

Transcript Prepared by Clerk of the Legislature Transcribers Office
Floor Debate April 2, 2025

KELLY: Good morning, ladies and gentlemen. Welcome to the George W. Norris Legislative Chamber for the fifty-fifth day of the One Hundred Ninth Legislature, First Session. Our chaplain for today is Senator Rountree. Please rise.

ROUNTREE: Let us bow our heads and pray this morning. Most holy and gracious Father in Heaven, we thank you and we give you glory this day, for truly it is the day that you have made, and we do rejoice and we are glad in it. We thank you, Lord, for this opportunity to come together as a body; that, God, we might do the work and the will of the people of our great state of Nebraska. Lord, we ask you to touch each one of us today, Lord, that we can draw nigh with you-- to you with our hearts, and not just with our mouths. But, Jesus, when you preached your Sermon on the Mount, you looked on the multitude, and your words say that you had compassion upon them. Let us, Lord, have that same compassion; that we would seek the betterment of the least of these, and not, Lord, desire all things for ourselves. We've been sent with the mission, but Lord, all that we do, I pray this day that if we lift our eyes unto you that all will be done to your glory. And we ask all of these things this morning in the precious name of Jesus, we pray. Amen.

KELLY: I recognize Senator McKeon for the Pledge of Allegiance.

McKEON: Colleagues, would you please join me? I pledge allegiance to the Flag of the United States of America, and to the Republic for which it stands, one Nation under God, indivisible, with liberty and justice for all.

KELLY: I call to order the fifty-fifth day of the One Hundred Ninth Legislature, First Session. Senators, please record your presence. Roll call. Mr. Clerk, please record.

CLERK: There's a quorum present, Mr. President.

KELLY: Are there any corrections for the Journal?

CLERK: I have no corrections this morning, sir.

KELLY: Are there any messages, reports, or announcements?

CLERK: There are, Mr. President. One amendment to be printed from Senator Fredrickson to LB380. That's all I have this morning.

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KELLY: Thank you, Mr. Clerk. While the Legislature is in session and capable of transacting business, I propose to sign and do hereby sign LR87 and LR88. Speaker Arch has some guests here from the University of Nebraska today. Speaker Arch, you're recognized for an announcement.

ARCH: Thank you, Mr. President. Well, I'd like to announce some special guests sitting under the south balcony this morning. First of all, Nebraska University System President Dr. Jeff Gold, Dr. Chris Kratochvil, and Ryan Rothman. In addition, we have a very special guest: John Cook, former head coach of the University of Nebraska volleyball team. This Legislature recognized his many accomplishments in the resolution introduced by Senator Lonowski and adopted by this body earlier this year. Today, we have the opportunity to thank Coach Cook in person for his contributions to the state of Nebraska, and congratulate him on his well-earned retirement. Appropriately, he is visiting today on I Love NU Day. Please join me in acknowledging former football [SIC] coach John Cook, and our visitors from the university. What'd I say? Former volleyball coach John Cook, and-- I'm just-- yes. Oh, my apologies.

KELLY: Mr. Clerk, please proceed to the first item on the agenda.

CLERK: Mr. President, General File, LB646, introduced by Senator Ibach. It's a bill for an act relating to the Livestock Brand Act; it amends Sections 54-170, 54-171, and 54-1,119; defines a term; provides for exempt feedlots; provides for a fee; provides powers and duties for the Nebraska Brand Committee; harmonizes provisions; and repeals the original section. The bill was read for the first time on January 22 of this year and referred to the Agriculture Committee; that committee placed the bill on General File with committee amendments. There are additional amendments, Mr. President.

KELLY: Thank you, Mr. Clerk. Senator Ibach, you're recognized to open.

IBACH: Good morning, colleagues, and thank you to our special guest today for coming in on this I love U-- NU Day. I love NU as well. Good morning, colleagues. Today, I rise to present my priority bill, LB646, for your consideration. Before I get into the details of my bill and its amendment, I'd like to take a point of privilege to recognize a few of our industry cattlemen serving in leadership roles and representing our great state today. Mr. Buck Wehrbein from Mead is currently serving as the National Cattlemen's Beef Association President. He follows an accomplished list of recent past NCBA presidents, including J.D. Alexander of Pilger and Craig Uden of Darr.

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I'd also like to take this time to recognize Mr. Steve Hanson of Elsie, serving as president of the U.S. Meat Export Federation, or MEF. He also follows a list of Nebraska cattlemen in this role, including Dave Bruntz of Friend and Mark Jagels of Davenport. I'd be remiss if I didn't mention my, my neighbor, Mr. Dick Pierce of Miller, serving as our current Nebraska Cattleman President. All of these individuals volunteer their time, their talent, and lead to navigate an industry that faces challenges and many opportunities. Thank you, each one, for your friendship and your visionary approach to modernizing and representing our industry with character and integrity. Agriculture is the number one industry in Nebraska, and our state rated number one in nat-- in the nation last year for beef exports, totaling \$2,039,768,864. We ranked number two for cattle on feed, totaling 2,700,000, and all cattle and calves totaled 6,050,000. I'm very proud to work in an industry that the world depends on, and our reputation in Nebraska is, is unmatched. I've had the privilege to witness our successes as I traveled internationally telling our story, a story of commitment and pride in raising a product recognized around the world for its excellence and its sustainability, because, one, the resources we have available right here in our state, and number two, our farmers and ranchers who work tirelessly to meet these demands. For historical background, brand inspection of cattle began back in 1909. At that time, there were no feedlots, and clearly, the industry was very different. Can I have a gavel, please? The brand inspection area, along with the Nebraska Brand Committee, was established in 1941, and the boundaries have changed multiple times-- as a matter of fact, I think 16-- with the last change occurring in 1993. I provided you a copy of the map outlining the current brand inspection area. In 1974, legislation was enacted that allowed for registration of feedlots within the brand inspection area. For reference, the eastern one-third of Nebraska is classified as the non-brand-inspection area, and has no mandate to inspect cattle or audit records. The western two-thirds of the state is recognized as the brand inspection area, where feedlots are required to inspect cattle upon arrival, record all subjects-- records are subject to audit at the Brand Committee's discretion, and are required to pay a capacity fee. For fiscal year 2025, the Brand Committee is projecting these fees will be nearly \$1 million. This is why I brought LB646 in its original form. My intent was to create more uniformity in the feedlot industry across the state. To better help understand the issue, let me present you with this scenario. If you operate a registered feedlot in my district, District 44, or many of the others in rural Nebraska, you're subject to a brand inspection, and all the fees, paperworks, and audits that go with it. But if you operate a feedlot in Senator Hansen's district,

you're not subject to the same brand inspections, fees, or paperwork. Following negotiations with interested parties, I will present AM829, which will become the bill. This amendment simply lowers the mandated fee to operate a registered feedlot in this state. Currently, most registered feedlots are paying tens of thousands, if not more, in fees each and every year. These fees foster a problem that data and testimony from the Brand Committee admits does not exist. There are currently 93 registered feedlots in the brand area with a combined one-time capacity of 1,411,400 head of cattle. We're talking about thousands of cattle entering these feedlots every year, and, according to a report provided to my office by the Brand Committee which I have distributed to you as well, there were zero missing or stolen cattle found in registered feedlots last year. This was confirmed by the chair of the Brand Committee on February 21 in the Appropriations Committee, when Senator Dover asked how many stolen cattle are found in feedlots. The response was: close to zero. Essentially, and this is my point, feedlots are providing the funding for a program without any opportunity for meaningful input. AM829, simplified, will do the following. It exempts brand inspection for dairy cows being shipped to or from a qualified dairy. This provision will allow for the 5 dairy operations located within the brand inspection area to be treated exactly as the other 72 licensed dairy operations located in the eastern one-third of the state. It allows for the per-head inspection fee to be increased at the request and the discretion of the Brand Committee. This will assist in making up for lost revenue, and allow the Brand Committee more flexibility for their oversight. Finally, it expands the qualifications for moving cattle from a grow yard to an RFL. Cattle are currently allowed, by statute-- currently in statute-- to move from a grow yard located outside the brand inspection area to a feedlot inside the brand inspection area. AM829 will require 100% of the cattle being transferred to be under the management of the affiliated RFL, to have satisfactory proof of ownership follow those cattle, and the grow yard must be permanently fenced. Additionally, current statute allows the Brand Committee to raise hot brand renewal fees, yet they have not chosen to do this. The Brand Committee also has asked me to include an increase of a per-head inspection fee from the current cap of \$1.10 per head to \$1.50. Contrary to recent criticism, I met and I listened to the chair of the Brand Committee on 3 occasions, and included the request for the increase in this bill. To note, the Brand Committee recently requested an increase of fees during their hearing in front of Appropriations Committee as well. According to our calculations, if the Brand Committee uses the authority already granted to them in the-- in changing those fees, the program more than remains solvent without excessive fees incurred by

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these feedlots. Finally, I would like to take the leaders-- thank the leadership of the Nebraska Cattlemen's Association. They spent countless hours advising and communicating with their members and with our team. They met yesterday, and they have officially given their support to moving the needle with this bill. Partnerships are important in this, as in any industry, and the Nebraska Cattlemen has been a part of the conversation and the formation of a solution from the beginning. I will admit that Farm Bureau opposes this bill, but their policy outlines support for a statewide brand inspection program, which simply, at this point and in future points, is unrealistic. I would offer that feedlots across Nebraska are an integral segment of our industry; they're constituents, just like anyone else, and they deserve to be heard, just as we respect the cow-calf producers like myself. We need to recognize what these feedlots mean to Nebraska and our rural communities. They buy millions of bushels of grain, they employ hundreds of people, they pay significant income sales and property taxes, and they buy thousands and thousands of calves from our ranchers. They are, they are major economic drivers in our local communities, and they, their employees, they volunteer across Nebraska and support local philanthropies, churches, college, and student organizations. Bottom line is producers need feedlots, and feedlots need producers, and the world needs our quality product. Ultimately, this bill is about fairness. The 93 RFLs in western Nebraska pay hundreds of thousands of dollars each year to an agency simply because they are-- simply because of where they are located in the brand inspection area; an agency that admits time and time again that stolen or missing cattle do not appear in rest-- registered feedlots. I assure you that nothing in this bill harms the industry. My grandchildren, who will represent the seventh generation on our farm and ranching operation, have much to look forward to in the ag sector.

KELLY: That's your time, Senator.

IBACH: Thank-- thank you for your attention. Thank you.

KELLY: Thank you, Senator Ibach. And Senator Ibach would like to announce some guests in the north balcony, nine tenth and eleventh graders from Hitchcock County FFA in Trenton. Please stand and be recognized by the Nebraska Legislature. As the Clerk previously indicated, there is a committee amendment. Senator DeKay, you're recognized to open on the committee amendment

DeKAY: Thank you, Mr. President, and good morning, colleagues. The committee amendment is a white copy amendment that replaces the

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original bill. There are a number of significant changes from LB646 as introduced that are detailed in the committee statement, and I would briefly describe in my opening. LB646 as introduced would have provided two paths to acquire what is referred to as an exempt certification. Existing registered feedlots would have been essentially declared and exempt, unless the feedlot notified the Brand Committee that it elects to remain a registered feedlot. All other feedlots would be required to apply for exempt certification, to meet qualifying criteria, pay a \$500 application fee, and their exempt certification would be subject to revocation. The committee amendment would place all feedlots, including currently registered feedlots, under the same application process and qualifying criteria. The amendment also qualifies the board exemption of cattle entering or exiting an exempt feedlot from inspection and at audits. The amendment would continue to require that feedlots keep cattle inventory records as prescribed by the Brand Committee. Additionally, the feedlot would be subject to audit and inspection upon probable cause that violations of the brand laws are occurring. The exemption of cattle shipped from an exempt feedlot only when sent direct to slaughter are made part of a similar existing provision for registered feedlots that are-- subject cattle to inspection if shipped to a point other than slaughter. Exempt feedlots would continue to be subject to regular audit by the Brand Committee prior to 2029. Next, two revenue provisions are added to the bill, including: the per-head inspection fee cap is increased from the current \$1.10 per head to \$1.50 per head; the fee is currently set by the Brand Committee at \$1 per head. Secondly, the brand renewal fee maximum is increased from the current \$200 to \$400. The other parts of the amendment would add additional circumstances when movements or transfer of ownerships of cattle are exempt from inspection, including cattle that are transferred from the grow yards affiliated with a registered or exempt feedlot, provided all the cattle transferred are under the management of the feedlot and the cattle are occupied by satisfactory evidence of ownership. Also, cattle moved to a location where the cattle will be cared for by another person without change of ownership, provided the person having temporary custody can produce documentation verifying the arrangement. Lastly, cattle shipped from a qualified dairy or dairy development facility. LB646 was heard before the committee on February 11. Changes to the brand inspection system are always a contentious issue, and that was reflected in the intensive testimony and online comments that we received on the bill. The bill with pending committee amendments was advanced on March 19 by a vote of 6-2 and 2 abstaining. Thank you, Mr. President.

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KELLY: Thank you, Senator DeKay. Mr. Clerk.

CLERK: Mr. President, Senator Ibach has FA52 to the committee amendment with a note that she would withdraw and substitute AM829.

KELLY: Senator Storer, you're recognized to speak.

STORER: Thank you, Mr. President.

KELLY: You did object, correct?

STORER: Yes.

KELLY: Thank you. Senator Ibach, for what purpose do you rise?

IBACH: I move to substitute, Mr. President.

KELLY: You're recognized to open on your motion.

IBACH: So I would concur with the committee overview of what LB-- or of what AM638 does, and I would just agree with Senator DeKay's overview. Thank you.

KELLY: Thank you, Senator Ibach. Turning to the queue, Senator Storer, you're recognized to speak.

STORER: Thank you, Mr. President. Just for clarification, are we now on the motion to substitute? All right. Thank you. I do raise an objection to the motion to, to substitute based on a variety of factors. I'm going to speak more specifically to the original intent of the bill as we move forward today, but as demonstrated in the agenda, and when you, when you take a look at how this has progressed, there has been, I believe, now three amendments since this was introduced in committee. That, in and of itself, is a demonstration that, that this bill was not ready to be introduced in its original form, and the amendments continue to try and fix something, again, without the input of key stakeholders in the industry, primarily being the Nebraska Brand Committee. I have, I have taken a look at minutes from their meetings; it is-- there's nothing that reflects the Nebraska Brand Committee ever discussed and voted to support anything in these amendments that have been introduced. In addition to that, I, I have spent a significant amount of time on the phone with the Nebraska brand in-- the head inspector, vetting through AM638, and now we have another motion, AM829, or another amendment. So we continue to have this moving target. They both made pretty significant changes. These are not minor word changes; these are, these are significant

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technical changes to the bill in its original form. I understand that in this body we, we make amendments and we work through things, and oftentimes, those are, those are minor, relatively speaking; these amendments are, are major technical amendments. So I do oppose to the substitution. I have an amendment that I have offered. Senator Ibach and I have, have discussed. She's, she's perfectly aware of that, and we, we did discuss her-- both AM638 and AM829. I gave both of them thought in terms of how they would actually impact the Nebraska Brand Committee, and neither is going to be a positive move forward for the enforcement of the brand inspection agency-- committee. With that, I'm just going to take a little bit of time to, to let you know what AM810 that is coming up basically is, and that is a compromise. That is saying-- an, an acknowledgement that all segments of this industry have not been involved in a meaningful way in the drafting of policy that's going to have a drastic impact on a \$12 billion industry in the state of Nebraska. This-- these drafts have, have been between very limited parties. I started asking-- when I knew that there was potentially a bill coming forward, I started asking firmly for meaningful input from the agency, who, by the way, is appointed by the governor and approved by this body; this isn't some volunteer committee hanging out there in western Nebraska. They're an agency appointed by governor, they-- and I do want to address the comment that the feedlot industry doesn't have meaningful input. That is simply not correct. They reserved a seat on that committee. They do literally have a seat at the table. So that, that representative, currently, is Chairman Gangwish, who I believe Senator Ibach did refer to; that is the-- that is the committee member that she individually spoke with. However, again, I would reinforce there is nothing in the, the committee's minutes reflecting that they addressed any aspects of this bill or this-- these amendments that they agreed to. So I will be introducing AM810. It is a compromise that simply says, I'm asking for this to be returned to the Nebraska Brand Committee, appointed by the governor, approved by you, to come back to us by the end of this year with recommendations for fee changes and process changes that are workable, that they can enforce, and that have input from all aspects of our industry in this beautiful state of Nebraska called the "beef state," and that will include input from the feedlot industry, from the cow-calf industry, and from the agency that has to enforce the Brand Act. I yield the rest of my time.

KELLY: Thank you, Senator Storer. Senator DeBoer, you're recognized to speak.

DeBOER: Thank you, Mr. President. I yield my time to Senator Storer.

KELLY: Senator Storer, you have 4 minutes, 55 seconds.

STORER: Thank you, Senator DeBoer. Some of the implications of this bill I want to, to lay out for you that, that are very harsh. They-- there will be almost a third of the revenue potentially lost for the Brand Committee. It's hard for anybody to get that exact figure. I know that Senator Ibach has been striving to find that figure, I've been striving to fine that figure, the Brand Committee's been working on that figure, and it is, it is a little difficult to come down to an absolute dollar figure of the totality of the loss because, (A) with the new proposed amendment, AM829, that has changed yet again. So for perspective, currently, in the brand inspection area, which has been in place since 1941-- and I do want to, I, I do want to give you a heads-up of what you're probably going to hear from some of the committee members from the Ag Committee, and, and maybe some others here in the body. You're going to hear that this is just unfair. You're going to hear that, that not the entire state is not fairly taxed or assessed fees, specifically the feedlot industry. And what I want to point out, I guarantee you that not one feedlot that is currently operating of any scale in the brand inspection area existed before 1940, before that law was written. And my point in telling you that is they made a choice to grow their business where they planted it in the brand inspection area because they knew there were great benefits to doing it there, while fully understanding the cost that would come with that, being the fees associated with the brand inspection area. That was always part of the business plan. It has existed since 1940. Further demonstration that that is not a hindrance to growth, and that the parts of our state that are in the brand inspection area must certainly provide some meaningful benefits, because as we sit here today, there is a 150,000-head feedlot-- which is great, and I'm excited about that. I think, Nebraska, we should celebrate that. But there's a 150,00-head feedlot that chose to build their feedlot and invest millions of dollars where? In the brand inspection area. Now, would somebody make a choice to invest that kind of money if they felt that was going to be a financial drain on their business that would not overcome the benefits that they saw in locating in that area? So it is not a hindrance. Again, these-- we hear big numbers, so I'm just going to throw out an example for you. If you're a 10,000-head feedlot-- which is small these days, by the way-- if you're a 10,000-head feedlot, you're currently being assessed \$1 per head if you're a registered feedlot. \$1 per head for one-time capacity. Feedlots will turn over about 2.5 turns a year. That \$1 becomes about 40 cents a head. 40 cents a head on an animal that is now closing in on value of almost \$3,000. So keep all these big

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numbers you hear in perspective in terms of what this is costing those who are incurring those fees in the brand inspection area. Cattle producers, cow-calf producers, are paying \$1 for every head. Now, they're very different business models, and I assure you that there is a will in this industry and in the Brand Committee to take a hard look at adjusting and modernizing the fee structure in a way that does reflect the changes in the industry. And that is what I'm asking to take place with AM810 for meaningful dialogue that we don't rush through and make haphazard policy. And I'm not-- I wasn't here in the special session and I'm not gonna throw salt into that, but I think I can let you all understand maybe what unintended consequence happened out of that rushed policy. So with that, I oppose the substitution, I oppose LB646 as currently written, and I will be presenting AM810. Thank you for your time.

