neutral position without-- with-- oops. We got a neutral. Welcome back.

ASHLEY DEMPSEY: Hello again, senators. I'm Ashley Dempsey, A-s-h-l-e-y D-e-m-p-s-e-y, the Budget and Finance Administrator for Department of Agriculture. Here to clarify some more questions. Senator Hansen, your

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question on the 50/50 split, I think it's the confusion of the word "match." Our appropriations-- and budgetarily they're a 50/50 split, but the fee is 100% covered by the establishments. Maybe that helps. Additionally, the ceilings once again were set so that way we can do-- possibly do an initial jump by 100% to cover the entirety of the program, and then it has more room to grow incrementally, as we have been over past years. For example, prior to meeting the ceiling in 2023, you saw incremental increases about 3% each year. That would just primarily match inflation and cost of salaries. I also want to add that although we're saying a 50/50 split, specific to the Weights and Measures program, the equipment required to complete these inspections is very expensive, and that has historically been completely purchased with cash funds. So we manage the Cash Fund in a way where right now we have a \$300,000 large-scale truck under a purchase order. So when we talk about the EV chargers, that would be a fee set per charger. And we-- we're not able to develop a program or charge a fee until, until or unless this bill is passed. We also are unable to say what that fee would be set at because we have to take in consideration-- there is equipment that exists and there is a process for measuring the electric charge. I think it's a little bit out of my area. However, we take in account the costs for the equipment, the cost per the inspector, and then the time it takes to complete those inspections. That's pretty much how our fees are set. You know, the time it takes to do a large scale or a large weight that-- or, scale that is to measure, like livestock, takes probably more time than a small grocery store scale. So that's why those fees vary. So like I said, the process exists. We just need to get the training and the equipment. And then other than that-- that's all I have. If anyone has any questions.

IBACH: Thank you very much. Does anyone have questions from the committee? Senator Raybould.

RAYBOULD: Thank you, Ms. Dempsey, for clarifying that. So let me see if I understand it correctly. So in order to develop a program or process, you have to establish the fee first?

ASHLEY DEMPSEY: Correct.

RAYBOULD: Fee structure first. And then once you establish the fee structure, then you dive a little bit deeper on what would be the inspection processes, the type of equipment, the calibrations that you would need to, to make, and then probably come back next year and see if that fee comports to the actual work that that inspector does or--

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ASHLEY DEMPSEY: Correct. So our-- because our program staff go to training from NIST every year and makes sure that they're up to date on the most current standards. This was one that's been developed, as the director said, since 2019. So it exists. There was some clarifying information that came through as to whether or not we would be regulating, specifically as it comes to power districts. And, you know, those hurdles that had to be jumped over anyways. So department would only start inspecting them as soon as we start charging a fee to inspect them. So-- and we can't develop a fee until we know how mu-- until this passes to even develop a fee.

RAYBOULD: So realistically, what is the timeline from when you have a new program like this to-- and developing the protocols and procedures the inspectors have to, to comply with and, and the work that they need to do when they're on the field?

ASHLEY DEMPSEY: Based off of my understanding, I believe we would be able to have it set by July 1 in order to be able to start inspecting them. But that would be-- my one holdup on that would be just the availability of equipment and the lead time to getting that. I don't know if they're pre-built machines or if it would take a year to get one of those. So I would say that the, the time it takes to get the equipment, it would be my estimation.

RAYBOULD: OK. All right. Thank you.

IBACH: Thank you, Senator Raybould. Other questions? Senator Hansen.

HANSEN: Thank you, Vice Chair. Do you know how many you employ to do the inspections?

ASHLEY DEMPSEY: Yes.

HANSEN: I don't have my big giant agency book in front of me.

ASHLEY DEMPSEY: There are 15 inspectors in the weights and measures.

HANSEN: 15 inspectors. OK.

ASHLEY DEMPSEY: That cover the entire state.

HANSEN: And-- so you're pretty much saying your expenses to do the weights and measures is, is about-- is roughly, what is it, \$2 million?

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ASHLEY DEMPSEY: So the current budgeted appropriation for the weights and measures is \$2.4 million. But as I sug-- said, the Cash Fund covers all the equipment. So right now, that exists about \$850,000 of General Fund, and the rest is all cash funds.

HANSEN: OK. So \$2.4 million, and that pays for the inspectors and then all the-- all of the equipment and everything else that you're talking--

ASHLEY DEMPSEY: Equipment, travel, support staff, and the office.

HANSEN: Do you have enough inspectors, do you think? Do you need more?

ASHLEY DEMPSEY: I would not-- I don't know the answer to that question. I would-- my program staff would probably yell at me if I tried to answer that question.

HANSEN: The, the biggest thing I hate about government-- let me vent a little bit-- as a small business owner myself, is the inability to do my job or to earn a living because I have to wait on the government to do something. And so the reason I ask that is, like, I'd hate to see us have to force these inspections on people and then double pretty much how much they charge and then they'd still have to maybe wait for us to do an inspection in order for them to continue doing their job. Do you see any of that ever happening very much, like where people request an inspector or to inspect a weight or scale or measure and then they can't-- they have to hold off until they get somebody there?

ASHLEY DEMPSEY: I don't-- that-- it may have been an issue a few years ago when we were behind on inspections, but as of recent years, we have been up to date on inspections and making sure that they're completed annually, as they're required to. You know, you see those stickers on the gas pumps that say the last time they were inspected.

HANSEN: OK. I just want to make sure. So-- because sometimes we actually do need a-- you do need more funding to help with more inspectors or-- you know, which makes sense if we're going to mandate this on small business. I just want to make sure that then we're not becoming a burden on the business owner by not doing our job then either, so. If you, if you don't-- if you think we're doing OK there, I just want to make sure that--

ASHLEY DEMPSEY: Yeah. I mean, I would leave room for my-- for the administrator of that program to say differently, but yeah.

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HANSEN: Oh, that's right. You already had the chance to ask for more money right now.

ASHLEY DEMPSEY: In general, I try to make sure that we're good stewards of state money, so.

HANSEN: That's a good answer.

ASHLEY DEMPSEY: Yeah.

HANSEN: All right. No, thank you.

IBACH: Thank you, Senator Hansen. Other questions? Seeing-- do you have one?

STORM: No.

IBACH: OK. Thank you. Thanks for your testimony. Any other neutral testimony? Anyone testifying in the neutral? With that, we will ask Senator DeKay to come up for his closing. We had one letter: received 0 proponents, 1 opponent, and 0 in the neutral. Senator DeKay.

DeKAY: OK. Thank you for hearing this bill today. Just to work around everything, we do need to have weights and measures inspections annually. And with that, we do need to have X amount of dollars to cover that, like you just talked about. So with the governor's budget recommendations to reduce the general funds to, to the department by a percentage, we got to figure out a way to come up with the revenue. So-- and that's the reason for the increase in inspection fees. And to what Senator Raybould and Senator McKeon and also Mr. Hansen alluded to, we need to have these scales, meters, electric meters inspected so that they are spot on. And this works both ways for both the buyer of those gas, electric, what-- and whatever they're buying over a regular scale so that they know they are getting exactly the pounds, gallons, kilovo-- kilovolts of what they were purchasing. And also protects those sellers so that they are getting fair market value for what they are selling. So it works both ways on these scales. And to Senator Storm, you asked a question-- and if I'm reading the figures right on the gas pumps, right now, the max-- we are reaching the max at \$63.50 a meter for a pump. And with LB394, the minimum we, we would move to would be \$135 a pump. And the max would-- on the fiscal note. And the max would go to \$157. So it's basically \$40 less than-- if I'm-- if my figures are right, that-- basically \$40 a meter less than what we talked about earlier in the hearing, so. With that, I appreciate your time. And if there's any questions, I will try to answer them.

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IBACH: Are there any questions from the committee? Seeing none. Thank you very much, Senator DeKay. This closes our hearing on LB394.

DeKAY: Senator Ibach, whenever you're ready, go ahead and start.

IBACH: Thank you. Good afternoon, Chairman DeKay and fellow members of the Ag Committee. My name is Senator Teresa Ibach, T-e-r-e-s-a I-b-a-c-h. And I'm here to introduce LB375, which would adopt the Grocer Reinvestment Option Act, for your consideration. LB375 creates a grant program for small, locally owned grocery stores that are located in a city or village with fewer than 40,000 residents. The rural areas of our state represent 90-- than-- our 90 least populated counties and face the highest need for local food access in their communities. Unfortunately fu-- food insecurity in rural areas has grown in the last few years, which negatively impacts low income and senior citizens. As we all know, local grocery stores are important for the health of our local communities. As more grocery stores close, other businesses are negatively impacted, which then leads to residents leaving those areas. The Grocer Reinvestment Option Act would allow qualifying stores the ability to make improvements to their businesses to support their long-term sustainability. As outlined in the bill, the funds could go toward converting the new business model to new-- business models to accessing federal funding, to purchasing new technology, or collaborating on innovative approaches to wholesale purchasing. These funds could also be used to upgrade or repair aging facilities, equipment, or other systems that help grocers with cost savings and business efficiencies. I'd like to note that a dollar amount to provide for this program was not specified in the bill-- and you'll see that on the fiscal note-- however, the Department of Economic Development used a \$2 million figure in determining their fiscal note, which I believe is a, a good place to start. Individuals following me will be able to further explain the need of a program like this. I hope you will support LB375 to help protect our local gro-- locally owned grocery stores in Nebraska's underserved areas and to help prevent more underserved areas from developing. This bill is very similar to LB1116, which was heard by this committee last year. LB1116 created a grant and a loan program, whereas LB375 only creates the grant program. With that, I thank you for your time. I'm happy to answer any questions. And appreciate your consideration.