KELLY: Thank you, Senator Storer. Senator Hansen, you're recognized to speak.

HANSEN: Thank you, Mr. President. Well, colleagues, there's certain things in life that give me gray hair: my 8-year-old daughter, and this bill. Anything about the-- I've been in the Ag Committee now for 6 years, and whenever the brand-- a Brand Committee bill comes in front of the Ag Committee, we know it's going to be an exciting day. So fake meat, and now brand inspection. Does it get any better than this? As you may or may not know, I've had the privilege of serving on the Ag Committee for 7 years now. There have been numerous attempts to modernize brand inspection over these years. Senator Riepe, a colleague of mine who also served on the Ag Committee, can back me up on this issue. I'm reminded of something my former colleague and good friend Senator Brewer said when he introduced brand legislation. He said, in essence, he would rather drive a road filled with IEDs in a war zone again instead of introducing another brand bill. I expect Senator Ibach feels the same way. And those who have been on the Ag Committee can remember the good old days of Senator Stinner and, and Senator Brewer having robust discussions about this topic. I miss those days. Senator Ibach, I commend you for your willingness to take on this divisive issue; you do so because of your passion for agriculture, and I appreciate that. You come from the industry. I know your family would never do anything to hurt the industry you love. Likewise, for my colleague Senator Storer. They both come from maybe different perspectives, but they both love the Ag Committee in our state, and their constituents. Colleagues, my district includes one of the largest cattle feeding counties in the state, Cuming County-- if not one of the largest county-- cattle counties in the nation per capita. If we followed the Farm Bureau's policy, we would be passing a

mandatory statewide brand inspection law, and I would be run out of the state. Not only do the feedlots in my district not have brand inspections or audits to deal with, or the additional cost and paperwork that goes with it, but they feel, given how the cattle feeding business works today, it is not needed. This bill started out simple. It was about uniformity; let's treat our cattle feeding industry uniformity-- uniformly across Nebraska. The cattle feeding operations in the western part of the state brand-- inside the state and the brand area want to be treated like the operations outside the brand inspection area in the eastern part of the state, period. The bill doesn't do away with the brand inspection or the brand area, nor does it do away with the Brand Committee, yet here we are. We still have our Agriculture Committee split, and understand some will still be opposed to the bill. Folks, agricultural-- agriculture is too important for us to continue to have these annual divisive fights and use scare tactics. I have listened to the same argument every year for 7 years, and it is time we act. The final straw for me was testimony by the Brand Committee, where they said there were no estrays found on feedlots. They give similar testimony in front of both the Agriculture Committee and the Appropriations Committee. Two key points. No estrays on feedlots; the current budget, with or without feedlots, is not sustainable. The current budget is not sustainable. Feedlots in the brand inspection area pay almost a third of the budget, which is now approaching \$6.5 million a year. In my book, that is one expensive insurance policy, or, as some have said, a deterrent program. More important, our Kansas neighbor has a brand inspection program whose budget is \$389,000 a year. Comparatively, Nebraska has a \$6.3 million budget; Kansas, \$389,000. Nebraska employs 80-plus employees; Kansas, 5. Nebraska, we have separate noncode Brand Committee; Kansas, Department of Agriculture houses the program. Very two distinct programs. Senator Ibach, I will support your bill because I know how hard you have worked to take a step towards modernization, and I believe the dairies-- and in my opinion the feedlots-- need to be exempt since not only do they receive zero benefit, but there are also major economic drivers in this state when it comes to jobs, purchases of grain, cattle, and the support of local businesses. For those who stand up and say they aren't paying their fair share, I'm sorry, but you need to go on a road trip to where these large feedlots operate. They support their local communities, they pay significant property, income, and sales tax, as do the people they employ. These feedlots are some of the most technologically-advanced companies you will find. It is time we stop this divisiveness; it is tearing our ag groups apart, and making us weak. Our ag groups should be spending their money on making sure all Nebraska ag producers can compete in this

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global economy. When I get a chance to speak on the mic again next, I'd like to talk a little bit about the future, in my opinion, of the Brand Committee, maybe some ideas of where we could go and what we can do. Thank you, Mr. President.

KELLY: Thank you, Senator Hansen. Senator Kauth, you're recognized to speak.

KAUTH: Thank you, Mr. President. So I'm going to use a joke that Senator Prokop suggested. He actually said it to me, and he-- he's claiming nothing from this, but from the eastern part of this state, I don't actually have a "steak" in this argument. No? OK. Sorry, it didn't run. But the, the fact is, we do have a stake in it. We have a state in making sure that Nebraska agriculture, specifically our beef producers, are well taken care of, they're able to make the money that they need to, that they are sustainable, that everything is going as smoothly as possible in this economy. The eastern side actually exempted themselves from the brand area, the brand inspection area. That's why when Senator Ibach was talking about this, I'm like, what are you talking about? Yes, I know we have beef producers, but I've never heard any of them talking about this issue. So I've spent a lot of time with Senator Ibach, being educated and learning about what happens, and kind of the history behind it. The fact that this has been attempted to be changed many, many times and has always failed kind of caught my attention. This seems to be something that people are very dug into, and it has become almost an emotional issue. And I think any time we look at change, it's always hard. But I want to compliment both Senator Ibach and Senator Storer for their class with how they've handled this, for dealing with really difficult emotional discussions, for having those conversations both on and off the mic. I know Senator Ibach has been working extremely hard, and I think what's important to remember is, in this body, nobody gets everything that they want, and if everybody is a little unhappy, you're probably at the right place. And I've seen Senator Ibach modify her bill many, many times and talking with various groups, and every-- it seems every time I talk with her, she's in a meeting with another group-- pardon me-- talking about this issue and getting their buy-in, or understanding more about their position and adjusting her bill. I'm very, very impressed with the work both women have done, and I'd like to continue to support it. I do support the AM829; I think that is-- come down quite a bit from the original bill. It's made changes that will be more incremental in nature, and I think that's probably the best way to start. So I would like to yield my time to Senator Ibach if she would like it.

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KAUTH: Thank you, Senator Kauth. Senator Ibach, 2 minutes, 35 seconds.

IBACH: Thank you, and thank you Senator Kauth for your kind words. I know when Senator Storer got elected to the Legislature, I thought we will be a force to deal with in agriculture. So I appreciate her perspective as well. We do have, have different perspectives on this issue, but I think it's because of our background and our experience. I would just like to clarify a couple of things. The Brand Committee is actually a noncode agency in our state, which means that the, the board members are-- the governor has to appoint the board members; we approve them here on the floor of the Legislature now. That's not always been the case, but it is now. But the, the actual board members hire the director of the agency, and so as a noncode agency, the governor does not have oversight of, of how the agency works, and that's one thing that I think we need to address in the future as well. As far as the three amendments go, I think Senator Kauth really nailed it. That's a reflection of the work that I've tried to accomplish meeting with all these groups. Initially, in December, I had a, a listening session out in Kearney after our legislative meetings, and I invited feedlot owners, and I invited-- there were 3 members of the Brand Committee there. I had cow-calf operators there. I invited members of the, of the Ag Committee. We had the senators from the western part of the state come. It was a great listening session, almost 3 hours-- we had lunch. But it was really an opportunity for me to kind of evaluate where we've been and where we need to go. I would also commend Senator Brewer and Senator Stinner on their efforts in '20 and '21, because Senator Brewer told me the exact same thing that Senator Hansen referenced, which-- I think he would rather be in a war zone than bring a brand bill. So anyway, I just wanted to clarify that a little bit. If you want to know about kicking the can down the road or forming a committee or a, or a study, you can ask Senator Quick. I'm not sure if Senator Hansen was in on those, but the last time we approached this, this issue, that's was the outcome of the legislation. And it really, in their opinion-- and I only have their opinions to, to lean on-- were not productive, and did not lead to anything. This bill leads us to moving the needle slightly--

KELLY: That's your time, Senator.

IBACH: Thank you very much, Mr. President.

KELLY: Thank you, Senator Ibach. Senator Hardin, you're recognized to speak.

HARDIN: Thank you, Mr. President. LB646 is brought to you by your last steak dinner, and it's also about your next hamburger or delicious pot roast. So if you think you don't know anything about cattle or the industry, I would beg to differ. Take a look at what you're eating, because we, we are the beef state. Texas has more total cattle than we do; they're a much, much larger state geographically than we are, but we compete with Texas on a year-over-year standpoint of cattle on feed. This bill is about ranchers on one hand who are kind of like auto makers who build a car; they manufacture calves. On the other hand, once they sell those calves, they're purchased generally by the feeders who then finish those animals and turn them into entrees for you and me. And so, oftentimes, we say we have a cattle industry. I would suggest after many very, very long conversations-- in fact, I've had more conversations about LB646 than I have had in the last 2.5 years on all other bills combined. And so both sides of it-- ranchers have called me, feeders have called me, and we've talked early in the morning, late at night, weekends about LB646. And I really do appreciate the thoughtful conversations, because what we're talking about here are livelihoods, but more than that, we're talking about lives; people who generation after generation have given their lives to the cause of feeding not just Nebraska, but, but America and the world. The best beef in the world is grown right here. I do not think that LB646 created this disharmony that we're experiencing. I do think it revealed it. It's not a new disharmony, as has been mentioned on the microphone up to this point from several different people. There's been some acrimony that has gone on back and forth regarding this brand-related issue and inspections, really, since World War II. A big change happened in the Jimmy Carter administration era in the 1970s, when all of a sudden there were fees associated with inspection. And then again, I would say another big change happened, and that's kind of what brings us to where we are today. While electronic means of tracking cattle and that sort of thing has been going on meaningfully inside of feed yards for the last 3 decades, it's really only been about the last-- I'm going to say 8 to 10 years that that electronic means, that technology, has gotten so good and more cost effective that now it's driving the feeders to say you know what, those fees don't actually help our cause anymore because the technology has changed the landscape. Now, make no mistake, that technology of those ear tags or those implants-- first of all, they're not cheap; they're still expensive. The problem is that they're not useful at all out on the range, those electronic means. A lot of them are Bluetooth-driven. How far away does your Bluetooth work? And so-- but they're very helpful if you're running cattle through chutes, because you're close enough to trigger that particular steer or heifer's entire history

when they go running through. So it's a convenience thing. It expedites how the industry works for half the industry. I would also submit that we don't have an industry; it's not just a cow all the way through, going back to that automotive example. In the automotive industry, we have a manufacturing segment and we have sales segment. Neither you nor I can go to GMC or Dodge and buy a car directly from them; we have to get it through a dealer. Likewise, it's the feeders who pass those steaks on to the packers. We kind of have 3 industries, but we're still acting as though there's only 1 industry there. I would say that a lot of these changes have been technologically driven, and we do need to help our ranchers figure out how to figure out the shortfall, because branding's important. On the range, those cattle will be stolen without--

KELLY: That's your time, Senator.

HARDIN: --brands. Thank you, Mr. President.

KELLY: Thank you, Senator Hardin. Senator Storm would like to recognize some guests in the north balcony: ninth through twelfth graders from Schuyler FFA. Please stand and be recognized by your Nebraska Legislature. Returning to the queue, Senator Storm, you're recognized to speak.

STORM: Thank you, Mr. President. Good morning, colleagues. I stand in support of LB646 and Senator Ibach's amendment. This bill simply provides an exemption for cattle feedlots so they are treated uniformly across Nebraska. I support small government, and I support personal freedoms within reason, and the system we now have in the state of Nebraska for cattle producers infringes on these freedoms, and is excessive government overreach. We have an unjust system that forces cattle producers and feeders in the western two-thirds of the state to pay fees that are not required by producers in the eastern part of the state. So a cattle feedlot in Custer County, Nebraska, which is within the brand inspection area, will pay tens of thousands of dollars, and, in some cases, hundreds of thousands of dollars in fees. A similar feedlot in Cuming County, Nebraska, which is in the eastern part of state and not in the brand inspection area, will pay zero. This is an unfair trade practice within the state. I sit on the Agriculture Committee. I listened to numerous testifiers at the hearing for LB646, both proponents and opponents. I've spoken to cow-calf producers-- some in the Sandhills-- feedlot operators, and even spoke to cattle producers in another state. I came to the conclusion that our inspection and investigation process for cattle in our state needs overhauled. LB646, with Senator Ibach's amendment,

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isn't perfect, but it's a good start. As of yesterday, the Nebraska Cattlemen Association now supports Senator Ibach's bill. This came after negotiations, and a give-and-take from both sides. I would ask all of you for a green vote on LB646 and Senator Ibach's AM829, and I yield the rest of my time to Senator Ibach, if she would like it.

KELLY: Thank you, Senator Storm. Senator Ibach, 3 minutes, 10 seconds.

IBACH: Thank you very, thank you very much, and thank you, Senator Storm. I know that you have experience in the Kansas model, and appreciate-- have appreciated your input and, as well as on the Ag Committee, you've been very thoughtful with your questions during the hearing. And I think the hearings actually revealed a lot from both opponents and proponents, because I think it, it spoke to-- the hearing spoke to an ongoing issue that we continue to face in our state, which is the unfairness between the brand inspection area and the nonbrand inspection area. Not saying that either is perfect. A lot of folks will say that brand inspection keeps the brand inspection safe and whole. I don't dispute that, which is why I went back from my original amendment and dialed back all of the, the amendment, the amendment language that I put on that one because I think that there is validity, and I think it is valid to say that the brand inspection process works when it works. However, what we need to do, and what this bill allows us to do, is effectively address those issues and find solutions to this problem; not kicking the can down the road, not addressing the issue before us, but actually-- or not addressing an issue in the future, but addressing that issue right now when we need to. We need to move something on this, on this issue, and I think the time is right. I think people are being very thoughtful with their comments and they've, they've understood the language, they've understood the conversations, and I just appreciate everyone's support for this. I'll have some more comments, I'm sure, so I yield my time back. Thank you.

KELLY: Thank you, Senator Ibach. Senator Dorn, you're recognized to speak.

DORN: Thank you, Mr. Lieutenant Governor. I have a lot of, I guess, thoughts, the same way Senator Hansen does. Came in with him now 7 years ago or whatever; didn't realize, I call it, the magnitude or importance of a brand discussion would be. This has been an ongoing discussion for all the years I've been up here. It's been very important. I think this is the first time we've had a bill to the floor, although in Appropriations Committee, and I know in the Agriculture Committee, we've had some very, very good discussions

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about the Brand Committee, and also about maybe some modifications or changes to this. The first thing I want to point out is Senator Ibach brought the motion to substitute AM829. I don't know if or when we're going to vote. I-- if you even oppose LB646, I think you need to seriously consider passing that AM829 amendment on it, because that will become the bill. I want to have people think about that. If you don't pass that onto it, that-- the other ones, then, might become the bill. So as you hear the discussion today, the AM829 is the latest agreement, and we need to really have that thought when we go to vote, if we go to vote. I don't know if it's going to be filibustered, and we have to have a closure [SIC] or whatever. I can't tell you that. Part of what I want to talk about the Brand Committee here all in, Senator, Senator Storer brought up-- and I didn't, I didn't see it before, but Senator Ibach gave a handout-- what dollar amount is this amounting to for the feedlots? And the Nebraska Brand Committee put out a report for '23-24 that the registered feedlots-- and I'm hoping I'm reading the right line here-- the registered feedlots, the income from them was \$824,000. So that's a starting point kind of, because if you look at the year before, it was only in the \$650,000-\$660,000 range. Don't know where those are going to stay at, or if they're going to change or fluctuate much, but those are at least-- were less than probably a million dollars that's coming in from the registered feedlots. Now, I don't know if that's just the only one in the AM829 that would be affected; I don't know if that's the only line on here. But that's at least somewhat of a starting point, as we discuss some of these. The brand, the brand discussion is very, very important, especially if you are, I don't know, western half of the state. Our operation-- most of you people know I've been a farmer all my life. We have cow-calf; we also have a small feedlot compared to some of these on the sheet, but we feed out cattle every year too. We are one of the more exceptions that I will call it, because we do have a registered brand. We are in the eastern part of the state, but we have a registered brand because about 10 years ago, my son, to get more grass, started bringing cows out west, western Nebraska. And with that-- shows you what we knew about it. The first year we brought them out there, we never branded them; there was a brand inspector there the day we picked them up to bring them home. Where's the brand? Lo and behold, we got a brand. Next year, they've all been branded, and ever since then, they've all been branded. It is very critical, very important, and as I visit with some senators from out west, very important for that area of the state to brand. You do not understand how important it is till you start visiting with, I call it, the cow people out there, and that part. This is something, though-- the Brand Committee, not only with these feedlots, but also with how they've, I

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call it, managed some things over the year, how they've increased technology over the year, the use of technology; the Brand Committee now has stepped that up, and the funding for those things and allowing them to increase their fees to, I call it, put in some of those fundings has been a critical part of the discussion over the last 6, 7 years. I see my time's about up. I will get up more and talk about this more. I just want to thank Senator Ibach and Senator Storer for leading the discussion this year. I think this is-- want to thank them for allowing us to get to where we're at. I'm not saying we have a solution, but thank you both for the amount of time, the amount of work you've put into this. This is a very important, critical issue for our-- one of our largest industries in the state, and that's the cattle industry. So thank both of you. Thank you both for the time and the effort, and the tremendous amount of discussion, because I know between both of you and between Brand Committees [SIC], the Cattlemen, there's been a lot, a lot of discussion. So thank you much.

KELLY: Thank you, Senator Dorn. Senator Riepe, you're recognized to speak.

RIEPE: Thank you, Mr. President, colleagues and viewers, and also our FFA students that we have in the balcony. My connection to feedlots was as a youth on my family's farm where we fed, fed out cattle, and I recall the cold days of winter going out and, and feeding those cattle. I would also say in my acknowledgment to the young FFA members in the balcony that I, too, was a member of my school's FFA chapter, and it was a great experience. And as you can tell by my gray hair, that's been some time ago. Today, I rise in support of LB646. While I do not have-- or now serve on the Agriculture Committee, under the great leadership of Senator DeKay, in the past, in the past, I've served 6 years on the Ag Committee, and I believe the brand issue has been a serious subject each and every year of those years, and I'm sure-- went on, and I-- the story was that, that I was told is that the issue of branding had been discussed, fought over, passed over, and never resolved. I do believe this legislative session that Senator Ibach has taken the bull by the horn, and some-- to-- some cowboy talk, if you will-- and she has worked all sides of this issue. Enough is enough, and this session, this day is the day to move to some level of resolution. I'm voting and-- the amended LB646, and ask you to vote-- for your green vote with me. Thank you, Mr. President.

KELLY: Thank you, Senator Riepe. Senator DeKay, you're recognized to speak.

DeKAY: Thank-- thank you, Mr. President. Just to put it in perspective, I got up this morning, got myself ready to come over here, walked out of my apartment, saw the sun shining, and I thought, wow, this is a brand new day. And then I walked over and slammed my fingers in the car door. This is how this day's going. But seriously, we are here to talk about brand, and there's three important steps to this. Number one, we got to identify where it is essential, and what stages is it essential; how it's going to get paid for, and who really needs it. And as Ag chair, it is my job to try to dictate, to facilitate the conversation so that every sector of the ag industry is represented in these talks, and represented to the fullest extent that we can. We need to talk about today, too, the-- and determine the stages of development most where it is needed. And for-- in my perspective, in a brand area, cow-calf producers need to brand from the day they brand those calves until they sell them, which in most cases are October, November of the year when they relinquish the ownership of those cattle, when they sell them in their local livestock market. So I want to protect the cow-calf producers with their brand up to that. I want try to alleviate financial stress to the feedlots, but I also want to not increase the exorbitant prices for cow-calf producers, to keep those rights in place. Just a small analogy, talking about brand. Brand is like the VIN number on a vehicle. You have 200 Chevy Impalas setting in a showroom-- show-- dealership parking lot. They all look exactly the same; they're all royal blue, they all exactly the the same. The only difference on them is the VIN number. That's where brand is the same as the VIN number. There's no need for the VIN-- the VIN number is probably not necessary until only 1 key starts all the vehicles. That's how you have to determine ownership of those vehicles at that point in time. And with that, going along on those lines, ear tags are like the license plates on the vehicles. Until they're not there, that is where the-- they can identify those vehicles as ownership. But just like ear tags being lost, they're not there, that-- that's when the VIN number comes in and determines ownership, and VIN numbers on vehicles aren't needed until you do. Brand is the same way. You don't need brand until you need it, and at that point, if you don't have it, it's too late. People that testified in the hearing on all of this are very passionate, and they should be, and I am too. That is their livelihood. They start out in blizzards like they did last weekend. They're bringing these lives-- these calves into the world, and that's their income for the year. That is their livelihood, that has been their lifeblood, and that'll probably be some of the legacy of the-- that they pass on to their sibling-- their kids later on in life. 75-80% of brand is used, like I said earlier, from May till October,

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and that's where I want to try to protect and help the brand cow-calf producers out in all of this. Cow-- a lot of cow-calf operations survive on controlled or limited inputs, not made on small profit margins from larger numbers of ownership. Cow-calf is the first line on the production line; death loss and misplaced cattle are significant factors in an operation staying in business for another year. How I vote will be determined by how I can protect cow-calf from branding, and how I can try to alleviate financial strain to the feedlots in this whole, whole process. Thank you for your time.

KELLY: Thank you, Senator DeKay. Senator DeBoer, you're recognized to speak.

DeBOER: Thank you, Mr. President. I yield my time to Senator Ibach.

KELLY: Senator Ibach, you have 4 minutes, 56 seconds.

IBACH: Very good. Thank you very much, Senator DeBoer. We have a, a good discussion here in midtown often, and she's very kind to yield me some time. I'll just respond to a few of the comments that have been made, just to clarify. The EID tags are, are a tag that-- it's, it's USDA approved, it's a program that cow-calf operators enroll in, it's a, a program that was designed to increase disease traceability so that if a, a, a cow was somehow-- I remember when my husband was at the department, we always call it "the cow that killed Christmas" because there was a mad cow disease case discovered in our country, and that kind of shut him down for the next couple of years, actually. So the EID program actually is, is-- was intended for disease traceability. But now, with this program-- and the Brand Committee does acknowledge it as a form of ownership-- those cattle are run through a chute at, at light speed, they wand the ear, all the information goes into the computer, and then those accounts are able to be easily transferred. The new sustainable beef program in-- or the, the, the Sustainable Beef plant in North Platte, one of the owners indicated to me last year-- or last week that no cattle will be allowed to run through their operation without an EID tag. And I think that's because of (A) that disease traceability component, and the ease of working those cattle because they are all, all in the system. So speaking to Senator DeKay's point about having technology and the advance-- advancements in the, in the world of cattle production, EID tags are a huge component of that. As far as the insurance, brand is an insurance, I don't dispute that at all. There will never be a time on my operation where we do not brand our cattle. It's the ultimate form of ownership, and can always be relied on. Full disclosure, we don't really, when we're out looking at our cattle, we don't look for

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the brand; we look for the ear tag because that tells us what number it is, how that cow was sired, and what it's bred to. So the brand, in that respect, is the ultimate form of insurance, and cow-calf producers like myself need that brand just for the security in, in this day and age. I appreciate Senator Riepe's bull-by-the-horns analogy, because I feel like some days that's exactly what I've done-- got tossed around a little bit-- but that's OK. And I appreciate Senator DeKay's leadership on the Ag Committee. We've had really good discussions. When I decided to prioritize this bill, he asked very, very thoughtful questions. He's actually one of those people that are in both areas of Nebraska, the brand inspection area and the nonbrand inspection area, so I rely a lot on his account of how his constituents feel about this bill, but I do appreciate his support. That's all I have for right now. I'll yield my time back. Thank you very much.

KELLY: Thank you, Senator Ibach. Senator Storer, you're recognized to speak.

STORER: Thank you, Mr. President. In, in this yet somewhat brief discussion, for those listening, I think you can already start to understand how complicated this issue is. And so while I appreciate the engagement of some of those folks that have jumped on the mic that are not, not in the brand area or not in cattle business, I-- I'm very encouraged that they're wanting to be engaged. But the reality is, I've been at-- myself, Senator Ibach's in the business, Senator DeKay's in business. I served on the Brand Committee for 2 years, and I continued to learn about the complexity of what they do and what they don't do. And I just want to sort of-- I'd like to bring things back to, to the starting point for simplicity, for those listening that do not understand, that are still confused about what is the Brand Committee. Well, I want to make something very clear. We've had a lot of discussion already about the brand. The brand is very important, absolutely; it is one of the allowable forms of proof of ownership. What I want everyone to understand is, for those in the brand inspection area, there is not a requirement that you brand your cattle. That is not a requirement. The requirement is that your cattle, when there is movement and change of ownership, you are required to have them inspected. Why? So there is a chain of title, and that when you're selling something, that you can prove it's yours. So Senator DeKay used the example of the vehicle, the VIN number. It's a great example. So I'm guessing, (A) none of us are driving-- we all probably own a vehicle, most likely, and our vehicles come with a VIN number, and they come with a title that's required by law. Why? Why do we have to have a title to our vehicle? Think about that. Why is that

necessary? Who's that important to? Maybe it's important to the lender, if you borrowed money on your vehicle. It could be important if someone steals your vehicle that you can prove it's not theirs. Your vehicle has value, so you want to be able to prove it yours in the event that somebody comes along and says, no, I think that's mine. So, let me, let me put this in perspective. I'm just going to throw out the figure, you know, if you go buy a \$20,000 vehicle today. Probably going to be something small and something used at that price point, but let's just throw out that figure: \$20,000 vehicle. To put in perspective the value of your vehicle and your concern about proving that you own it and your concern about making sure someone can't steal it, the price of cattle today, a 500-pound-- and it-- and it's been a little hard to track, and the-- and it's-- cattle prices are good at the moment, and we can talk a whole lot more about that if you'd like and why. But the price of a 500-pound steer is about-- we'll just-- it's higher than this, but we're just going to use round figures of \$1,500. So how many of those do you need to load up in a trailer to equal the value of your car? Got to do my math. 7? Something like that? You don't even have to fill a trailer with 500-pound steers to, to be stealing the equivalent of the value of a \$20,000 vehicle. We have VIN numbers and titles on our vehicles. Please, if you don't listen to anything else I say today, please understand this. The value and the purpose and the role of the brand inspection agency is proof of ownership, deterrence of fraud and theft. I hear over and over again that different people are like, well, I'm not getting my money's worth. Well, it's not a fee for service. And I want to ask you, do you sit-- if you sat down and calculated, hey, what percent of my tax dollars are going to the State Patrol? Am I getting my money's worth? Because that's the same analogy. While it's called the brand inspection agency, it's really-- we should be calling it the livestock inspection agency. These are deputies. These are law enforcement officers. So when we talk about weakening and, and doing anything that breaks that chain and, and in essence starts defunding that agency, it's no different than defunding the police, quite frankly.

KELLY: That's your time, Senator.

STORER: So please understand that perspective as we talk. Thank you.

KELLY: Thank you, Senator Storer. Senator Hansen, you're recognized to speak.

HANSEN: Thank you, Mr. President. Normally, I don't like it when people say they appreciate the conversation that's being had on the

floor, but I appreciate the conversation that's being had in the floor today. This is actually good information, not just for us, or as new, as new senators, but as colleagues and people watching to understand what the Brand Committee is, how it works; they can get a, a better and broader perspective of what happens maybe outside of their community and, and how the cattle industry works. And I by am no means an expert in branding and the cattle industry, but have learned a heck of a lot, and I like to study about how things-- decisions I make affect certain industries and people. And so over the course of time, I think I've felt like I've got a better handle on how a lot of this works, and maybe I'm looking at it more from a business perspective as opposed to a, a cattle industry perspective when it comes specifically to the branding committee. And when I look at the nuances of the branding committee, how it works, the rules and regs, the effects it has on the cattle industry, both big and small, feedlots and owners of cattle, it's confusing to me from just strictly more of a business perspective. It's like this is a pseudo-government agency that has authority to go on people's private property, but it doesn't, and it's a gray area, and budgets are confusing. And, usually, when you have any kind of government agency that is really confusing and is not self-sustaining, I think we definitely need to take a closer look at either how we might do things differently or going to a different model, which is something I wouldn't mind talking about a little bit. But I wanted to elaborate a little bit maybe on what my colleague Senator Storer was talking about, and I'm glad she brought this up, when it comes to the VIN number. I think that is a good example of how some of this works. But putting it in perspective for vehicle owners, the branding committee would be the same as, like, if you had a car and you took your car from Omaha to North Platte, and once you parked your in North Platte, you had to call an inspector, come look at your car, open your door, look at the VIN number to make sure it's yours, and then pay that person, and then go on your way. That doesn't seem reasonable. Whereas the nonbranding area, you, you drive from Omaha to Blair and nothing. So I understand the idea of this almost being an insurance program or an inspection program to make sure prop-- personal private property when it comes to cattle is yours. I just think there's better ways to do it. Maybe ways, ways we haven't explored seriously, and I'm hoping we can in the future. I think this bill takes a step in the right direction towards that. Now, it's not perfect-- nobody said it was-- but it's a step in the direction, which is why I'm supporting it. So I do support her bill, but I also believe, as we look for ways to become more efficient, we must take a hard look at the current Brand Committee budget. I'm very serious about looking at a Kansas model or a Texas model and making a new

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Nebraska model that acknowledges change is needed. So I know this has been brought up before. I-- and I don't know if this is something we can even kind of move towards, but a lot of us over the-- in the Ag Committee and those in the industry have seriously taken a hard look at maybe what Kansas does and their model. I brought this up a little bit before. I'd like to talk a little bit about the comparisons right now. Right now, the key differences when it comes to mandatory inspections-- Nebraska, brand inspection is mandatory for all livestock transactions west of the brand inspection line, about the western two-thirds of the state. Kansas, brand inspection is not mandatory; it is provided upon request. Maybe Senator Storer, when she gets on the mic next time, maybe can correct me, because she mentioned this a little bit. I might-- I'm pretty sure I'm right, but if I'm wrong, I-- she can bring it up-- about that it is mandatory for all livestock, livestock transactions west of the brand area, but branding is not mandatory, I think is what she mentioned. Again, I'm still learning. Cost of inspection in Nebraska, higher inspection fee at \$1 per head with additional surcharges; Kansas has a lower inspection fee up to 75 cents per head, and it is voluntary. Annual budget, the estimated expenditures for the Kansas brand inspection model-- inspection program is \$245,000 in fiscal year 2025. The Appropriations Committee preliminary report estimates that for fiscal '25-26, the number will be \$6.5 million. The last available records from the Nebraska Brand Committee indicate that the total expenditures from July 1, 2022 to July 30, 2023 were \$5.6 million. So there are some significant differences. I think Kansas' model allows for more-- I think the volunteer approach. I think they use more local law enforcement.

KELLY: That's your time, Senator.

HANSEN: Thank you, Mr. President.

KELLY: Thank you, Senator Hansen. Senator Spivey, you're recognized to speak.

SPIVEY: Thank you, Mr. President, and I yield my time to Senator Storer.

KELLY: Senator Storer, you have 4 minutes, 55 seconds.

STORER: Thank you, Senator Spivey. And I'm going to address the Kansas issue, because we keep-- that keeps coming up here this morning quite a bit. Kansas currently has a bill in front of their legislature, their house committee on aricultural and natural resources, to enhance

the penalties because they're having a growing problem of theft. I don't think that we look to a state that is seeing increases in theft and currently looking at ways to police that industry better as the model we want to shift to. Now, our other states that are big cattle states, Wyoming and South Dakota, have-- nobody wants to talk about them when we, when we talk about models-- they have a model that's very similar to Nebraska. There are several-- there's some young men that, that I've got to visit a little bit with that do business sort of in both states, and, and I wish that they could be here to share their stories with you about how Kansas' model is not what people want to purport it to be. So I'm going to come back to exactly what does the Brand Committee do, what do they not do? Again, for clarification to your, your question, Senator Hansen, that is correct; there is no requirement to brand your cattle. That's not required. And I also want to address sort of the analogy of-- we're using the car analogy-- it-- inspection is triggered on change of ownership, or if there's a possibility of comingling where someone else's cattle could have got in-- one owner's cattle could have got in with another owner's cattle. So it's not, it's not triggered every time you drive your car and park it in that analogy; only if you're going to sell your car, which, usually, the buyer wants to see the title. I want to share a couple stories with you, because somehow, you know, that's, that's a good way to understand this. Really, what-- and this, this was, this was provided to me by one of-- by a now county sheriff who was also a brand inspector. So imagine that there's a couple that got married, decided that they were going to raise cattle for a living, and they get a few years into their marriage and they decide they don't want to be married anymore. That happens once in a while, right? But they've got, let's say, 300 head of cattle. If they have 300 head of mama cows right now, that's, that's about \$150,000 worth of cattle. Pretty good, pretty good chunk of assets. The wife moves to town with the kids while the husband stays where the cattle are to take care of them, and the divorce proceedings take a little while, and without any meaningful inspection system, husband could take half of those cattle into-- under Senator Ibach's bill, whether it's the first option or the second option, quite frankly-- into an affiliated feed yard or an exempt feed yard-- depends which, which amendment we're talking about-- with no inspection in, there was no transfer of ownership, and those cattle will never be seen again. Wife comes to do the settlement for the divorce, and she is now out half of her due assets due to the lack of oversight and inspection. That is not an exaggeration; that is a possibility, that has happened. I will continue to share examples of how cattle theft happens, but I do want to come back to this again. This idea of voluntary inspection is just so frustrating to me because

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that's like saying, you know, if you're driving, if you're driving a small little compact car, the, the, the State Patrol is going to radar you for speed checks. If you're a driving a big SUV, you know what? If you're speeding, let us know. If you'd like us to radar you, just let us know. I don't think that example is off balance to help you understand the concept of voluntary inspection. And I'm going to come back when-- my time is about out, so I'm going to come back and talk a little bit more about the nonbrand inspected area and this idea that theft doesn't occur there. So I'm going to keep talking until I'll get to that. If I run out of time, I'll come back to that. But just recently, like, in March, I believe, there was a conviction of an individual that--

KELLY: That's your time, Senator.

STORER: Thank you.

KELLY: Thank you, Senator Storer. Senator Dorn, you're recognized to speak.

DORN: Thank you, Lieutenant Governor. And, and listening to Senator Storer there a little bit talk about 300 cows and the price of those, and I think she underestimated that price a little bit. Yeah. It's closer to \$1 million and stuff, and then you have cow-calf-- you have the calf with them and-- this branding issue, as we've talked through that, as I've listened to Senator Hansen and other-- others, and part of the discussion this morning the best I can, going in and out of here and talking to other people. As I talk to many of the people in here, if you are from Omaha or Lincoln, and you, you, you-- I, I, I guess I get the feeling kind of, oh, this is a kind of a new subject, or, or they don't really understand, I call it, the inner workings of this. As I talk to some of the, I call it, western senators, rural senators, Senator Strommen, and, and, and as you talk to Senator Ibach, and if you talk Senator Storer, you can tell in their voice the passion that many of those people out there have for the brand, or what-- how we're handling the brand, or how this thing is all going on. Senator Hansen and I-- myself both mentioned that the, the-- since we've been up here, the, I call it, the conversations we've had about this and where we go or where we might go, what the Brand Committee has done. Went out and talked to the Cattlemen and, and their office-- their group is out here in the Rotunda-- went out and talked to them, and, and part of what they've been involved to over the years is part of this discussion. How do we come to an agreement? How do we come to something that's workable, doable for all parties involved? The Cattlemen came out yesterday, their committee, their board of

directors or whatever, they came out in support of the AM829, amended onto the LB646. Would they-- they didn't come out in support of the previous amendments, so that tells you the negotiations that have been going on between a lot of people involved in the industry, a lot of, I call it, the important issues that involve this brand. Because if you're a cow-calf person out in the Sandhills, this is one of your most important things, is that this brand is able to, as Senator Storer has pointed out, able to identify your cattle, able to identify the owners of the cattle, and, quite often, how they play out as they go through the process, as they go from cow-calf to sale barn, sale barn to feed yard, or cow-calf to, to the feed yard, how that all plays out and why that is all important out there and stuff, so. I thought when I came here 6 years ago, this wasn't that. Why can't we solve this? Well, I thought the same thing with property taxes-- and, look, Senator Arch is smiling about that-- I thought the same thing with property taxes, and here we are 6, 7 years later, and we're still having this discussion. This is a little bit what the brand is like, the brand issue. It is very, very critical and important to this industry. And so, sometimes, we try too hard, I think, to get it exactly right. Senator Storer brought the one-- the amendment, and it'll probably be up there later-- to have the Brand Committee visit. Certain date, they will come back; next year, we'll vote on this. And I've had some conversations with that-- or Senator Storer about that. The only hiccup I have with that idea is, are we kicking the can down the road? Do we-- as a body, can we come together and pass something this year? Maybe not. If we don't, I think that part of the process will definitely play out in this next year. There will be something back next year, that's all I can tell you, if we don't act on it this year. Even if we do act on it-- and we've learned this with property tax relief-- even if we do act on something, next year, it's still back; we still will have those discussion on those things. And I think this is one of those issues for the ag industry in the state of Nebraska. That's why this is so important, and that's why there's people on both sides of this that are very passionate. Thank you.