DeKAY: Thank you, Senator Ibach. Are there any questions from the committee? Senator Kauth.

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KAUTH: Thank you, Chair DeKay. Senator Ibach, there is no real fiscal note on this, but it did say that, based on some of the assumptions, it's going to have to be a \$2 million, \$2 million per year appropriation to justify the costs of the grant management. Is that about right?

IBACH: The grant management portion is only-- I think they estimated about \$250,000. But the, the actual grants that we would grant would be the balance of that, which would be the \$2 million.

KAUTH: OK.

IBACH: Does that make sense?

KAUTH: But there's no fisc-- but you did not request funding for this. You're just setting the program up right now?

IBACH: Yes. Correct.

DeKAY: Senator Storm.

STORM: Thank you. Thank you. So this is Nebraska money for the grant, we're saying?

IBACH: That's correct.

STORM: So a quarter million to set it up and then--

IBACH: Although-- it's a 50/50 match. So anything that the Department of Ed-- of Economic Development would grant, the owner of the grocer would have to match those funds. So it's a match program. Last year when we brought it, it was a low-interest loan or grant program. This year we're just bringing a grant program.

STORM: OK. So it's a quarter million just to set the program up every year?

IBACH: They use the \$251,000 as an estimate, yeah.

STORM: And then there would be-- so you said \$2 million possibly of Nebraska money. That would be-- and what would be the process for a store to get this grant money?

IBACH: So they would have to fill out the applica-- go through the application process. And the-- DED would be in charge of establishing that program and coming up with the application. And then the small

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businesses would have to use the application process. And by that, they would determine how much the grants would be.

STORM: OK. And it'd be geared towards low populated areas?

IBACH: Yeah. 40,000 or under, which seems high to me because I know some communities, 40,000 is a lot, but especially in the deserts, rural Nebraska, they're probably the highest need.

STORM: So 40,000 would be Fremont--

IBACH: Yeah.

STORM: --population, so. It's probably a little high if you're looking for people [INAUDIBLE].

IBACH: You also have to be 25 miles or, or greater from the nearest grocer or supercenter. I sometimes--

STORM: OK.

IBACH: So that would be-- for, for instance, in my community, I'm 30 miles from Ames, populated-- even, even less than 40,000. So it would create a support program for the smallest communities.

STORM: OK. All right. Thank you.

DeKAY: Senator Hansen.

HANSEN: I don't think the fiscal notice is, is very friendly. It just makes-- I, I always have to point this out because sometimes this makes no sense to me. So they're, they're, they're saying there's 66 counties that contain one or more food deserts. This implies there will be as many as 110 applicants for the program. So 110 people will apply for the grant. That doesn't seem like a whole lot. Based on this estimate, this will require an economic development manager, an economic development consultant I, and an IT database analyst to create the application and the so-- and the grant management system. Operating costs includes \$17,000 for grant management software, which I would assume they would probably have already. And then they have to lease out 7,460-- \$7,000 for leased office space annually. That's a lot for 110 grant applications. So. I don't-- you know, I think the fact you allow 15% of, of administration fee-- administration costs to be included in the \$2 million might be generous, because I think if you give 15%, they're going to take it, and I think they found a way

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to find it. So. I don't know. Maybe lowering it to 5% or not giving them anything might be--

IBACH: That's a--

HANSEN: --all right.

IBACH: That's a good idea. Yes. And we would have to talk with DED and Fiscal to amend that part of the, of the note.

HANSEN: Yeah.

IBACH: I agree.

HANSEN: Because then the more of that money that we use-- take from taxpayers to actually go for the businesses that we're thinking about doing a grant program.

IBACH: Thank you for that.

HANSEN: Thank you.