KELLY: Thank you, Senator Dorn. Senator DeKay, you're recognized to speak.

DeKAY: Thank you, Mr. President. However this bill is voted on, whatever amendments are added to this bill to make it law, wherever we end up with this today and going forward throughout this process, this law will not be uniform across the state. There are only two ways to make this uniform with the existing brand line. Number one, we can either make brand inspection be statewide, or we eliminate brand altogether. Either way, in the cattle industry, this will be a civil

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war in the state of Nebraska. Unfortunately, legislation that was brought back in 1941, to give a brief history on it-- I think it's been touched on, probably been talked about-- brand line was put where it was because the brand-- the feedlots were on the east side of that line, the cow-calf producers or ranchers were on the west side. Feedlots did not exist out in western Nebraska. And through prior legislatures, though their intentions were good, the results were not; it has caused a divisiveness across the state. But you look at branding, branding is like locking your doors at night. It keeps the honest people honest. And like they said, good fences make good neighbors, and brand, brand does the same thing. I will be having calls all day today from constituents in and out of the brand-- to give you an idea of where I live, I live in the northeast corner of the brand inspection area. 20 miles to the east is where the east line falls, 5 miles to the north going into South Dakota is where the brand line falls-- and their thoughts on brand and whether-- what they can live with or not, it's what I'm going to be basing my decisions on, and it-- I will be taking comments from cow-calf producers and feedlots alike. And ultimately, again, my vote will depend on how we give cow-calf security and feedlots less input cost. From cow-calf to finishing, cattlemen are all in this together, we all need each other. Let's do what we can to make it work as an industry. That can only happen through compromise and compassion for all the sectors involved in this great industry in producing the best beef in the nation and around the world. I yield back the rest of my time. Thank you.

KELLY: Thank you, Senator DeKay. Senator DeBoer, you're recognized to speak, and this is your third time on the motion.

DeBOER: Thank you, Mr. President. So I am trying to catch up as best as possible since I will be required to vote on this issue and have not spent as much time of-- with it, obviously, as my colleagues. So I was wondering if Senator Storer would yield to some questions.

KELLY: Senator Storer, would you yield to some questions?

STORER: Yes.

DeBOER: Because we don't have a lot of time, give me the short, short version of why do we have a branded area and a nonbranded area in Nebraska?

STORER: Yeah, that's sort of the million-dollar question. The brand area was determined in 1941. Unfortunately, none of us were here at that time to be part of the discussion in terms of why the line was

drawn. I can generally speculate, however, at that time, the majority of the numbers of cattle-- and I would say that would still be true-- exist west of that line. So a larger concentration--

DeBOER: OK.

STORER: --of cattle numbers. And, and, and definitely, you know, a lot-- and the feedlot, feedlot industry has changed, doesn't look anything like what it did in 1940. At that time, it would have primarily been a lot of small farmer feeders that were feeding out their own cattle, so there wasn't a transfer of ownership generally in the early years of feedlots. So as we've progressed, feedlots have become either what we call a custom feedlot where they will take someone else's cattle and, for a fee, they feed them out to finish, or they're a commercial feedlot where they go buy the cattle and they own them, and they feed them out to finish.

DeBOER: OK. So how-- one of the things I've heard you is-- and in my wildest dreams I never thought I'd be discussing cattle rustling, which is basically what it sounds like we're worried about-- why do they not have problems with this loss of ownership or the troubles that you were describing in terms of who owns what without the branding commission in eastern Nebraska?

STORER: Yeah, I think to say they don't have trouble is a, is a huge assumption, so I'm going to use an example. Everyone thinks that if you go out and if you take your cattle to a feedlot-- and we're going to use a custom feeding example. If I take 100 head of cattle to a custom feeder and you take 100 head a cattle to custom feeder, it is not uncommon that there's a contract with that custom feeder between with each of us individually that says, hey, I'm going to guarantee you're not going to lose more than 2% death loss. Because things happen, right? There's, there's heat, there's storms, there's sickness. And so if he loses more than 2%, then the contract generally would say he's going to pay for that. Well, let's assume-- and this is examples brand inspectors have shared with me-- that I lose 6% and you don't lose anything. Now, I'm not accusing any individual; this is not about trying to disparage any character of any-- but there are bad actors in every, every industry, every-- we're human beings, right? It's the reason we have law enforcement, is to prevent fraud and theft, right?

DeBOER: So wait--

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STORER: So, in that-- well, I'll finish real quick. The, the-- that example, you lost, you lost nothing, I lost 6%. The feeder, custom feeder, may take some of your cattle and put them in my pen--

DeBOER: That's--

STORER: --to make it look like we both only lost 2%.

DeBOER: That's what I was just-- OK. So you're saying that cattle aren't fungible. You can't just-- it's not like three coffee cups that look the same. So if I go into this custom branding-- or feedlot, I want my actual cattle back, not a certain number of cattle back.

STORER: Correct. You want what you took in. You've got, you've got a genetic investment, you've got-- there are a lot of reasons why you want your cattle back. So in that scenario I just gave you, I-- you wouldn't have known that you lost any cattle if there was not any inspections at any point, right? So the idea that, that we don't see these large numbers of reports, it gets pretty complicated to try and explain to people all of the creative ways that cattle can be stolen. And sometimes, in that example I just gave you, the owner may not even know they lost cattle, if that makes sense.

DeBOER: But doesn't this already happen in the eastern part of the state, then?

STORER: I guess what I'm explaining is likely it does, but there is not really a mechanism to identify that.

DeBOER: OK. And I do want to ask Ibach some questions, but maybe I can't get them all done since my light is on saying I have 1 minute left. So one more question for you. Could you--

KELLY: And that's your time, Senator. Thank you, Senator DeBoer and Storer. And Senator Storer, you're recognized to speak, and this is your third time on the motion.

STORER: Thank you, Mr. President. I will let Senator DeBoer-- yield to her for a question.

KELLY: Senator, Senator DeBoer, would you yield to questions?

DeBOER: Thank you for yielding to a question, which is what was my question? My question was, you mentioned defund the brand. Can you explain to me how Senator Ibach's amendment would defund the brand commission?

STORER: Yes, I'd be happy to do that. So, currently, the estimated income from the fees that are paid by the entities that are proposing to be virtually exempted from paying fees-- and I'll-- we'll come back to that; it depends which amendment we're talking about-- it's somewhere to the tune of, I believe, \$1.2 million in a, like, \$5.8 million, I believe, budget, so a pretty good chunk of that budget. If the-- if those fees were eliminated, it becomes more challenging for the committee, the inspectors, to continue to operate and do the work at the same level they're doing it today on that much less money. Now, there is a provision, I believe, in both of Senator Ibach's amendments to allow the Brand Committee to increase the per-head inspection for the cow-calf producer that they believe is intended to make up some of that difference in the lost revenue from the fees that would not be charged to those in the feed in-- feedlot industry, but there-- but the exemptions-- and again, it gets-- there's, there's two different amendments up here that potentially are hanging out here, and, and if we get to those, or when we get to those, we can talk more specifically about what each of them does. But for example, in the AM829, I had some discussions-- that amendment proposes to reduce the fee to just a flat \$1,000 for every feedlot, RFL, registered feedlot. There-- it's not-- there's no basis of per-head, so you could be a 5,000-head feedlot or you could be a 150,000-head feedlot, of which there is being built in the brand inspection area today, and be charged a flat fee of \$1,000. The inspectors kind of walked me through and helped me understand that, depending on the size of that feedlot, the time it takes, the, the volume of paperwork, it is likely they will lose money on the quarterly audits on those larger feedlots. It will be a net loss for that \$1,000 flat fee. So, so that gets into a whole 'nother layer of discussion that it-- we'll probably get to when we get to these specific amendments. But this is limiting the ability for the brand inspection agency to collect the fees they need to do their work. I would, I would kind of compare this to-- I've explained to some folks before, and I, and I know Senator Hansen mentioned, you know, whether or not the, the Brand Committee is sustainable or not. They are 100% fee-funded. The Brand Committee is not asking for one dime of Nebraska property tax, or income tax, or sales tax dollars; they are completely funded from the, from the industry that they are providing oversight and services to. And I do want to point something else out, that there's, there's so many complexities to the brand law. There's a perception that our Nebraska Brand Committee doesn't do anything east of the brand line. That's not true, to further complicate this conversation. There is not mandatory inspection required east of the brand line, however the brand inspectors have authority to do additional things, and are oftentimes called over to

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the nonbrand inspection area to help with investigations, to do things like-- including investigations of livestock abuse. That's a whole 'nother segment of what the Brand Committee gets involved with. So they do have statewide authority, just-- the line identifies the difference of where there's a requirement for mandatory inspections and what-- and the-- and east of the line, they're not mandatory inspections, to further complicate it. With, with that, I'm about out of time, so I'm not going to start the story I started earlier as an example. I will come back to that to further illustrate the variety of ways that, that there-- cattle theft and fraud can occur. I guess I just want to, to emphasize, you know, the very popular show, Yellowstone, created some fascinating interest in the cattle industry. It also created, unfortunately, a gross misunderstanding. Our lives are not made-for-TV movies.

KELLY: That's your time.

STORER: Thank you.

KELLY: Thank you, Senator Storer. Senator Hallstrom, you're recognized to speak.

HALLSTROM: Thank you, Mr. President, and members. Wasn't sure I was going to stand up on talk-- and talk on this issue, having a, a, a district that's outside the Brand Committee. But in talking to some of my counterparts from this side of the state, I think there's a great deal of, of confusion and uncertainty as to what we should do. I pulled up a, a song that came to mind from Stealers Wheel-- Wheelers-- Wheel-- and the, the lyrics are, I think interesting. "Well, I don't know why I came here tonight // I've got the feeling that something ain't right // I'm so scared in case I fall off my chair // And I'm wondering how I'll get down the stairs." And now, I have the deepest respect for all of my colleagues on the floor here, so don't take this personally. The next words are: "Clowns to the left of me // Jokers to the right // Here I am, stuck in the middle with you. Yes, I'm stuck in middle with you // And I'm wondering what it is I should do // It's so hard to keep this smile from my face // Losing control, yeah, I'm all over the place // Clowns to the left of me // Jokers to the right // Here I am, stuck in the middle with you." And that's exactly where I am on this issue. I've looked at the amendments, and Senator Hansen and Senator Dorn and Senator Storer have all referenced other states' laws with regard to brand committees. I've researched some on my own. I raised the prospect of having a voluntary system if that made sense, because a lot of other states seem to do something along those lines, and the, the response was rather telling in, in that it was suggested

to me that it would not be self-sustaining. And if those that benefit from the system are not willing to pay the price to get the benefits of the system on a voluntary basis, that, that may tell quite a bit. I think the Brand Committee-- and I appreciate the fact that Senator Storer has noted that it is all industry funded, but there are obviously some members of the industry that are not happy with the amount that they're paying for what they're getting in return. But the Brand Committee as, as I antici-- as I understand from looking at the most recent budgetary information, had 55 full-time employees and a budget approaching \$6 million. So I'm, I'm still trying to figure out where I end up on this issue, but I would probably fall in the camp-- maybe not necessarily yet, with regard to his stated position, but with regard to the need to look at other states' laws, try to modernize this system. And one of the things that comes to mind from my experience in this arena for many, many years-- and we've got the, the cattlemen who are now supportive of the amendment that's on the board, or potentially on the board, and Farm Bureau, who remains opposed even with the amendment-- is that it's easy for a legislator to say I've got friends that support, I've friends that oppose, and I'm going to vote with my friends. And so that's kind of where I am, again, stuck in the middle with all of you, or at least some of you, and would encourage you to listen to the debate closely as I will in the remaining time on this bill. And I thank you.

KELLY: Thank you, Senator Hallstrom. Senator Hansen, you're recognized to speak. This is your third time on the motion.

HANSEN: Thank you, Mr. President. Well, it was only a matter of time before one senator got up here and started singing a song. Well, he didn't quite sing it, since we don't have Justin Wayne here anymore. Senator Wayne, my good friend, singing a song. I guess it's-- the mantle has now passed to Senator Hallstrom to sing a song every year, so I look forward to next year. I, I would like to expound a little bit on the idea or the possibility, if people have an open mind, about eventually moving towards maybe more a privatized system of brand inspection. I know Texas does something similar, and from my understanding, it's still mandatory that you register your brand, I think similar to what Nebraska does. However, the-- if-- it's a voluntary process to get it inspected; they highly recommend it, but it's voluntary. They incorporate local law enforcement more than perhaps we do, or the state supports it more than maybe we would or currently are. They, they also use the Texas Rangers in the inspection process. So if somebody has-- or claims that somebody stole one of their cattle, they report it, local law enforcement and the Texas Rangers then get involved. I think, to me-- and, again, I'm going to,

you know, mention something I said earlier-- is the idea of, like, this-- if, if this is this confusing or the idea that this works for, for some but at the detriment of many, doesn't sound like a good idea, especially in government. It doesn't sound fiscally responsible, it doesn't sound efficient or effective. At least that's what I've experienced in the 6 years of being on the Ag Committee and learning about, and learning about the branding committee from more of a business-minded perspective. I'm not saying-- it helps people; obviously, it does. But is the juice worth the squeeze when it comes to this? I always, I always tell people when you hear a politician say, you know what, if we, if we can save the life of one person, it's worth it. If you ever hear a politician say that, run. That means they're willing to say, I'm willing to hurt a whole bunch of other people or take their liberties away or punish them or impose a fee upon them to help this one person; it's worth it. I think it's a bad way to run government. I'm not saying what this is like, but it seems like that's the model that we're incorporating here, and what Senator Ibach is trying to change. And where I would like to see it go in the future: where it's voluntary, if there's not much benefit to you, you don't have to do it. Why should you have to pay a large fee to make sure others' private property is taken care of? And I think, I think-- I don't know if Senator Storer or somebody else brought up the idea that, that theft does happen outside the branding area. It does. I think there's an example of that in Battle Creek, I think; a fellow who stole some cattle. But the person who owned the cattle called the police, they found the guy, they arrested him, and he's in prison. Just like a lot of all, all of our other private property. I think that's how this should be treated. I'm not saying it's the same as somebody stole, you know, my, my moped. I don't own a moped, by the way; that's the first thing that came to my head. But somebody stole it, we report it to the police, they investigate it, they find the criminal, they arrest them, and hopefully you get your private property back. But I know cattle are different, but I think the-- that kind of model, I think, is a better approach. And so I-- so the-- whether it's the Kansas model, whether it's the Texas model, I would like to see the Nebraska model. And perhaps privatize it, don't have the government involved at all. Make it a private organization that you choose to become a member of for that benefit. I, I-- that way, you get what you put into it. And if you don't, you're not a member anymore, then you're on your own. There's got to be something out there like that, or that's something we can move towards. And like I said before, I think that's what Senator Ibach is trying to do here. Is it perfect? No. But let's at least keep an open mind on some of this. And whether this year or next year or 10 years down the road, we

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can do something different that everybody can agree on, and it's not confusing, and the, the people who actually own the cattle can make more of a decision of where they want to spend their money. Thank you, Mr. President.

KELLY: Thank you, Senator Hansen. Senator Sorrentino, you're recognized to speak.

SORRENTINO: Mr. President. On behalf of the more, I'll say, urban legislative districts who do not have a cow in this fight directly, I would like to thank Senators Ibach and, and Storer for their efforts. Your efforts to educate us on why a truly-- a foreign language to many of us. I appreciate the strong opinions you both held on this topic, because it is part of your daily lives and livelihoods. I do also realize that this is not a topic that is a stranger to the Legislature, as much as we'd all like it to be and be subtle. Several times, senators have stated the quotes, but this is for another day and a more complicated matter. I really don't know how it could get more complicated for some of us, so. On the one hand, some of the practices of, of the Brand Committee seem somewhat outdated to somebody who's an urban senator, but I'm also not sure that the, the fairness of having one law for the eastern part of the state and one for the western is what we want to do either, so. Many of us say-- stand confused but interested in a long-term peace treaty, if you will, that moves us forward towards a more permanent basis. I'm not at the moment. I'm still reserving judgment, taking a stand. But thank you for your time.

KELLY: Thank you, Senator Sorrentino. Senator McKeon, you're recognized to speak.

McKEON: Thank you, Mr. President. When we get past some of these, I do have an amendment, AM696 [SIC] that I'm looking at to put this into the '26 fiscal year, July 1. This, to me, is all about communicating between the ag industry. We just need to, like some of what Senator Hansen said, this possibly could look at to privatize this. But I'm going to yield the rest of my time to Senator Storer. Thank you.

KELLY: Thank you, Senator McKeon. Senator Storer, you have 4 minutes, 23 seconds.

STORER: Thank you, Senator McKeon. I just want to respond to a few of the things being discussed in terms of the privatization-- is an interesting concept, however, I, I have learned, actually, that prior to 1941, the Nebraska Stockgrowers ran the brand inspection, but the

courts said that, that a private institution cannot do law enforcement. So that's how we ended up with the Brand Committee that we have today. Again, reemphasizing that it is law enforcement. I also very much actually agree with Senator Hansen's comments that this is complicated, and we need to get to a point where we're going to have some level of consensus. We will never get to a point everybody's happy, I agree; that doesn't happen in virtually anything we do here. But, but my amendment, AM810, gets to the crux of the issue, which is having every segment of the industry impacted by changes to the Nebraska Brand Act to have a transparent, open, meaningful opportunity to engage in the solutions. That is the most reasonable request that, that we can make. Senator Dorn mentioned, you know, the frustration of the idea of kicking something down the can, and I agree that, you know, sometimes these are just tactics. I-- this is not being offered as a tactic to kick something down the road because I have put a date certain on my amendment. I have put the date of December 31 that, that the Brand Committee must return recommendations to us, and I've actually had some conversations with Farm Bureau, and based on their recommendation, to be practical, I'm willing to move that date up so that there is time for the development and the drafting of a bill that has been thoughtfully done. The idea that, that we-- you know, there's been some discussion that, you know, well, this isn't-- there-- actually, there's kind of been widespread agreement as I've listened to the discussion that this is not perfect; that this bill's not perfect, but let's just get something done. I was not, I was not elected to come down here and just throw something at the wall and see what sticks and try to clean it up a little bit better next year. And, and I understand that things are always evolving; I'm not naive. But, but this is major technical changes to Nebraska's Brand Act that addresses and, and provides oversight and law enforcement for our number one cash commodity. And I do want to emphasize something else. There's-- I understand that there's probably 45, at least, of the members of this body that, that are interested but a little frustrated because they're not directly involved in the cattle industry. But the cattle industry does impact us all, and it's not just because-- whether or not you eat steak or not, it impacts us all because of the economic engine and the revenue it generates for the state of Nebraska, and the revenue that, that the brand inspection agency is trying to protect the integrity of. And you know where that revenue ends up, ultimately, when people make money, it ends up right here. It ends up right here in this, in this body, and affects the overall economic health of this state. So, so while it doesn't directly impact a lot of us in the room, it absolutely indirectly impacts everyone in this state. And so I'm just asking for transparency. I'm asking for

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all stakeholders to be involved in a meaningful way, and I'm asking to try and come up with a solution that is as well thought-out to solve some of the concerns of the need to modernize our Brand Act. And I think there is agreement that we need-- we always need to be revisiting and taking a look at things. So, again, I will be introducing AM810; ask for your support on that to help us move forward with a really reasonable approach to coming up with some meaningful solutions. Thank you.

KELLY: Thank you, Senator Storer. Senator DeKay, you're recognized to speak, and this is your third time on the motion.

DeKAY: Thank you, Mr. President. When it comes to the cow-calf feedlot sector, this is broken down into three sections of the state. You have your cow-calf, you have your feedlots, and you have your eastern feedlots that are exempt. Cow-calf wants to be protected, to keep brand in place going forward; feedlots want the exemption of having to pay more for their inspection fees; and on the eastern side of the line, feedlots on the eastern side of the line and cow-calf producers, they just want to stay out of the radar on this. They do not want to be involved in these discussions at all. This is an east versus west on the cow-calf people and the feedlots. So what it breaks down to-- everybody's got to-- at the table on this has got to be aware and be concerned of what could take-- potentially take place. Cow-calf, I would ask those producers to understand the ramifications of whatever bill that does get brought forward could get passed; they need to understand the benefits of it, and what they are willing to compromise to get there. Same thing for western feedlots. You got to understand what the ramifications are going forward, and what could be-- happen if something gets passed or if nothing gets passed, and how that will affect cow-calf and feedlots into the future. So with that, I would ask if Senator Hansen would yield to a question. Senator Hansen.

KELLY: Senator Hansen, would you yield to some questions?

HANSEN: Yes.

DeKAY: Senator Hansen, just a little bit ago, you talked about maybe privatizing this. With that being said, how would we go forward if brand does stay in place and it's privatized? Senator Storer alluded to it, but how would this go forward to-- with an enforcement mechanism?

HANSEN: In my opinion, if we moved towards a privatized model, that would require us as a Legislature, then, to grant authority to either

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law enforcement or pseudo-law enforcement, like the, like the Texas-- like what Texas has with the Texas Rangers. Either we create something like that, saying, hey, we're granting authority that some people can then investigate and, and have some kind of law enforcement authority. Not as much as we would maybe grant to local law enforcement, but some kind of law enforcement ability to investigate and look into these matters above and beyond a private citizen.

DeKAY: Thank you.

HANSEN: Yep.

DeKAY: Back to my closing remarks on this stage of it will be-- we got to be concerned where we're going with this? Cow-calf guys have to ask the question, how will we benefit from this, and what can we live with? Feedlots has to have the-- ask themselves the same question, what can we compromise and live with? This is what it boils down to, money versus security within a brand. And if we can get cow-calf security that they are needing and wanting, and it doesn't bankrupt their budget to do that, they've got to ask those questions to themselves. Feedlot, if we can give you the exemptions that you are asking for and wanting, you got to be able to compromise and possibly be diligent and, and carrying out the audits and the fees involved in all of this. So with that, I yield back the rest of my time. Thank you.

KELLY: Thank you, Senator DeKay. Seeing no one else in the queue, Senator Ibach, you're recognized to close on the motion to withdraw and substitute.

IBACH: Thank you very much. I appreciate everybody's support, and the comments have really been really good and thoughtful, and the discussion's been good. To Senator DeKay's point, the compromise is that we put everything back, everything that's in statute now stays in statute. Cow-calf operators like myself have no need to worry that I'm taking anything away from them, or that they aren't going to be able to brand in the future. This is a, this is a compromise from the big feedlots, if anything. And Nebraska Cattlemen have supported this, based on the language; they agree that this is a good move forward, and I appreciate their support. This is good legislation. I would appreciate everybody's green vote to substitute the amendment and move on with the discussion. Thank you.

KELLY: Thank you, Senator Ibach. Members, the question is the motion to withdraw and substitute. All those in favor vote aye; all those

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opposed vote nay. There's been a request for a roll call vote. Mr. Clerk. There's been a request to place the house under call. So the question is, shall the house go under call? All those in favor vote aye; all those opposed vote nay. Record, Mr. Clerk.

CLERK: 30 ayes, 2 nays to place house under call.

KELLY: The house is under call. Senators, please record your presence. Those unexcused senators outside the Chamber, please return to the Chamber and record your presence. All unauthorized personnel, please leave the floor. The house is under call. Senators Machaela Cavanaugh, Spivey, McKinney, Rountree, and Bostar, please return to the Chamber and record your presence. The house is under call. Senator Spivey, please return to the Chamber and record your presence. The house is under call. All unexcused members are present. Members, the question is the motion to withdraw and substitute. A roll call vote was requested. Mr., Mr. Clerk, in reverse order-- regular order. Mr. Clerk.

CLERK: Senator Andersen voting yes. Senator Arch voting yes. Senator Armendariz. Senator Ballard voting yes. Senator Bosn voting yes. Senator Bostar voting yes. Senator Brandt voting yes. Senator John Cavanaugh not voting. Senator Machaela Cavanaugh not voting. Senator Clements. Senator Clouse voting yes. Senator Conrad not voting. Senator DeBoer not voting. Senator DeKay not voting. Senator Dorn voting yes. Senator Dover. Senator Dungan not voting. Senator Fredrickson voting yes. Senator Guereca. Senator Hallstrom voting yes. Senator Hansen voting yes. Senator Hardin voting yes. Senator Holdcroft voting yes. Senator Hughes voting yes. Senator Hunt. Senator Ibach voting yes. Senator Jacobson. Senator Juarez not voting. Senator Kauth voting yes. Senator Lippincott. Senator Lonowski voting yes. Senator McKeon voting no. Senator McKinney not voting. Senator Meyer voting no. Senator Moser voting yes. Senator Murman voting yes. Senator Prokop voting yes. Senator Quick not voting. Senator Raybould voting yes. Senator Riepe voting yes. Senator Rountree not voting. Senator Sanders voting yes. Senator Sorrentino voting yes. Senator Spivey not voting. Senator Storer not voting. Senator Storm voting yes. Senator Strommen. Senator von Gillern voting yes. Senator Wordekemper voting yes. Vote is 27 ayes, 2 nays, Mr. President, on the motion to substitute.

KELLY: The motion is adopted. Mr. Clerk. I raise the call.

CLERK: Mr. President, Senator Ibach would offer AM829.

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KELLY: Senator Ibach, you're recognized to open.

IBACH: Thank you very much, Mr. President. Just to reiterate what I talked about-- thank you, everyone, first of all, for your vote of confidence. This is good legislation. Just to reiterate what I opened with, AM829 really just does a few things. What I did was take LB646 clear back to the basics. Anything that's already in statute right now will stay in statute. So any fees that are currently charged, any rules or regulations that are in place, the inspection in, anything stays in place. The simple, simple changes that this makes is it exempts brand inspection for dairy. And like I mentioned, there are only 5 dairies in the brand inspection area compared to the 72 licensed dairies in the nonbrand inspection area. We did have testimony in the hearing from-- I don't know if he's chair of the Dairy Association, Mr. Wolfe from Kearney. I've gotten zero pushback from the dairy-- or from anyone saying dairy should not be exempt. That's an easy one. It allows for per-head inspection fees to be increased. This is-- the Brand Committee-- the, the chair of the Brand Committee, I met with on several occasions at their request. Right now, the cap on brand-- per-head brand inspection is \$1.10. The Brand Committee currently has it set at \$1 since last October. I'm proposing that we raise that fee to \$1.50 cap per head; that allows the Brand Committee to increase those fees as they say-- as they see fit to allow them some more flexibility with their oversight. Finally, it expands-- excuse me, excuse me-- it expands the qualifications for moving cattle into a grow yard, and-- excuse me-- currently, if you own feed-- feedlot cattle, and you move them from your operation into a feedlot but you retain ownership of those cattle, they have to be brand inspected even though they're kept separate and you're retaining ownership in those, the feedlot is just feeding those. Senator Storer and I talked about this early on, back in January; she actually said that she had support for this part of the bill because it's consistent with what her constituents think. Other than that, it does-- like I mentioned, it does increase that to the \$1.50 per head, and then it sets a base amount for feedlots. Right now, they pay their capacity fees plus their inspection fees plus their audit fees, that-- it sets a, a base amount for those feedlots at \$1,000 annually. The thing we have to remember is that feedlots in the eastern side of the state pay zero. And I think the other thing that we constantly have to remember, which I always reiterate, is what these feedlots bring to their communities. They buy millions of bushels of grain, we sell our grain to a feedlot, they employ hundreds of people, they pay significant income, sales, and property taxes, and they buy thousands of our calves. They buy, they buy calves from us. Like I mentioned, producers

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need feedlots, feedlots need producers, and the world needs our product. With that, I would encourage your support of AM829 to LB646. Thank you very much.

KELLY: Thank you, Senator Ibach. Senator Storer, you're recognized to speak.

STORER: Thank you, Mr. President. I rise in opposition to LB646 with AM829. I missed what-- I was in preparing to get up and speak, so I missed what Senator Ibach said in terms of something I agreed to, so I'm not sure what that was. I don't know that I agreed to anything; there was no bill presented to me before it was dropped for me to weigh in on for agreement, so I did not agree to anything in LB646. I didn't see it until it was presented, at which time I also told Senator Ibach on the floor that day that I could not support the bill. I again ask-- Senator Ibach, would you yield to a few questions?

KELLY: Senator Ibach, would you yield to some questions?

IBACH: Yes, thank you.

STORER: Thank you, Senator Ibach. One of the big concerns that has been brought to my attention from both feedlot owners of various sizes as well as inspectors from the Brand Committee is the inspection in process. So in your AM829, can you please explain where the physical inspection and when the physical inspection on cattle that would be coming into an affiliated feed yard as, as defined-- which can be in or out of the inspection area-- when would that physical inspection take place?

IBACH: So as I referenced before, anything that's in statute currently stays in statute. Excuse me. And so physical inspection takes place whenever an animal gets to a feedlot right now. And I think if you look at other opportunities for ownership and health papers, any, any animal coming in from a nonbrand inspection area-- so out of state or from the eastern side of the state-- has to be inspected in unless it cont-- unless it has proof of ownership and health papers that follow that animal.

STORER: OK, and so-- thank you. So in Section 8, it says "Any cattle that are part of an affiliated transfer shall not be subject to brand inspection requirements." An affiliated feed yard is defined on page 1 as any feed yard affiliated with a registered feed yard whether in or out of the brand inspection area. So at what point would-- or who would be determining-- as I read it, they're, they're sub-- they're,

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they're not subject to a brand inspection area as long as they come with proof of ownership. Who is determining that they have proof of ownership if they're not inspected?

IBACH: They have to be inspected in currently, and then they can move between an RFL-- they would be able to move between an RFL and a grow lot once that inspection takes place.

STORER: So in visiting with one of our inspectors, the lead inspector with the Nebraska Brand Committee, I-- we went over this several times, and it's my understanding that, under current statute, when cattle move into the brand inspection area, the, the inspection is not triggered until there's movement at that point; that there is-- that initial inspection, just crossing the line in, is not what triggers the inspection. So, again, if there's not that inspection in current statute just by coming across the state line, when would there be a physical inspection on those cattle moving into the brand inspection area through the transfer under the, under the determ-- the defined transfer with an affiliated feedlot?

IBACH: So that already occurs when, when cattle arrive at a feedlot. They are required to be inspected in currently.

STORER: Right. Under, under law as it is. But this amendment, as it's been vetted through with the agency, changes that. So, so that actually changes that provision by saying transfers with an affiliated feed yard are not subject to brand inspection requirements. So I'll have some additional questions on, on the amendment itself. The, the last one I guess I would have, and I don't know if we're going to have time to get to this, but is whether or not, as this is worded, can an affiliated feed yard be affiliated with more than one registered feedlot as this is written?

IBACH: I'm sorry. Did you ask me a question?

STORER: I'm sorry. That was, that was still the, the question. I apologize.

IBACH: I thought you were done with questions.

STORER: Senator Ibach, would you yield to the question?

IBACH: Yes, I would.

STORER: Thank you.

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IBACH: Thank you.

KELLY: That's, that's time, Senators.

STORER: And we'll, and we'll come back to that. Thank you.

KELLY: Thank you, Senator Storer and Ibach. Senator Hansen, you're recognized to speak.

HANSEN: Thank you, Mr. President. I'm not going to talk very long. I don't want to break the subject here too much. But I did want to ask Senator Ibach a question, if she'd be willing to answer a question. Senator Ibach?

KELLY: Senator Ibach, would you yield to questions?

IBACH: Thank you very much. Yes, I will.

HANSEN: Sorry, they're in, they're in a discussion there, and I didn't get a chance to ask her about this before. I just wanted to clarify something. Now, when you, when you say we're raising the fee to \$1.50, are we giving the branding committee the authority to raise it? Correct?

IBACH: That's correct.

HANSEN: That's what, that's what you mean by that. So we're not technically raising the fee--

IBACH: No.

HANSEN: --we're giving the branding committee the ability to say, hey, look, we want to keep it at \$1.10, or we want to move it to \$1.20, or we want to move it to \$1.50 to remain solvent. It's up to them to decide where the-- we're just giving the legislative authority, or we're setting a ceiling for the fee, correct?

IBACH: That's correct,--

HANSEN: OK.

IBACH: --and that was at the request of the Brand Committee chairman.

HANSEN: OK. All right. I-- because those-- these, these are some of the questions I get-- thank you, Senator Ibach. Some of the question and the emails I get is, like, we're raising the fees on-- and this is-- and this is how we're-- this is going to affect, you know,

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certain people in the state of Nebraska. Legislatively, with this, we are just providing a ceiling, so we're giving some levity to the branding committee to decide if they want to increase the fee or not. I mean, this is the authority we have given them, and so when we say we're raising the fee, that's not necessarily what we mean. We're just providing an ability for, for the branding committee to raise the fee, and whether they agree with that or not is a different story. So that's, that's mainly what I wanted to clarify here. And just for my colleagues here, kind of a-- more clarity on what we're doing here currently. We did substitute an amendment previously, and now we're discussing AM829, which is the one that she substituted, and then we'll move on to the, the committee amendment, and then we'll move on to the underlying bill, so. I'm going to encourage my colleagues to vote green on AM829 and AM638, and then the underlying bill, and we can move this forward to Select File. Thank you very much.

KELLY: Thank you, Senators Hansen and Ibach. Senator DeKay, you're recognized to speak.

DeKAY: Thank you. Would Senator Ibach yield to a question?

KELLY: Senator Ibach, would you yield to questions?

IBACH: Yes, I will. Thank you.

DeKAY: The original bill, LB646-- explain real quick what the detrimental effects would be to a cow-calf producer, and what the benefits would be to a cow-calf producer, if you would.

IBACH: So LB646 actually is history once we amend AM829 up. And there are no detrimental effects to cow-calf owners. As I've mentioned, I am a cow-calf operator. What this amendment will do, already in statute, already at the Brand, Brand Committee's discretion today, is the ability for them to raise hot-brand fees from \$50 for every 4 years to \$200 for every 4 years. In my opinion, if you're looking at a hot brand as an insurance policy, \$75 a year is not going to cripple your operation. It is, it is a fee that is raised right now, \$12.50 to \$75 a year, I think is, is very doable. The other fee-- and, and that's in statute right now. So the Brand Committee has that authority, but it has not exercised it. The other fee that cow-calf operators per the Brand Committee's request-- currently, they pay \$1 inspection fee per head into a feedlot. They have the ability today in statute to go up to \$1.10. What this bill will do, at their request, is put a cap on those fees at \$1.50. And as Senator Hansen referred to, they don't have to go up to \$1.50; they can go up to any increment in between.

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Those are the only-- that is the only change to cow-calf operators, and that's at the Brand Committee's request.

DeKAY: Thank you. Senator Storer-- would Senator Storer yield to a question?

KELLY: Senator Storer, would you yield to a question?

STORER: Yes, I will.

DeKAY: I will ask you the same question. What do you think the detrimental effects and what the benefits are to LB646, very quickly?

STORER: Yeah, I guess I'm going to speak to it with the amendment that's being discussed right now, specifically, because there's been about three versions of it. But we will talk about it in terms of AM829, and what that may-- how that may impact the cow-calf producers. So I'm going to give you one example where the line of questioning-- the questions that I was asking of Senator Ibach, I'm going to go back to that with the now definition of an affiliated feed yard and the, the ability that they would not be subject to brand inspection requirements. There's some additional language in here on page 6 that also talks about the, the exemption for inspection on cattle transferred to care of another party without transfer, and we'll come back to that. But let's just stick with the affiliated feed yard. If I-- so my husband and I ranch out in the middle of the Sandhills. We happen to have great neighbors, so if they're listening, I don't want them to assume that I'm "asposing" any ill behavior on their part. But let's, let's just use this scenario that somebody pulls a trailer up, loads up in the middle of the night a couple of trailer loads of 500-pound steers. And they take those directly to an affiliated feed yard, which, under this bill, does not require any inspection. I believe the language on page 6 for cattle transferred to another care talks about that one of their-- the, the options for proof of ownership is a statement. It's been explained to me by the inspector that that can be interpreted to just be that, a statement. They're mine. A verbal statement. So those cattle could be stolen from my pasture, taken to an affiliated feed yard, which under this amendment, there is no requirement for inspection, then moved into the RFL, which now does not have a physical inspection, and as long as the paperwork identifies that there's the same number of cattle in the RFL that came into the RFL but no ability to identify actual ownership, my cattle will never be seen again. That would be one, one very clear danger to our cow-calf producers under AM829.

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DeKAY: Thank you, I yield back the rest of my time.

KELLY: Thank you, Senators Storer and DeKay. Senator Storer, you're recognized to speak.

STORER: Thank you, Mr. President. I'm going to, I'm going to go back to-- because this is, this is one of the biggest issues of concern, is the physical inspection. Again, as I've spoke with several feedlot owners, they have all been very clear with me that they want physical inspection in. They want to know, you know, there may be some frustration over the fees they pay, they would-- you know, a lot of the feedlot owners say, gosh, we'd sure like, you know, maybe that to be modernized or moderated. But the one thing that's been pretty clear to me from most all of them is they want to know that those cattle are physically inspected in whether they're buying them or whether, whether they are custom feeding. Now, if they're purchasing those cattle, it's very likely that they're purchasing them from a sale barn at which they would be inspected at the sale barn, and that fee would be paid by the seller, which would be the rancher. If they're not purchased at a sale barn-- and there's other ways to purchase cattle-- or specifically, if they're purchased from outside of the brand inspection area, this AM829 leaves sort of a gaping hole for physical inspection in. If Senator Ibach would yield to a question.

KELLY: Senator Ibach, would you yield to some questions?

IBACH: Yes, absolutely.

STORER: Thank you, Senator Ibach. I know you and I have talked about this some, and it-- I think there's general agreement that this process is indeed-- what we can all agree on is it is indeed complicated. Again, help me understand. I'm going to give a, a scenario here. If cattle were purchased in Missouri, and they were brought to what is a-- what is defined as an affiliated feed yard in York, which is not in the, in the brand inspection area, and then those cattle were now affiliated-- which is not defined-- I don't-- there is question of what determines affiliation-- but they were affiliated with the feed yard in the brand inspection area. At what point under AM829 would there be a physical inspection of those cattle?