DeKAY: Senator Holdcroft.

HOLDCROFT: Thank you, Chairman DeKay. So remind me again what happened to this bill last year.

IBACH: It did not get on to the floor.

HOLDCROFT: It made it out of committee, though.

IBACH: Yes.

HOLDCROFT: You just didn't have a vehicle to get it to the floor.

IBACH: Yeah. We actually had the support for it. I mean, similar to what we're doing now, but. In, in the meantime, I think we've switched up some of the, of the recommendations.

HOLDCROFT: Thank you.

HANSEN: Thank you, Senator--

DeKAY: Senator Hansen.

HANSEN: Thank you, Chair. Did we use ARPA funds for this before?

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IBACH: I don't think so. I don't think the program's established. So we wouldn't have used ARPA funds for it. You had lots of options for ARPA funds, but you were here when, when the pandemic was on.

HANSEN: Maybe it was some other kind of program we used for grocery stores [INAUDIBLE]. Might have been a facility, facility--

IBACH: Maybe ask somebody behind me.

HANSEN: OK. Maybe. All right. Thank you.

DeKAY: Thank you. Are there any other questions from the committee? Thank you. Are you going to be here for closing?

IBACH: I will close. Thank you very much.

DeKAY: We will have our first proponent.

AUDRA ESPINOZA: All right. Good afternoon, Chairman DeKay and members of the committee. My name is Audra Espinoza, A-u-d-r-a E-s-p-i-n-o-z-a. And I am testifying today on behalf of the Center for Rural Affairs. For the past 50 years, our organization has partnered with the rural communities where we live and work to engage Nebraskans in decisions that affect the quality of their lives and the future of their communities. For many rural Nebraskans, the local grocery store is more than just a place to buy food. It's a fixture of Main Street and a point of small-town pride. It's where neighbors meet up for a cup of coffee, where families buy fresh ingredients for dinner, and where kids stop in after school for a snack, just as they have done for decades. Rural independent grocers provide vital access to fresh food options, as well as empol-- employment, social connection, and a place to sell locally made products. But these community hubs are disappearing. Over the past five years, Nebraska has lost 30% of its rural independent grocery stores, leaving many small towns with no nearby options for fresh food. When a grocery store closes, families face longer drives, higher costs, and fewer healthy choices. Seniors and residents without reliable transportation are hit the hardest when food access becomes a daily concern. Over the past summer, we worked with Senator Ibach and the Nebraska Grocery Industry Association to complete an interim study that examined the availability of healthy and affordable food choices in our state. We talked to grocers and the communities they serve to identify meaningful policy solutions focused on business sustainability. The grant program propo-- proposed in LB375 would ask funding recipients to secure 50% matching funds to maximize state investment. Advancing this bill isn't just about

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investing of-- investing in the future of independent grocery stores. It's also about investing in the future of rural Nebraska. A grocery store is a sign of a town's vitality. LB375 would support the work of grocers so that rural Nebraskans can continue to shop, work, and gather where they live. The grocers who have driven all the way here to testify today will speak more to their experiences and why this bill is so important. Thank you for your time. And I welcome any questions.

DeKAY: Thank you. Are there any questions from the committee? Seeing none. Thank you.

AUDRA ESPINOZA: Thank you.

DeKAY: Next proponent.

DAVID BARNES: My name is David Barnes, D-a-v-i-d B-a-r-n-e-s. Apologies to five of the committee members who heard my spiel yesterday. I'll come to a different conclusion today. I'm with Valley Foods Cooperative in Lynch-- population, 195. We formed a cooperative in April of 2021. We sold shares raising \$100,000. No one who purchased shares is under the illusion that they will ever receive dividends. We also received enough grants and donations to buy and refurbish the existing store, buy new equipment, opening inventory with money left over to operate. We opened in early February 2022. The store is under volunteer day-to-day management and ordering. Each week, eight to ten volunteers help to unload the truck and do the initial stocking. We are open 56 hours per week. We have only one paid employee at the time running the register. Our intention is to have one full-time employee with two to three part-time workers filling in the gaps. If there are times when no one else can run the register, one or two board members will do so, being paid the Nebraska minimum wage for that time only. We also have one employee that works two to four hours per week thoroughly cleaning the store. The store has positive cash flow under this configuration. We had net operating margins in our first eight months end of September 30, 2022 of \$16,000. The next fiscal year, we had a margin of \$26,000. Our last fiscal year resulted in a \$23,000 net. Of course, we had to remit 21% federal and 5.58% state corporate income tax out of these funds. As you can tell, these margins will not pay for a manager unloading and stocking. The reduction to net margins is due to increased insurance cost, real estate and property taxes from assets purchased with a \$200,000 USDA grant. We're extremely grateful for the grant, but that doesn't make the additional cost go away. Contributing to the margin erosion is an increased cost to the Nebraska minimum wage law. We are

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hesitant to increase our markup to compensate for these additional costs, as we are trying to remain as affordable as possible to our low-income customers. We've not issued any dividends to stockholders, as we are retaining funds to have reserved for unforeseen expenses as well as meet the goal of one full-time, two to three part-time employees. I am a true capitalist. I believe money should flow to where it will make more money. My grandfather is probably spinning in his grave with me in front of a legislative committee promoting government support for our business. However, what would remote rural Nebraska be without the Rural Electrification Act? What would remote rural Nebraska be without Universal Service Fund and Nebraska Service Fund to subsidize their telephone companies? The fiber buried 15 years ago sure improved the lives of our local customers. What would remote rural Nebraska in the past be without the postal service? I'm not sure what this program would look like. I just know that these small towns out in the sticks sure can use a grocery store. Thank you. Questions?

DeKAY: Are there any questions? We will start to the far right. Senator Storm.

STORM: Where'd you say you're from again?

DAVID BARNES: Lynch, Nebraska. It's north of O'Neill.

STORM: Lynch.

DAVID BARNES: Yeah. 70 miles from the nearest Walmart. 45 miles from the nearest stoplight.

STORM: So are you the only store-- grocery store in-- and how many miles--

DAVID BARNES: There's one in Spencer that's 13 miles away. So we qualified as a food desert under the, under the Healthy Food Finance Initiative. So we do have-- we did receive a \$200,000 grant and spent that money judiciously.

STORM: So where do you get-- where, where's your food come from as far as--

DAVID BARNES: AWG out in Norfolk.

STORM: Norfolk. OK.

DAVID BARNES: Yeah, that's-- they used to have a huge minimum purchase, but-- I don't know who else gets this, but we get this. It's

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not a minimum purchase. It's a minimum freight. And then a minimum warehouse charge for them.

STORM: So the-- you said you're profitable?

DAVID BARNES: Yes. Well, yes, with volunteer, with volunteer help. Yeah. One and a half paid employees. Just remember that. One and a half, not ten.

STORM: So let me--

DAVID BARNES: [INAUDIBLE] yesterday.

STORM: So we passed a law in the state to give paid vacation to every--

DAVID BARNES: And I testified to that yesterday.

STORM: Right. So what would that do to your business?

DAVID BARNES: Well, that's going to increase our cost probably about \$1,200 a year.

STORM: Absolutely. And then we talked about--

DAVID BARNES: Along with the increase in weights and measures fees.

STORM: Right. We talked about LB245. And this is a lesson for everybody in this room. This greatly impacts small business owners. So everybody thinks it's a small little fee here and a small fee there, it's devastating for small businesses like this.

DAVID BARNES: Yep.

STORM: It's a tax, so.

DAVID BARNES: Yep.

STORM: OK. Thank you. That's all I had.

DeKAY: Senator Kauth.

KAUTH: Thank you, Senator DeKay. Hi again. Thank you for testifying again. This is--

DAVID BARNES: Thank you.

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KAUTH: --it's good to see you. So a question. You got a grant already?

DAVID BARNES: Yes.

KAUTH: Do-- what year was that?

DAVID BARNES: We applied for it in '21.

KAUTH: OK.

DAVID BARNES: We started it October 1 of '22 and completed it in September 2023.

KAUTH: OK. So-- and was that with primarily ARPA funds? I, I didn't hear what fund that--

DAVID BARNES: HFFI, USDA.

KAUTH: And then so-- what would you use a grant for now? And where would the money go?

DAVID BARNES: I, I guess I'm really up here to show that-- well, we wouldn't even be applying for a grant now because you got to be with-- 25 miles from a, from a-- so we're only 13 miles from the next grocery store.

KAUTH: OK. Got it. So you wouldn't qualify--

DAVID BARNES: We wouldn't qualify. I'm just trying to--

KAUTH: OK.

DAVID BARNES: I think I'm ending up showing what can be done with the grant. The grant we had added onto the back of the store for storage. That's \$72,000 into a building there. A brand-- new to us: walk-in refrigerator and freezer, a new sidewalk out front, new window up front, and brand-new-- a 94% efficient furnace and air conditioner. We, we insulated the exterior of the existing building. And we pulled that-- we had-- we bought a skid loader and a backup generator. So-- I mean, I think that's a pretty good use of, of the federal taxpayers' money.