IBACH: So, yes, we have had that conversation, and I think you're alluding to what's already in statute 54-1,122. Cattle received requirements are already in statute. The, the only thing this does is this requires 100% of the cattle being transferred have to be owned by

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the RFL. So if they are in a grow yard in York and they're being transferred to Gothenburg, the-- they have to be a 100% owned by that RFL; they have to have-- excuse me-- they have to have satisfactory proof of ownership, which we've already recognized that can be-- to come into the state, you have to have health papers and proof of ownership, and in the grow, the grow yard that they're coming into must be permanently fenced so that they don't get comingled upon arrival.

STORER: OK, but the-- as I understand, this is new language to amend the current brand laws, and it's-- very clearly says that any cattle that are part of an affiliated transfer shall not be subject to brand inspection. So I guess there's, there's a, there's real uncertainty. It is interpreted by our brand inspectors as they read this; that is very clear that that, that exempts those cattle from an affiliated feed yard from the current law that would provide for that physical inspection. The, the last question, I guess, that I started to ask you a little bit earlier, if you'd yield to one more question?

IBACH: Sure.

STORER: The way this is worded, there is no provision that an affiliated-- or a definition of what an affiliated-- what determines affiliation, but is it possible that an affiliated feed yard be affiliated with more than one registered feed yard under this amendment?

IBACH: I think that's probably possible. But, again, as long as-- when cattle come into the state, they have to have proof of ownership and health papers. And under this amendment, the RFL has to own that feedlot that they-- or that grow yard that they come into.

STORER: OK. And I would-- not-- I'm not trying to be argumentative, but actually one of the concerns was that it doesn't say owned. It says, on page-- line 8, page 2, "One hundred percent of the cattle that are being transferred are under the management of the registered feedlot with which the affiliated grow yard is affiliated." So there is some concern, actually, that it does not say owned; rather, it says under the, the management, which, which again allows some, some doubt or some questions about who owns them. Again, as I understand from our, our inspectors charged with the enforcement of the act that there's-- the inspection--

KELLY: That's time, Senators.

STORER: Thank you.

KELLY: Thank you, Senators Storer and Ibach. Senator Hughes would like to recognize some guests in the north balcony. They are students from 21 high schools here for the sophomore pilgrimage of the Nebraska Federation of Women's Clubs. Please stand and be recognized by the Nebraska Legislature. Continuing in the queue, Senator Sorrentino, you're recognized to speak.

SORRENTINO: Thank you, Mr. President. I yield my time to Senator Storer.

KELLY: Senator Storer, you have 4 minutes, 57 seconds.

STORER: Thank you, Senator Sorrentino. Again, going-- looking specifically now at AM829, one of the, one of the sincere questions is the lack of a physical inspection. So as the law is currently, those cattle that come into the brand area, the inspection is triggered when they're moved for the first time once they're into the brand area. So there's not someone kind of standing at the brand area line checking for inspections when they come across that, across that brand inspection line; it is triggered when they are-- when there is movement or transfer of ownership. The other question, in terms of how AM829 is worded, is that 100% of the cattle that are being transferred are under the management of the RFL. So a lot of concern that I think there's an assumption that an affiliated feedlot is affiliated with only one RFL. That is not specified here, so I, I do believe there is the opportunity for an affiliated feed yard to be affiliated with more than one RFL, which brings into question the opportunity for what we refer to in the cattle industry as comingling. Basically, what that means is the opportunity for my cattle to get in the pen with your cattle and get all mixed up. If, if that affiliated feed yard is-- was working with more than one RFL, then that is, that is a concern in terms of the ability to get cattle comingled, which is why, historically, there was inspection based upon that movement. The other question that, that has been brought up to me-- because words do matter. As we evaluate the, the variety of laws that we're debating and considering. I think the one thing again we all agree on is words matter. And affiliated grow yard that's permanently fenced, I want to give you some examples. Now, in the cattle industry, I think most of us kind of understand we presume what that means; it means a fence that we are not going to move easily. I, I would tell you, however, our barbed wire fences are pretty permanent. They've been there for a long time. There is concern this is not defined. What is "permanently fenced?" There's a variety of, of electric fence, barbed-wire fence,

and, and a-- certainly welded metal fencing. So that-- those are some-- those are just the beginning of some of the questions. On page 6, line 22, I assume that this was intended to address the grazing permits. In the, in the brand inspection committee, we have what we call grazing permits. And if I may explain that to those who are not familiar with the industry, I-- we have a lot of producers. Senator DeKay's county would actually be a great example, quite frankly, because he has people, some in, some out of the brand inspection. So I'm quite sure that there are probably some cattle producers that, that, that live in the brand inspection area, but they own some pasture ground or maybe rent some pasture ground out of the brand inspection area. So when they move those cattle, they come to the Brand Committee, and they say, hey, I'm taking 50 head of cattle-- and I'm gonna oversimplify this-- but I'm taking 50 head of cattle on-- over from this place to this place, but I own them, and I'm going to bring them back. That's called a grazing permit. That, that exempts them from the need for inspection, so the Brand Committee knows that they've moved those cattle outside of the brand inspection area and back in. This-- line 22, in, in essence, gets rid of that completely. So a couple things: Cattle transferred to the care of another party without transfer of ownership shall not be subject to brand inspection under subsection (1) of this section. Possession of such other party of such cattle shall be comp-- in compliance with the Livestock Brand Act and other parties in possession of any of the following that take in whole or in part to cause an inspector to believe that proof of temporary possession is established. That proof can be documentation, statements, circumstances, or other facts. That's really, really broad. So really what that means is I can, I can take anyone's cattle across the line and through a statement to the inspector of these are my cattle, satisfy this provision in AM829. So I would, I would concur that certainly, there are--

KELLY: That's your time, Senator.

STORER: Thank you.

KELLY: Thank you, Senator Storer. Senator DeKay, you're recognized to speak.

DeKAY: Thank you, Mr. President. Senator Ibach-- would Senator Ibach answer a question?

KELLY: Senator Ibach, would you yield to some questions?

IBACH: Yes, absolutely. Thank you.

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DeKAY: Thank you, Senator Ibach. With that fee of \$1,000 a year, and if there were-- excuse me. Excuse me. With that fee of \$1,000 a year, and if 4 audits were put in place, the cost of those audits would be incurred by the feedlots on top of the \$1,000 fee, am I right?

IBACH: That's correct. And the, the audits-- and, and nothing prohibits a feed yard from inspecting in. We have feed yards in our county that inspect in constantly because-- or, consistently, because that's their, their proof of ownership. So, yes, the audits and the inspections-- the inspections currently are at the expense of the cow-calf producer when they ship cattle to a feedlot.

DeKAY: Thank you. Doing just some simple math on what this would cost a cow-calf producer, a 500-head cow-calf operation, if they were staying within the boundaries of the brand lines on the western side. A 500-herd cow-calf, providing they have 100% calf crop, and they're only have to be inspected one time at their local sale barn, at-- the cost that would be incurred to them would be roughly \$500 now, and it would increase to \$550 at \$1.10; \$12.50 a year would increase to \$70 with a total of \$625 upfront cost. That would be approximately \$112.50 more for a one-time inspection from branding to selling than what it is right now. I do have a couple of questions. I'm going to get back-- I have a question out I want to get the answer to, but I was just curious on where we could land on a-- what the basic cost of an audit at a 50,000-head feedlot would-- one audit would cost, and then times that by 4.

IBACH: I've asked that question of several of the feedlots. It depends on how much time the auditor has to take. I can tell you, it goes from 5 minutes to 5 hours, depending on the location. Most feedlots have their-- because we know that there are zero stolen cattle at feedlots, most feedlots have their paperwork in order all the time. And so the cost of an audit incurred is, is the expense of the feed yard, but it depends on the time amount that they take to do those audits.

DeKAY: So basically, if they're not keeping up on their paperwork and the audit takes longer, the meter's running on the time that the auditor is there inspecting that, and that cost is incurred by the feedlot at that time?

IBACH: That's correct, yes.

DeKAY: OK, thank you. I yield back the rest of my time.

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KELLY: Thank you, Senators DeKay and Senator Ibach. Senator Conrad, you're recognized to speak.

CONRAD: Thank you, Mr. President. I would yield my time to Senator Storer, if she so desires.

KELLY: Thank you, Senator Conrad. Senator I-- Storer, you have 4 minutes, 50 seconds.

STORER: Thank you, Senator Conrad. I'm going to, I'm going to stay with the question and the, and the conversation that Senator DeKay was addressing in terms of the cost. So I'm not finding in AM829 any provision for actual cost, but on page 20-- got to wear my glasses-- on page 10, sorry, line 28: The initial registration fee for a registered feedlot shall be \$1,000. For each subsequent year, the renewal registration fee for a registered feedlot shall be \$1,000. I am not seeing where there is any provision for actual cost, and, and so I would, if-- I know Senator Ibach is in the queue, so if, if I am missing that, I would certainly appreciate some clarification if that's misunderstood. That, that has been, again, another one of the questions in AM829. So we have registered feedlots that, that have a range anywhere from maybe 5,000-head capacity-- again, we currently have one of the largest being built that, once filled, will be 150,000-head capacity. The, the fact that this doesn't provide for any per-head fee or any charge that is relevant to the size is problematic. And, Senator, would you yield to a question? Maybe we can get an answer to that.

KELLY: Senator Ibach, would you yield to some questions?

IBACH: Yes, I will. Thank you.

STORER: Thank you. Was there, was there any-- did you visit with the Brand Committee or any of the inspectors trying to arrive at a reasonable number for what the cost of the inspection is?

IBACH: So the inspection and the audits are already in statute, and the audits are set at the discretion of the Brand Committee. And so I, I got numbers all over the board; I don't even have an average. But that's already in statute, and I'm not changing that. So that shouldn't affect whether this, this amendment is effective or not.

STORER: So on page 10, where it changes the, the fee to \$1,000 and the renewal fee to \$1,000, and is striking the previous language, would, would change that statute to--

IBACH: That's, that's right. That does change for, for a registered feedlot. In the initial bill, we had-- we used the word "exempt." That was confusing, which is one of the changes that we made because exempt lots actually exist in eastern Nebraska; they are exempt from fees, from auditing, and from inspection. We went back to the registered feedlot acknowledgement, and currently, in statute, they already have those fee-- that fee structure set.

STORER: One final question. So, again, just to, just to reemphasize, this is changing current statute. So AM829, page 10, line 28, changes that to make it a flat \$1,000 fee for registration, and a renewal, a flat fee for RFLs to renew at \$1,000. So it, it would be changing that from the current per-head fee to a flat \$1,000. I know I have visited with some of the inspectors on this, and they, too, have concerns based on the size of the feedlot if that \$1,000 would even cover their cost to do the inspection. So it would be comparable, if you will-- I know Senator Sorrentino is a-- does taxes-- CPA-- so it would be comparable of-- does it cost more to do someone's taxes that made \$50,000 a year versus a corporation that made \$1 million a year? I think we would all agree that there would be a different cost to that service. And so the flat fee, regardless of size, has raised some concerns for the Brand Committee in terms of whether or not that even covers their cost, and might indeed be a net loss in many cases. I do have some additional questions. I think I'll be able to jump back in the queue one more time with one final-- not really final, but one additional concern, perhaps unintended. I think some of these things may-- I think what we're identifying here is there's a lot of things that may not have been intended and have been misinterpreted.

KELLY: That's your time, Senator. Thank you, Senator Storer. Senator Ibach, you're recognized to speak.

IBACH: Thank you very much, Mr. President, and I will, I will, I will answer Senator Storer's latest concern. The fat-- flat \$1,000 fee is in lieu of the capacity fees that are already charged to feedlots currently in statute. I would just say that Cattlemen, we-- originally, I had zero in there because the eastern side of the state pays zero. We are taxing, for better-- lack of a better word, feedlots within the brand inspection for a service that they have proven they have zero stolen cattle in, and that flat fee of \$1,000 still gives the Brand Committee almost \$100,000 a year. There's 93 feedlots, registered feedlots currently in the brand inspection area. So that cost is a trade out for those capacity fees that they currently pay. A lot of times, people will say, well, that's not fair. Feedlots are huge. They have thousands of cows. My, my contention is still, look

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what they do for our small rural communities, and the economic development and the workforce that they contribute to. The Cattlemen and I met most recently for this new-- this newest amendment, and their recommendation was to put in some flat fee that, that we could all live within the boundaries of. The Ag Committee, when we talked with Rick Leonard, he suggested even \$500 just to show that, that feedlots had some skin in the game. Well, I can tell you, feedlots have skin in the game. They locate in the brand inspection area because of the natural resources, and the-- that we have available to them; feedlots thrive out in the middle of nowhere. And I would just say that that fee is an exchange with the capacity fee, the exorbitant capacity fee that they're already tasked with. So that's what that, that \$1,000 reference is to. That can be a moving target if it had to be, but we think it's fair, and I think it definitely contributes that \$100,000 a year to the Brand Committee's resources. The other thing that, that contributes to their resources are those-- they're not-- originally, I had up to 4 audits in the, in the amendment. I took that piece out because it was causing some heartburn among, among some feedlot owners, actually. But we also have to remember that the Brand Committee has the discretion to audit these feedlots more than 4 times a year. Some of them are being audited monthly. And to me, that's kind of abuse of the situation. I'm sure they have their, their reasons. And the other thing I would say is that there is no issue with keeping inspectors in place. I've heard nothing but compliments on how efficient the inspectors are, how their work is very focused and diligent, and I, I have no interest, even in the original bill, to sacrifice the inspector piece of this legislation. So those are a few-- the, the only other thing I would still point to is that there's nothing prohibiting a feed yard from inspecting cattle in. And if you look at-- to Senator Storer's point-- satisfactory proof already in statute, 54-189, already states that a statement is an authorized proof of ownership. So that's already in statute. I've gone back, and, and everything that's in statute stays in statute except for these few things that, that we're working to amend and actually modify, modernize, and make the brand process even easier. Thank you, Mr. President.

KELLY: Thank you, Senator Ibach. Senator Sorrentino would like to recognize some guests in the north balcony: they are fourth graders from Skyline Elementary in Elkhorn. Please stand and be recognized by the Nebraska Legislature. South balcony. Senator Jacobson, you're recognized to speak.

JACOBSON: Thank you, Mr. President. Sorry for my tardiness this morning. If I could, I'd like to-- I was listening, however, so I

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heard most of the debate. If I could, I'd like to ask Senator Ibach a couple of questions.

KELLY: Senator Ibach, would you yield to some questions?

IBACH: I will, thank you.

JACOBSON: So I want to understand, how does the cow-calf producer benefit from the bill as amended?

IBACH: They, they-- everything that's in statute currently stays in statute.

JACOBSON: How do, how do they benefit, though?

IBACH: They--

JACOBSON: What additional benefit do they get?

IBACH: They don't need an additional--

JACOBSON: So they-- the-- and, and tell me about the, the feed yards; what additional benefit do they get?

IBACH: The additional benefit that they get is they are treated more like the feedlots on the eastern side of the state who pay nothing in fees. This makes it amendable so that they pay fewer fees than their capacity fees, but they still are active in their communities, they have workforce, they pay--

JACOBSON: Thank you. Thank you. That answers my question. So I, I raise this question because the-- and that's all I needed. I don't have any other questions.

IBACH: OK. Thank you.

JACOBSON: The feeders, the, the cow-calf people are located in the brand area; they pay a fee when those that have cattle in the eastern part of the state do not pay that fee either. So what we're really doing is we're treating-- what this bill does is it reduces the costs for the feed yards. And I don't have any problem with some reductions in the fee. The question is, how much? But that's the major change in what's going on with this bill. And I, I think we've talked a lot about the nitty-gritty, but the real impact of this bill is to give feedlot operators a reduction in their costs. Now, keep in mind, feed yard operators chose, since 1941, to locate and expand their feed

yards in western part of the state in the brand inspection area. Why have they done that? We got the most recent one, some Canadians that came down from Canada and located in Red Willow County [INAUDIBLE] further south, and they located in Nebraska in the brand inspection area and built the largest feed yard in the state. Why did they do that? Here is why they do that, and here is why op-- why feed yards have chosen to move from the eastern part of the state to the western part of state: because they have better climate-- we have less humidity, so that in the wintertime it doesn't get as cold and in the summertime it doesn't get as hot. What do you mean by that? I can tell you, drive from Lincoln on a hot day in the summer and go west, and when you get on the other side of Kearney, which is just part of-- just past the central part of the state, I might add, you will find that it's doesn't feel as hot. You don't sweat as much because the humidity is lower. So it's humidity, it's readily available water from the Ogallala Aquifer, and you can get away from concentrations of people, and you can locate the, the feed yard in a location that isn't going to create an odor problem. The other thing you're going to find is you're going to be closer to feed yard-- or to packing plants to take your finished cattle to, and you're also closer to where the calves are grown. That's why you do it. So if a feed yard were to go to Ogalla-- to Colorado to avoid the brand fees, they could, but good luck getting the water, particularly as we move forward. So that's the biggest reason why they do it. Also, you're further away from the feed yard. The feed yards that are located there now probably wish that they're in Nebraska. So what we're doing is we're lowering the feed-- fees to feed yards and we're telling the cow-calf producers you have to make up the difference because they're the ones that are back paying the fee at the end. So we're going from a one-time capacity fee for feed yards of \$1 times the capacity to \$1,000 no matter what the size of your feed yard. That's what we're doing. And we're going to go cold turkey on this, and the Brand Committee is going to have to adjust. So that's where my concerns are on this bill, so far, is it's a big shock to the system. Where's the money going to come from, from to support the program? Are we going to continue to have a viable brand inspection area when the money isn't there? I'll get back on the mic at a later point and kind of talk about my, my experiences as a banker when cattle go to Texas. Suffice to say, I won't finance cattle that are going to be fed in Texas. I just won't, I just won't finance them because of the stolen cattle problem they got in Texas. So that is a big problem that they have down there. I think the fact that Kansas is making--

KELLY: That's your time, Senator.

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JACOBSON: --rethinking what they're doing is also important. Thank you, Mr. President.

KELLY: Thank you, Senator Jacobson. Mr. Clerk, for items.

CLERK: Mr. President, amendments to be printed from Senator Ballard to LB179; Senator Sanders, LB647; Senator Arch to LB346. Your Committee on Judiciary, chaired by Senator Bosn, reports LB559 to General File with committee amendments. Notice that the Appropriations Committee will have an executive session at noon in Room 1003. The Nebraska Retirement Systems Committee will be having their hearing Thursday, April 3 at 2:00 instead of 12:00; 2:00 for Nebraska Retirement Systems Committee, not 12:00. Finally, Mr. President, a priority motion. Senator Dorn would move to recess the body until 1:30 p.m.

KELLY: Members, you've heard the motion to recess. All those in favor say aye. Those opposed, nay. The Legislature is in recess.

[RECESS]

ARCH: Good afternoon, ladies and gentlemen. Welcome to the George W. Norris Legislative Chamber. The afternoon session is about to reconvene. Senators, please record your presence. Roll call. Mr. Clerk, please record.

CLERK: There's a quorum present, Mr. President.

ARCH: Thank you, Mr Clerk. Do you have any items for the record?

CLERK: I do, Mr President. Your Committee on Banking, Commerce and Insurance, chaired by Senator Jacobson, reports LB536 to General File with committee amendments. Additionally, notice that General Affairs will have an exec session under the north balcony at 2:00. General Affairs, north balcony, 2:00, exec session. That's all I have this time, Mr. President.

ARCH: Thank you, Mr. Clerk. We will proceed to the first item on this afternoon's agenda.

CLERK: Mr. President, General File, LB646, when the Legislature left the bill at the noon recess, pending was the bill itself, the committee amendment, as well as Senator Ibach's AM829, which had been substituted for a previous floor amendment.

ARCH: Turning to the queue, Senator Storer, you are recognized to speak.

STORER: Thank you, President. Good afternoon. Welcome back to brand day. In Judiciary, we would always have days that were topic related. So a couple things as we start our afternoon out here. I have, I have 2, maybe 3 more issues that I really want to vet through here. I am completely and keenly aware of the time that we have in this body to deal with a lot of issues. But as you can see by the conversation and the, and the fact that there's-- everything we brought up here has merit and has technical, technical concerns. And so I want to be clear, I'm not up here to just sort of blab away and talk about random things. There are, there are legitimately technical issues with AM829 and LB646 as potentially amended that have great concern to the integrity of the Nebraska Brand Committee and the ability to enforce the Nebraska Brand Act. So I do have a couple more things that I'm going to be on the mic to vet through and we'll see where we go from there. But I think it is becoming pretty clear to those that are listening. and those in the body, that this is far more complicated than just, should we brand our cattle or not? That's pretty important, important to many people in the livestock industry and, certainly, I will stand behind that being one of the forms of ownership, but that's not what this particular bill is about. This particular bill, in essence, is why are we making these changes is the big question. And who's, who's ultimately benefiting, benefiting, and does the recommended changes in AM829 add integrity to the Nebraska Brand Act and protect our livestock industry better or does it weaken that system? And can we get to a place where we modernize fees, where we modernize the process and still keep the integrity of our process in place? And I think that's certainly what I want. That is what I'm striving to attain, that's why I've introduced AM810, so that we can have the opportunity to bring all stakeholders ideally around the table to end up with a solution and a compromise that is workable, that is workable on a technical aspect, that is a workable on a financial aspect, and that doesn't pose any risk to the health of our livestock herd unintentionally as well. With that, I'm going to, I'm going to start my next concern that I want to vet through in the bill and that is in relationship to the complete exemption of the dairy industry. And as it's worded, it is-- can I get a quick gavel? I now understand the desire for noise in the background or the frustration of noise in the background. So the complete exemption of the dairy industry, basically what I want people to understand is we have a growing segment in our livestock industry here in Nebraska that's very positive and I'm pretty excited about it. And it is unique and I think that it's going to take some thought to see what works best in terms of oversight and auditing for that industry. And that is that a lot of, a lot of dairies that are outside of this state are bringing in

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primarily heifers into our livestock segment, the feedlot industry here in Nebraska for generally what's considered heifer development. And the short version of heifer development is they're bringing their heifers here to be trained to be milk cows. That's a short version. But then those same animals leave and go back to California, Minnesota, wherever they originated from. My concern about complete exemption of the dairy industry is that our livestock inspectors are currently first eyes on those health inspection papers. I've contacted the Department of Ag. As I understand, our livestock-- our brand inspectors are finding issues with CVI infractions, the livestock, the health papers, that they're reporting to our Nebraska state vet almost weekly, 3 to 4 times a month. So eliminating that completely is taking a whole segment of oversight out of, of that portion of our state in terms of oversight of our health and disease traceability of the livestock herd here in Nebraska. And I don't, I don't want that to end up being an unintended consequence of AM829, which currently I think will be. So we have had-- again, that's something that we've, we've agreed upon is disease traceability is important.

ARCH: Time, Senator.

STORER: Thank you.

ARCH: Senator Ibach and Senator Prokop have some special guests today. We have more than 100 of I Love NU Day university supporters from across Nebraska and they are located in the north and I understand some in the south balcony as well. Please rise and be welcomed by your Nebraska Legislature. Returning to the queue, Senator Conrad, you are recognized to speak. Senator Andersen, you are recognized to speak.

ANDERSEN: Thank you, Mr. President. I yield my time to Senator Storer.

ARCH: Senator Storer, 4 minutes, 50.

STORER: Thank you, Mr. President. I'm going to continue with those questions, I guess, about the CVIs. For those unfamiliar with what that means, in essence, that's the health inspection papers. Health inspection papers are not proof of ownership. However, they are an allowable documentation for our brand inspectors. Therefore, they do put eyes on those when they're inspecting a feedlot that has brought cattle in from outside of the brand area. If Senator Ibach would yield to a question?

ARCH: Senator Ibach, will you yield?

IBACH: Yes, I will. Thank you.

STORER: Thank you, Senator Ibach. You and I talked about this briefly right, right before we came back from lunch here. Talk to me a little bit about how if we-- what the intent is if we completely exempt those qualified dairies from any inspection, what concerns or any concerns that you may have or how we might backfill what, what currently our brand inspectors are doing in terms of putting their eyes on those health papers?

IBACH: So, as I mentioned before, the dairies are-- when they came in and testified, spoke to this quite extensively. And their concerns are not the brand inspection piece of it, it's just to them, and I don't mean to belittle it, but it's a nuisance to them because they move cattle in and out so much. They really aren't the concern in this bill, which is why I included the dairy in it. The, the concern more is the cow-calf and the feedlot ownership.

STORER: One additional question, just to follow up, thank you Senator Ibach. I, I would concur that they're very unique and the dairy industry wasn't a part of the brand inspection area at all up until a few years ago, but we're not talking about milking facilities but, but heifers that are being transported in here to be developed and then sent back to their point of origin. And so we do have a lot of movement, cattle movement in that particular venue that, that our inspectors really, what they're mainly looking at are the health inspection papers because that's about all the paperwork those animals come with. Disease traceability, we've all said, including yourself Senator Ibach, that that is certainly one of our top priorities here in Nebraska. I guess my-- just for clarification, what is the vision for kind of backfilling what our inspectors currently do in, in putting eyes on those health inspection papers and being able to report that to the state vet, who then would be able to-- is that a concern or who would be, who would be doing that if our brand inspectors didn't have the ability to do that?

IBACH: So currently all dairies have a, a veterinarian on site or used at their disposal that are close by. I know ours in Miller has a veterinarian and I would, I would hope that they are engaged enough now that they could speak for the health of those animals when they arrive and when they depart.

STORER: Certainly. And just for clarification, these-- most of these in the western part or in the brand inspection area are not actual dairies where they're milking cows, but they're receiving animals in for development, and then they send them back. So there's a lot of intrastate movement that currently does require health inspection

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papers and third-- third-party verification for that, I think, is important for disease traceability and maintaining the health-- the herd health here in Nebraska. I know that there's a lot of other states that still have some concerns and we want to keep an eye on what, what we are bringing into the state of Nebraska. With, with that, a couple other questions in terms of Kansas, I did want to, did want to bring up, I had acquired some information on-- we, we talk a lot about Kansas being a model just for-- I'm going to divert for a minute to RFLs, in particular. I'll come back to Kansas. But there's been a lot of questions as well, how much theft is there in, in feedlots? Statistics that came from the Brand Committee since 2021, 19 of the 93 RFLs have received corrective action by investigative staff for issues involving but not limited to illegal branding, misuse of shipper certificates, no proof of ownership, shipping without proof of ownership, sale without proof of ownership, sale without inspection, and shipping without inspection. There, there are issues that, that our inspectors are finding in the feedlot--

ARCH: Time, Senator.

STORER: --industry. Thank you.

ARCH: Senator DeBoer, you're recognized to speak.

DeBOER: Thank you, Mr. President. I have the same question for both of the 2 cattlemen here. So Senator Ibach, maybe would yield to questions first.

ARCH: Senator Ibach, will you yield?

IBACH: Yes, thank you.

DeBOER: Thank you. So cattlemen number 1, your question is-- so someone said to me that the brand commission as a commission has an excess of money for what is needed to do their job. Can you speak to that issue to me?

IBACH: Sure. So the Brand Committee is cash funded. So they collect fees, they report those to the state, and then they come and request those back. I think what you're referring to, a few years ago, the Legislature, the Appropriations Committee asked the Brand Committee to spend down their excess dollars. And so they took their brand inspection fee per head down to 85 cents. Now they feel like they had it at 85 cents too long and that they need those cash funds now. So that's why they increased the fee last October back up to \$1 and I'm hopeful that that will sustain them.

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DeBOER: OK. And, in general, what I have heard is that the brand commission is liked by the cow-calf producers and unliked by the feedlots. And so it was suggested to me, maybe we could just have the cow-calf folks who like it support the whole thing instead of having the feedlots. Your comments?

IBACH: Well, that's actually, actually the intent of this bill, because the folks that use brand right now, brand inspection, are the ones who, in my opinion, do pay for it. Because we pay inspection into a feedlot, we pay inspection whenever cows move, cattle move, and so this really is a fairness issue in that it, it would be like if we went into an ice cream shop and I said I want ice cream but I don't want to pay for it, I want this guy to pay it. That's a, that's a scenario that's, that's kind of far-reaching but it gives you an idea of how unfair the feedlot industry feels that they are being treated. It's kind of a taxation without representation because they don't have a seat at the board.

DeBOER: OK, so then cattlegwoman number 2, Senator Storer, would you yield to a question?

ARCH: Senator Storer, will you yield?

STORER: Yes, I will.

DeBOER: The same 2 questions. So first, is the, the brand commission flushed with cash? Does it have too much money now?

STORER: Yeah, and I just want to make a correction. I was actually on the Brand Committee just after this body-- the reason that those per-head inspection fees were reduced is because this Legislature mandated that they do that in order to spend down their cash account. That was, that was a bill passed here in this body. As soon as the Brand Committee was allowed to raise their fee back up, per state statute, they did that. So the-- it was an intent and a directive that they spend down their cash account. So, no, they are not flush with cash at this point.

STORER: Did they spend down their cash account?

STORER: They spent it down to the level that this, that this body asked them to do, yes.

DeBOER: OK. Second question, if the cow-calf operators like it and the feedlots don't, maybe the cow-calf operators should just pay for it all. Your thoughts.

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STORER: Yeah, again, I'm going to bring this full circle. This isn't a fee for service. The livestock-- the Brand Committee is the-- is law enforcement. They are technically law enforcement, our inspectors are deputy state sheriffs. They're not just some cowboys out driving around with a rope. They-- I just want to give an example of other types of cases that they've been involved with to give people a, a scope of all the things that they do. They've been, they've been involved in helping recover a kidnapped young lady in, I believe it was Thomas County. That was not, not too long ago.

DeBOER: OK. OK, so let me see if I can get back to my question about whether or not this should be paid for solely by cow-calf rather than the feedlots? Do the feedlots benefit? What's the relationship between the feedlots and the, and the brand commission?

STORER: It is oversight. This is no different than law enforcement. I'm going to come full circle and keep saying it again. So the brand inspection and the mandatory inspections are not necessarily there to make sure no one's stealing cattle from the feedlot, but also to make sure feedlots aren't stealing cattle from their customers.

ARCH: Time, Senator.

DeBOER: Thank you, Mr. President.

ARCH: Senator Dungan would like to recognize some special guests, 54 fourth grade students from Brownell Elementary in Lincoln. They are seated in the north balcony. Students, please rise and be welcomed by your Nebraska Legislature. Returning to the queue, Senator Ibach, you're recognized. This is your last opportunity before your close.

IBACH: Thank you, Mr. President. And so what I, what I would encourage everyone is to-- just so that we can move on to other bills, I think everybody's been educated and kind of has an idea of what the brand is, what the Brand Committee is, and I will recognize in my close, but I'm, I'm anxious right now to kind of wrap up discussion, maybe move on to another topic. I think this has been a really healthy discussion and, and, honestly, if we-- if there are amendments that need to be made, if we need to adjust anything that's in the bill, I'm happy to work on that between now and Select, but I would just encourage us to all take what information we've learned today and continue this discussion off the floor. Thank you.

ARCH: Senator Jacobson, you're recognized to speak.

JACOBSON: Thank you, Mr. President. I had a few people ask me that they would like to hear about the banking story and why I don't like Texas. It had to do with the fact that I had a customer that had \$4.5 million of the cattle stolen when he took them down to Texas. That usually leaves a dent. Fortunately, the customer is strong enough to recover from it. But one of the traditional practices in Texas is to graze wheat and when you-- Texas, of course, has an earlier season, so you can take calves that have been weaned and you take them down to Texas and you put them on what they call grow-out wheat, which is wheat that is allowed to grow, and then you put cattle on it and you graze it down, and then you pick up the cattle later and you them into a feed yard. But it's interesting what happens when no one is watching and when you rely upon law enforcement after the fact, it's too, too little too late that the cattle are already gone. In this case, the cattle were sold in a sale barn. They, ultimately, found the person but the money was gone. So there are bad things that happen when there is no oversight. My concern, first and foremost, is if we're going to have a brand inspection, and I believe we probably should, we need to make sure there aren't any holes in the process. I've raised a question on affiliated feed yards. We need to have a definition for affiliated feed yard. What does that mean? I've got a 10% ownership, 100% ownership, 50%? What is it? If the affiliated feed yard is located outside the brand inspection, when do those cattle get inspected? I think that was a question that was brought up by Senator Storer earlier. We need to know the answer to that. At the end of the day, I'm in cow-calf country. I have a handful of feed yards in my district. I have Sustainable Beef, which is a, a harvest facility, packing plant. But, first and foremost, I have cow-calf producers that have overloaded me with emails even after the Nebraska Cattlemen did what they did. I did have those from-- a couple from the Nebraska Cattlemen Board call me and tell me that we reversed and we now support the bill. So we unanimously support the bill. And I said let me make one correction, the Board supports the bill, but I can tell you until you get the message to your members who are going to contact me and say they support the bill, they're the one-- they're my constituents and my constituents are telling me vote no. Now, can, can there be some improvements to this? Yes, there can. I think the Brand Committee is ready to make changes, and are going to need to make changes. I think they know that the Legislature is serious about doing something and they are a stand-alone agency they're, as stated before, they're, they're appointed by the governor and they're confirmed by the Legislature. They do have representation from feed yards on it. I do think that Senator Storer's amendment, which will come up, has merit to let's, let's fill all the holes, let's fix all the pieces

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that we need to fix here. Because right now there's no benefit to the cow-calf producer, they get the status quo maybe, and they lose a third of the Brand Committee's revenue unless they increase fees to the cow-calf producer. And now the cow-calf producer pays more than they're paying today and the feed yards pay significant less. So to say you don't get good represent-- you don't have-- you get taxation without representation. I own farmland in Clay County. I live in Lincoln County. I don't get to vote on who serves on the school board or any of the other political subdivision boards. They send me a bill for, for property taxes and I pay it. I don't have any kids in the school system in Lincoln County or in Clay County, but yet I pay for that cost. I like to think that's taxation without representation, but, nonetheless, I'm still required to pay it. When you're inside a brand inspection area, you have certain responsibilities within that area, just as you do in South Dakota, just as you do in Wyoming, and just as you do in Colorado. So we need to be careful about making these wholesale changes without any phase-in period.

ARCH: Time, Senator.

JACOBSON: Thank you, Mr. President.

ARCH: Seeing no one in the queue, Senator Ibach, you're recognized to close.

IBACH: Thank you very much, Mr. President. I would just say that, that the fees, if they're an issue, we can certainly work on those. I'm, I'm not opposed to that. Currently, it's the impression of a lot of folks that feedlots currently subsidize the Brand Committee because of their excessive fees. If there are technical concerns in this bill, we can certainly address it. If the word affiliated doesn't meet certain criteria that we want it to meet, I'm certainly willing to do that. And I would not disagree with Senator Storer that integrity of the program really is important. I think we can come up with a solution, I think we can come with a compromise, and I think that we can move this bill forward. So thank you very much. With that, I'd call the house.

ARCH: There has been a request to place the house under call. The question is, shall the house go under call? All those in favor vote aye; all those opposed vote nay. Mr. Clerk, please record.

CLERK: 22 ayes, 1 nay to place the house under call.

ARCH: The house is under call. Senators, please record your presence. Those unexcused senators outside the Chamber, please return to the

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Chamber and record your presence. All unauthorized personnel, please leave the floor. The house is under call. Senators Conrad, Machaela Cavanaugh, Bosn, Ballard, Riepe, and Strommen, please return to the Chamber. The house is under call. Senators Riepe, Conrad, and Machaela Cavanaugh, please return to the Chamber. The house is under call. Senator Ibach, Senator Conrad is not present, would you like to proceed or wait? We shall proceed. Colleagues, the question before the body is the adoption of AM829. All those in favor vote aye; all those opposed vote nay. Mr. Clerk, please record.

CLERK: 31 ayes, 2 nays, Mr. President, on the adoption of the amendment.

ARCH: AM829 is adopted. I raise the call. Mr. Clerk, next item.

CLERK: Mr. President, Senator Ibach would move to amend with AM762. Senator Ibach, I have a note that you would withdraw that amendment.

IBACH: That's correct, thank you.

ARCH: So ordered.

CLERK: In that case, Mr. President, Senator Storer would move to amend with AM810.

ARCH: Senator Storer, you're recognized to open on your amendment.