KAUTH: OK. Thank you very much.

DAVID BARNES: You got it.

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DeKAY: Thank you. Any other questions? I have a coup-- I have a couple questions real quick.

DAVID BARNES: Oh, great.

DeKAY: How many total stockholders do you have in the store?

DAVID BARNES: 148.

DeKAY: And what's the cost of each stock that they participated in?

DAVID BARNES: \$250 for a voting share. And then you can buy up to-- oh, I don't know-- 10-- up to 40 of preferred shares. \$250. And we thought about do-- going less. But then-- I'd maybe go 50 bucks. But then all you're going-- all you're going to get us people going, here's my 50 bucks. I have contributed. When can I buy milk?

DeKAY: Can you tell me approximately what the square footage of that store would be to just--

DAVID BARNES: 1,800, 1,800 square feet on the sales floor.

DeKAY: And you opened when?

DAVID BARNES: We're open--

DeKAY: What year did you-- what--

DAVID BARNES: What year did we open? February, February 4 of '22.

DeKAY: And where are you at on total sales from that time?

DAVID BARNES: Right now, we're at \$1.175 million. We crossed the million threshold in October of-- October 24 of last year at 5:40 p.m., to be exact.

DeKAY: So-- OK. Any other questions for the testifier? Thank you, Mr. Barnes. Next proponent.

LIZ RAVENSCROFT: Hello. Thank you. My name is Liz Ravenscroft, L-i-z R-a-v-e-n-s-c-r-o-f-t. I live outside of Cody, Nebraska with my husband and two daughters, Kayleigh, a junior, and Lilly, a freshman who both attend Cody-Kilgore High School. I teach business at Cody-Kilburn and manage the Circle C Market, a student-run entrepreneurial lab. The Circle C Market has been running now for over ten years. It is unique in that it is associated with the school and the village of Cody but operates separately from both. Circle C exists

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to allow students to learn in a real business. I teach marketing, intro to business, personal finance, entrepreneurship, accounting I, accounting II, and work-based learning. My classroom resides in the grocery store, where my students are transported to and from the school every hour for class. Students are employed in the school after hour-- or, excuse me-- in the store after school hours, where they're responsible for ordering, stocking shelves, pricing, cleaning, running the point-of-sale system, counting back change, customer service, and other day-to-day business operations. Even though Circle C is a learning lab, it must still operate as a business to pay the overhead and the wages. And because of Cody's remote la-- location, the store and the community face many challenges. The village is 45 miles from the nearest supermarket. Most of the community live on ranches much further out than that, given the long distance. It is a challenge for our community members-- many of whom are elderly-- to purchase fresh, healthy food, especially in the winter weather. Circle C provides the only alternative, offering the best groceries we can right in town. The store struggles, however, with low profit margins and limited grocery access. Because of our short buying power, we cannot place orders sizable enough to earn discounts in the way that supermarkets in larger communities can. Circle C works hard to keep groceries affordable for our customers, and to do this we must place orders from several different suppliers, including, but not limited to Walmart, Sam's Club, Cash-Wa Distributing, Amazon, and faire.com. We cannot afford the yearly buy-in and the minimum order requirement that AWG demands. And this yearly buy-in would give us access to an entire catalog and pricing with sales-- and sales that other grocery stores can access. LB375 would allow us access to funding to join or create a cooperative, much like the RAD model in North Dakota-- which is a rural cooperative model-- gaining access to AWG wholesale prices. Wholesale prices would lower our customer costs, encourage them to buy more groceries from our shelves, increasing the bottom line. The surplus income can then be used to-- for other improvements, which we struggle to afford, such as new freezers, coolers, compressors, general repairs, technological upgrades, and regular upkeek-- upkeep. Our grocery store is the heartbeat of our community. We provide healthy groceries locally. We have a delivery service to elderly community members and offer local supplies when the roads are impassable. Our customers-- or customers cannot travel. We do all of this while educating our young and training them for the workforce. Circle C is a vital oasis in the food desert surrounding us. Thank you.

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DeKAY: Thank you. Are there any questions from the committee? Senator Kauth.

KAUTH: Thank you, Senator DeKay. What is AWG?

LIZ RAVENSCROFT: So it's a mill-- America-- or, American Wholesale Grocers.

KAUTH: Thank you.

RAYBOULD: Associa-- Associated Wholesale Grocers.

LIZ RAVENSCROFT: Sorry. Associated. Yes. Thank you. Out of Norfolk.

KAUTH: OK. Thank you.

DeKAY: Senator Storm.

STORM: Thank you. Thank you. Was this your idea to start this grocery store or was it the school's or was-- did you do that before you taught or--

LIZ RAVENSCROFT: So it was not my idea. It actually started with two teachers whom I, I know very well. One of them serves-- or, both of them-- excuse me-- serve on our board. It was their idea. Like, hey, what if we did this to help our students? And this is where it blossomed.

STORM: I think that's a brilliant idea. I think you got to expand this to smaller schools in the Sandhills and-- because it serves a purpose for the community. You're teaching children how to work. I think it's a brilliant idea. What's the population at Cody?

LIZ RAVENSCROFT: It is under 200. Approximately 167.

STORM: OK. Don't you have a pretty good football team out there too?

LIZ RAVENSCROFT: We do. We've gotten the championship.

STORM: Yeah. Because I've heard them before, so. No, I think it's a great idea. I think this is awesome.

LIZ RAVENSCROFT: Thank you, Senator.

DeKAY: Senator McKeon.

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McKEON: Would the person be Nollette, the N-- with the FFA program that helped you?

LIZ RAVENSCROFT: So he is also one of the members that serves on my board, Tim--

McKEON: Tim?

LIZ RAVENSCROFT: Tim Nollette, yes. And his son is also one of our teachers, as well as his daughter-in-law.

DeKAY: Any other questions? Just one. Where do you take your students on field trips to?

LIZ RAVENSCROFT: Well, I've taken my students-- I teach a variety of different things. We actually just went on a field trip to Alliance, Nebraska to see a greenhouse in the snow for my entrepreneurship class.

DeKAY: And how many miles is that from Cody approximately?

LIZ RAVENSCROFT: Approximately-- oh, geez. It's two-- it's over two hours-- two and a half hours. Probably milewise-- whatever the-- I can't remember the exact miles, but, yes.

DeKAY: OK. Thank you.

LIZ RAVENSCROFT: Thank you, senators.

DeKAY: Next proponent.

JOHN HANSEN: Mr. Chairman, members of the committee. Again, good afternoon. 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 also our lobbyist. We supported this bill last year in its form, and we have supported previous bills going back many iterations. This is the leanest, more-- most streamlined of, of the bills to date. We still think that it is good legislation. It achieves a good public purpose. And that, as I said last year, that there's certain, certain key building blocks to being able to maintain a viable rural community. And certainly, food, fuel, health care-- you can start going down the list. But when you lose your grocery store in a, in a small rural community, depending on how far you are away from the next community, that really sends a, a message, as it does also when your school closes. And so we really have helped and, and worked with a lot of different rural communities who call up and are, you know, trying to

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find some kind of mechanism, some kind of way to bring in some additional funds to be able to help them get up and running. And so in years gone by, we worked with the, the Lynch Farmers Union Co-op on a bunch of their projects to try to maintain quality of life in their community, as well as-- I can think of about a dozen other rural communities where we try to figure out if we know of any tools that can be used, any kinds of programs that are available. So this would be, in our view, a really good, useful tool in the toolbox that can be used, you know, very-- to do something that would be really constructive. And we've heard some really just outstanding examples this afternoon of what folks can do when they, they really work together in a cooperative way and our shared time and talents and resources. And so we would encourage the, the committee to look favorably on this legislation. We thank Senator Ibach for bringing it. We thank the Center for Rural Affairs for all the background work that they have done to help, help pull things together. And there are also ongoing programs. And so for the communities that we serve across the state, a little bit of help at the right time makes a world of difference over whether or not things are able to move forward or whether they move backwards. And so we would look at this as a positive step forward and encourage the committee to think favorably of it. We'd be glad to answer any questions if we could.

DeKAY: Are there any questions from the committee? Seeing none. Thank you, Mr. Hansen.

JOHN HANSEN: Thank you.

DeKAY: Next proponent.

ANSLEY FELLERS: Thank you. Thank you, Chairman DeKay and members of the committee. My name is Ainsley Fellers, A-n-s-l-e-y F-e-l-l-e-r-s. I'm here on behalf of the Nebraska Grocery Industry Association, testifying in support of LB375, Senator Ibach's GRO Act. I've also handed the committee testimony from Charlotte Narjes, an extension edi-- educator at UNL Cooperative Development. And in the back of that handout you'll see a RAD model that you heard a, a testifier mention a few minutes ago, a RAD model handout. There are more than 1,200 grocery, convenience, fruit and vegetable and meat and seafood retailers in Nebraska. Just under 200 of those grocery locations are independently owned, providing more than 10,000 jobs and more than \$1 billion in total economic impact. When communities lose food retailers, whether it's because the customer base is shrinking, owners are aging out, or they're forced out by an onslaught of dollar stores, they lose convenient access to fresh food, jobs, and economic

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activity. Communities across Nebraska have banded together to keep a local grocery store in operation-- like you heard from David-- understanding those retailers are lifeli-- are lifelines and economic bellwethers in cities and counties. Over the last two years, NGIA has expanded efforts for and outreach to independent operators in small communities. Through a partnership with the UNL Cooperative Development Center, we have hosted two Nebraska grocery industry summits in Kearney. Several years ago, we commissioned a statewide study of the industry landscape and more recently contributed to the effort to map food deserts or areas at high risk of becoming food deserts. To be clear, we also recognize we must continue working to decrease costs, like lower taxes and less regulation, or incentives will matter a little bit less. We do believe we could lever our-- leverage our own work and private investment with the GRO Act funds to implement innovative, innovative solutions to help our small stores bring down costs long term. A bill like this would give retailers and communities another lifeline. And we thank Senator Ibach along with the Center for Rural Affairs for their hard work and for bringing this bill. I also wanted to mention because, Senator, I have a little bit of time-- and Senator Hansen asked about LB763, which passed in 2023. That was a \$10 million program that was introduced by Senator DeBoer to use ARPA funds to fund food security initiatives. I will say the Nebraska Grocery Industry Association-- because I have a very personal story about this-- we backed that effort. And then we went through the process of developing an application along with the University of Nebraska on a cooperative purchasing project. It was very, I thought, reasonable. The idea was to use one big store out in a larger location in Nebraska and create kind of a hub-and-spoke model similar to what you're seeing on that RAD handout. And the idea was for this to be self-- self-sustaining after the initial contribution of ARPA funds. We were not funded. So while-- you know, we didn't initially sink of-- think of this, the grocer-specific bill introduced by Senator Ibach is very much appreciated. So. Thank you. And I'd be happy to answer any questions.

DeKAY: Are there any questions from the committee? Seeing none.
Thanks, Ms. Fellers.

ANSLEY FELLERS: Thank you.

DeKAY: Next proponent. Are there any other proponents? Seeing none.
First opponent. Any opponents? Seeing none. Anybody testifying in the neutral position? Seeing none. Senator Ibach, you're welcome to come up and close. And while she's getting here, for the record to--

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comments on the hearing record: there were 12 proponents and 3 opponents and no one in the neutral position.

IBACH: Very good. Thank you very much. Well, I would just say-- thank Center for Rural Affairs as well. They've done a great job with-- I think a lot of you got a handout this week that talked-- or, spoke to this bill. And I would also thank the testifiers who drove from Cody and Lynch, which are not just around the corner. They're-- that's a pretty big commitment to come this far and testify. I do have two corrections for the record. Thank you, Senator Holdcroft. This did not make it out of committee last year. I think we talked about dollars and time, and I did not, which prompted us to do LR374 during the interim. So in October, we had an interim hearing. We listened to a lot of the same testimony proponents. But as a result of that, this bill was tweaked up a little bit and we dropped the loan portion of it. Senator Storm, you talked about distance, and I was rec-- recalling the bill last year. It did have a 25-mile distance stipulation, but we did drop that. And so Lynch would qualify for the-- under the terms of the current bill. And so I apologize. I misspoke when I said 25 miles. I was referring to last year's bill. Ansley talked about over a little over 200 locations. I had from our interim study that we had 139 locations that qualified, but that was with the 25-mile distance. So it probably would be about a, a little over 200 now. And at the time, we had 139 eligible, but we had-- and we had 131 that are-- were in rural communities. So I felt pretty secure that mostly rural communities would take advantage of this bill. And I do realize that the budget is a barrier. We always talk about, you know, our, our deficit right now. But if, if the revenue would exceed projections in February-- which a lot of folks anticipate that it will-- I just think that this would be a really worthy bill to advance should we find reason to do that. So I would be remiss if I didn't give a shout-out to Larry Paulsen in Callaway as well, because he's always kind of been my guiding star on this. He does a great job with rural grocers. So. Anyway, thank you very much. Any questions?

DeKAY: Are there any questions for Senator Ibach? Seeing none. That closes the hearing on LB375. And that ends our hearings for the day. Thank you, everyone.