STORER: Thank you, Mr. President, and thank you again for your attention, colleagues. I know that sometimes it can be interesting and sometimes frustrating when we're talking about issues that are not particularly-- we're not particularly personally familiar with. But I hope that if nothing else, this has provided a opportunity for all of us to learn about the number one cash commodity in our state, which is beef. I'm introducing AM810 for the purpose, which I think we've spent 3-plus hours now discussing and I, and I-- has become evident that this bill, LB646, as currently amended, is not prepared to move forward and, and become law. I had expressed early in this process, again, as Senator Ibach indicated, there was a meeting back in, in late November, early December, expressed my desire at that point that we include representation from the cow-calf industry, that we included representation, meaningful representation from the Brand Committee themselves, in addition to those from the feedlot industry who were in attendance so that we could come to a very transparent, collective idea, at least vet through some of these things from the technical viewpoint. I would encourage any of you that have never spent any time with any of our inspectors or our investigators with the Brand

Committee to just pick up the phone and visit with them because it is indeed fascinating. And after growing up in the cattle industry, I'm fourth generation in the cattle industry. We've had the brand man out to our house hundreds of times in my lifetime. And in the 2 years I served on the Brand Committee, I still learned an awful lot about the system and, and the, and the nuances of our inspection system. Again, there's a lot of creative ways-- you know, when you're an honest person, it's hard to imagine how dishonest people think. And I would like to think that most of us are honest people. So trying to wrap your head around the need for something like the Brand Inspection Committee and investigators to provide oversight over our largest cash commodity here in the state of Nebraska is, is difficult to get your head wrapped around if you don't think like a thief. I don't think we think like thieves here. But I can provide all kinds of examples if we have a further discussion on this about real-world actual cases that our investigators have dealt with in, in terms of theft and fraud. It's law enforcement. Again, this is not a fee for service. We are talking about law enforcement over our number one cash commodity in the state of Nebraska. You have heard me ask a variety of questions on the mic regarding concerns I have and concerns that have been brought to me by the Brand Committee and the investigators themselves regarding AM829, wherever we're at, AM829, that we just voted on. There are concerns about physical inspections in. There are concerns about lack of eyes on health inspection papers. There are concerns about whether or not affiliated feed yards can be affiliated with more than one feed yard. There is concerns that it doesn't say ownership. It says management. There are concerns about the transfer of cattle back and forth across state lines. These are real problems when we talk about providing proof of ownership and oversight over theft and fraud in this industry. So while some of this may still seem very confusing and difficult to follow and understand, I hope that you have at least had the opportunity to observe that there are multiple holes in this proposed solution. Has it made progress from, from where we were originally with the original LB646? I think we could say that there's, there's been some movement in the right direction. We put the feedlots back in for audits. But the imbalance of the fees is another huge problem. If you can, if you can go back and, and look any small feedlot, non-RFL feedlot or cow-calf individual in the eye and say you're going to be charged per head, but they just get a flat fee, we're talking about-- for example, if you're a 50,000-head feed yard, which is large but not uncommon, you're currently paying \$50,000 a year, and that's the argument, that that's too much, and I'm not going to sit here and say if that's right, if it's too much, not enough, but that's what it is today. It equates to about 40 cents a head. This

bill takes that feedlot from \$50,000 a year to \$1,000 a year. As Senator Jacobson pointed out, this is a drastic change in the funding structure of this, of this committee. And while there is the ability for the committee to raise those per-head inspection fees by 50 cents on, on the remaining animals to be inspected, I want you to also understand that we've also taken out not one, but two segments of the industry that we can inspect, that we currently inspect on a per-head basis. So that's why that number's been really difficult to come up with in terms of the true revenue losses. But the estimation is, is well over \$1.2 million and I think that's very conservative, quite frankly. So if you feel like you understand everything we've talked about, well, you feel like you can in good faith say that this is a good bill that's going to be good for the industry as a whole, that these changes have widespread effects that maintain the integrity of the brand inspection agency, that no one is being unduly harmed, and that we haven't left gaps in our system for inspection and prevention of fraud and theft and health and, and, and oversight on those health papers and cattle coming in and across state lines, if you believe-- if you can, if you can safely say you think this bill does not have a negative impact on the law enforcement arm of our cattle industry, that we are only doing good here and we are not doing harm, then, then you have voted on an amendment that you think moves us forward. If you believe that this still is problematic, and I do believe that some of the issues I brought up are not necessarily intended, I think it's-- I think there's some very unintended consequences, but that is the problem with pushing through something without transparency from the industry and having it well thought out. Again, not to, not to throw salt in a wound, but we ended up with a arguably missing year in property taxes last year that I don't believe was intended by anyone, and there are several that voted for that that I think later thought, gosh, that's not what I intended. So sometimes our votes have unintended consequences, and I am providing an option to do everything I can to make sure that doesn't happen here, and especially in a body that is, you know, this is a, this is a kind of a foreign concept, you know, without direct ties to the industry and it's difficult to understand the nuances, I am providing a meaningful option for us to simply send this to the Nebraska Brand Committee, and again they are appointed by the governor, they are approved by this body. Feedlots do have a seat at that table. Statutorily, they have a sit at that table. One of those seats must be from the feedlot industry. And asking them to work with stakeholders in our industry, with the cow-calf industry, with the feedlot industry, with our organizations, Nebraska Farm Bureau, Nebraska Cattlemen, and, ideally, with Senator Ibach and I to participate in that discussion, but to have a well-vetted, thought-out

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proposal for the modernization of the fees and the audit process so that we don't rush something through and then look back and see and understand that there were some major unintended consequences to our producers. So I'm asking for your support on AM810. This only puts this till the end of this year. This is not kicking the can down the road. There is a date definitive for this to be returned. So I appreciate your time and your attention and ask for your support and a green vote on AM810. Thank you.

ARCH: Turning to the queue, Senator Ibach, you are recognized to speak.

IBACH: Thank you very much, Mr., Mr. President. This-- if you look at the, the language in this amendment, in my opinion, it's very unfriendly because it strips the language that we've worked so hard to get to this place with. And it's been my experience, Senator Stinner and Senator Brewer were both involved with some studies, I think Senator Quick mentioned yesterday that he was involved with a study and it, it really just didn't go anywhere. I'm not saying that, that this won't be unique and different. I just think that this kicks the can down the road. And as far as working with the Brand Committee, I've reached out to, to Mr. Gangwish several times. He's rejected my text messages and my phone calls. He actually was in on the initial work on this. And I, I would just, I would just say that that the phone does work both ways. And I, I know that Senator Storer did not vote to confirm him, which could be part of the issue as well. I'm-- like I said, I'm more than happy to address these differences between now and Select if we can come to some kind of agreement. The technical issue, I think, is just 1 or 2 words. The fee system is-- I'm amendable to that. I just really think that if it's possible, we should move this forward and vote on it. Thank you very much, Mr. President.

ARCH: Senator Moser, you're recognized to speak.

MOSER: Thank you, Mr. President. Good afternoon, colleagues, Nebraskans. First couple of years I was here, I was on the Ag Committee, and Senators Brewer and Stinner had bills to try to fix the Brand Committee or do away with it, to try and get them to be more efficient in how they spent their money. And I sat through some long hearings and the, the participants of the industry, the cow-calf guys and the feeders are very passionate about what they believe and they're not going to easily give up territory unless they're forced to come to some compromise. So Senator Ibach's bill, I think, puts the burden on the cow-calf operators to fund the Brand Committee, the

contribution by the feeders is, like, reduced by 90%. And I think there's some room there for some compromise and I've told Senator Ibach that I would vote to move it on but I expect some amendments between General and Select to reduce the reduction, if that makes sense, instead of going from \$1 a head for their nameplate capacity, so to speak, down to \$1,000, maybe there's some common ground between those. And then if Senator Storer has technical problems that she wants to have fixed, you know, I'm willing to give her the opportunity to be-- to get her satisfaction in this process, too. But it's, it's not an easy process, and if you haven't been through some of these hearings and talked to these feeders and the ranchers, it's, it's kind of like, you know, some of the feuds down south where the neighbors are fighting and they don't know why they're fighting. Well, they're fighting here over money, so I guess they know why they're fighting. But, anyway, it's not an easy solution, but I'm willing to give it a chance. Thank you.

ARCH: Seeing no one left in the queue, Senator Storer, you are recognized to close on your amendment.

STORER: Thank you, Mr. President. Again, thank you for your attention. It is clear that there is a waning in this body to continue this discussion. I'm happy to stay here till the end of the day. But I, again, stress that what we've heard, and I've heard from some of my colleagues, is LB646, as amended recently, is not where it needs to be. And, certainly, the policymaking process here is an ongoing negotiation, if you will. And I, I respect their optimism, but I guess I would be remiss to not tell you that Senator Ibach and I have been having this discussion since December. I have, I have made it pretty clear the things that were simply nonnegotiable and they have not been reflected in their entirety in the bill or the amendments that you've seen before you. So I certainly respect the work of Senator Ibach and her, and her office. I, I, however, based on, based on the lack of changes that have occurred from the original bill to its current amendment per our discussions and per my expression of my concerns, I am not that optimistic that we will end up there. But if that's the will of this body, and I am one member here, I will continue to advocate strongly for AM810. I am not, I'm not asking for something unreasonable. When we have policy before us that we don't fully understand and are not confident is going to do good things for Nebraska and for Nebraskans, and in this case, for our beef industry, then I think it's irresponsible to move it forward without, without some certainty that it's ready to move forward. AM810 provides you that opportunity. It's 6 months to work on this. Given the fact we're talking about a \$12 billion industry, I am admittedly very

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disheartened that there is a rush to do something today that we've heard widespread agreement on. There's actually-- the one thing we agree on is that this bill is not ready for prime time, that it is-- still has serious concerns and serious issues. That is the one thing I've heard here consistently. So I will be voting yes on AM810. I ask for my colleagues to join me in voting yes on AM810 and allow my industry and the stakeholders in my industry to bring you a meaningful, transparent recommendation for how we modernize the Nebraska Brand Act. With that, I yield my time.

ARCH: Colleagues, the question before the body is the adoption of AM810. All those in favor vote aye; all those opposed vote nay. There has been a request to place the house under call. The question is, shall the house go under call? All those in favor vote aye; all those opposed vote nay. Please record.

CLERK: 24 ayes, 0 nays to place the house under call.

ARCH: The house is under call. Senators please record your presence. Those unexcused senators outside the Chamber, please return to the Chamber and record your presence. All unauthorized personnel please leave the floor. The house under call. Senators Machaela Cavanaugh, Juarez, and Lippincott, please return to the Chamber. The house is under call. Senators Machaela Cavanaugh and Juarez, please return to the Chamber. The house is under call. Senator Storer, we are missing Senator Juarez. Would you like to proceed or wait? Colleagues, the question-- the vote is open. Senator Storer, will you accept call-ins? We are now accepting call-ins.

CLERK: Senator von Gillern voting no. Senator Jacobson voting yes. Senator Holdcroft voting no. Senator Hughes voting no. Senator Ibach voting no. Senator Storm voting no. Senator Raybould voting no. Senator Sanders voting no. Senator Conrad voting yes. Senator Andersen voting no. Senator Sorrentino voting no. Senator Kauth voting no. Senator Riepe voting no. Senator Armendariz voting yes. Senator McKeon voting yes.

ARCH: Mr. Clerk, please record.

CLERK: 9 ayes, 14 nays, Mr. President, on the adoption of the amendment.

ARCH: AM810 is not adopted. Mr. Clerk, next item. I raise the call.

CLERK: Mr. President, Senator McKeon would move to amend with AM796.

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ARCH: Senator McKeon, you are welcome to open on your amendment.

McKEON: We withdraw.

CLERK: Senator-- Mr. President, Senator McKeon, I understand you'd like to withdraw this amendment.

ARCH: So ordered.

CLERK: In that case, Mr. President, Senator McKeon would move to amend with FA82.

ARCH: Senator McKeon, you are welcome to open on your amendment.

McKEON: Thank you, Mr. President. I'm bringing off the floor the amendment to put to the start of this June, or sorry, July 1 of 2026 to be with the fiscal year. So that's, that's what the, the quick amendment to-- if this passes, it'll be-- it won't be in effect till June-- or July 1 of '26. I'll yield my time.

ARCH: Seeing no one in the queue, you are recognized to close. Senator McKeon, waives close. Colleagues, the question before the body is the adoption of FA82 to AM638. All those in favor vote aye; all those opposed vote nay. Mr. Clerk, please record.

CLERK: 6 ayes, 9 nays, Mr. President, on adoption of the floor amendment.

ARCH: FA82 is not adopted. Mr. Clerk.

CLERK: Mr. President, I have nothing further on the bill. Excuse me, on the committee amendments.

ARCH: Senator DeKay, you're recognized to close on the committee amendment.

DeKAY: Thank you, Mr. President. There's a lot of discussion today, and LB646 will be moving forward, and it will probably have more amendments coming with more discussion, and I would wait to see how the fiscal note shakes out on this. And with that, I close. Thank you.

ARCH: Colleagues, the question before the body is the adoption of AM638. All those in favor vote aye; all those opposed vote nay. There's been a request to place the house under call. The question is, shall the house go under call? The question has been withdrawn. Mr. Clerk, please record.

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CLERK: 26 ayes, 3 nays on adoption of the committee amendment, Mr. President.

ARCH: AM638 is adopted. Mr. Clerk.

CLERK: I have nothing further, Mr. President.

ARCH: Colleagues, the question before the body is the-- Senator Ibach, you're recognized to close.

IBACH: Thank you very much, Mr. President. We've had some really, really good discussions today. As I mentioned, Senator Storer and I both have a, a distinct passion for this industry and how it functions. I've agreed to address the fees, the fee structure between now and Select. I've also agreed to address any technical issues that there might be. And if Senator Storer and I cannot come to agreement, then I will not ask to schedule it. But for now, I think this is good legislation. I think there's accommodations to be made and I think that, I think that this will be a good thing going forward. Ask for your support on LB646. Thank you.

ARCH: Colleagues, the question before the body is the advancement of LB646 to E&R Initial. All those in favor vote aye; all those opposed vote nay. Mr. Clerk, please record.

CLERK: 26 ayes, 2 nays on advancement of the bill, Mr. President.

ARCH: LB646 does advance. Mr. Clerk, next item.

CLERK: Mr. President, next item on the agenda, General File, LB380, introduced by Senator Fredrickson. It's a bill for an act relating to the Medical Assistance Act; amends Sections 68-995, 68-996; establishes requirements for the Department of Health and Human Services' contractors providing medical assistance services; provides duties to-- provides duties for the Division of Medicaid and Long-Term Care; harmonize provisions; and repeals of the original section. The bill was read for the first time on January 16 of this year and referred to the Health Human Services Committee. That committee placed the bill on General File with committee amendments. There are additional amendments, Mr. President.

ARCH: Senator Fredrickson, you're recognized to open on LB380.

FREDRICKSON: Thank you, Mr. President. Good afternoon, colleagues. Good afternoon, Nebraskans. I'm here today to introduce my personal priority bill, LB380. With committee amendment AM728 that Chair Hardin

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will also speak to, my LB381 is also included in this package that addresses serious areas in our Medicaid and managed care statutes. Over the past year, my office has been contacted by behavioral health providers from across the state informing me about their experiences with Nebraska's Managed Care Organizations. Throughout discussions with these providers, it became clear that there were areas of statute covering these MCOs that need to be addressed to increase transparency, make clear what is to be included in their contracts, and bolster taxpayer confidence in one of our state's largest line items. There are two statutes that govern our managed care system in Nebraska. One, in Chapter 44, called the Managed Care Plan Network Adequacy Act, which is administered by the Department of Insurance, and, two, the Medical Assistance Act in Chapter 68. The Chapter 44 statutes require MCOs licensed in Nebraska to provide network adequacy and to maintain a network sufficient in numbers and types of providers and maintain an access plan to meet those requirements. LB380 does not change any directives already in state statute under the Department of Insurance. The concerns that are being addressed in LB380 are the lack of adequate oversight and transparency in our Medicaid program. I'm not sure where the breakdown is, but it is clear to me that the Legislature needs to amend this section of statutes so that our expectations are clear to both the Department of Health and Human Services and the Managed Care Organizations. LB380 provides updated guardrails in our Medicaid program so that we can be assured that we comply with federal laws and regulations and that we are serving eligible Nebraskans efficiently and effectively. Updates included in LB380 include that any changes in MCO contracts are communicated to the providers, that it ensures that parity between mental health and substance use treatment services and physical health services per federal law and make public parity compliance reports. It ensures that MCOs must apply generally recognized standards of care for health services and make utilization review policies available to the public, that MCOs cannot rescind or modify an authorization for a mental health or substance use disorder service after the provider renders the service pursuant to a determination of medical necessity, except in cases of fraud or violation of contract. It ensures MCO compliance with federal and state laws, including early and periodic screening and diagnostic and treatment services of children and youth in the Medicaid program. It reinforces maintenance of an adequate provider network across Nebraska by defining network adequacy criteria and assesses each MCO's compliance. While we have implemented a managed care system in our state giving these contractors the authority to make sure health care services are delivered, we have not handed over the Legislature's responsibility to manage these private insurance

companies who are paid by state taxpayers. I do want to acknowledge that in 2020, Senator Arch brought legislation that created the Medicaid Managed Care Excess Profit Fund where surpluses are returned back to the state. I am not alleging that the MCOs are unduly pocketing profits, but simply that more transparency is needed to track these larger line items. Most other states provide strong statutory safeguards, and it's time that Nebraska does too. We are placing a lot of trust in these organizations and trusting them with servicing some of Nebraska's most vulnerable citizens, and I feel that LB380 is needed to spell out what we expect in return for this investment. The second piece to addressing my concerns with our Managed Care Organizations comes down specifically to the audit process addressed in LB381. That is really where these conversations started for me. Over the past year, I've heard from many behavioral health providers from across the state who were subject to audits from the MCOs. Most of these providers are solo practitioners, and as part of their audits, were asked to submit years worth of documents for review, usually resulting in huge clawbacks of payment for services they actually completed. These audits can go on for months to years, resulting in clawbacks anywhere from \$20,000 to close to \$100,000. Providers can try to negotiate down the amount due back to the MCO, but often they are expected to pay back the full clawback because they don't have the resources to hire counsel to help assist them in fighting the findings of the audit. This has resulted in multiple providers choosing to no longer accept Medicaid and even close their practices. Many are from areas in the state that are already lacking mental health providers and leaving Nebraskans without access to this care is unacceptable. I met with the Department of Health and Human Services last fall, and at the time it was determined that no changes were needed to the audit process, but they agreed to provide more education to providers on things like filling out paperwork for reimbursement, providing proper supporting documentation, and coding. While I agree that more education is always needed, there are still glaring changes that are needed to protect providers from predatory audits. LB381 makes several changes to the audit process between providers and all program integrity contractors or Managed Care Organizations, including that MCOs must provide clear justification in writing for the audit. It limits the window a contractor can audit to a provider to 3 years from the date of payment. It limits records requested to documents relevant to the audit. It provides detailed explanations of errors to the providers, allows for a proper appeal process, and states that the contractor cannot seek recovery of overpayment until all appeals are exhausted, and explicitly allows providers to adjust any claims that the department determines if the

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service did in fact happen, but should have been billed differently. Following the hearings for LB380 and LB381, I met with the opposition, the department, and the Attorney General's Director of Medicaid Fraud, along with advocates to come to a compromise that is represented in the committee amendment, AM728. I want to thank the department and the Attorney General's Office for coming to the table and working out language that removes their opposition to both bills while allowing DHHS to still audit providers while still bolstering safeguards for providers. I want to truly thank all of the providers who contacted me, those who went public with their stories, and those that submitted comments online. While I am grateful that so many providers did come forward, I know there were many who have not come forward. I also want to thank the committee for advancing LB380, which includes LB381, unanimously. Thank you, Mr. President.

ARCH: Senator Tom Brandt would like to recognize some special guests. They are high school students, eight high school students from Fillmore Central FFA. They are located in the north balcony. If you could please rise and be welcomed by your Nebraska Legislature. Mr. Clerk. Senator Hardin, you are recognized to open on the committee amendment.

HARDIN: Thank you, Mr. President. Committee amendment, AM728, consists of the amended version of LB380 and the amended version of the LB381. LB380, as amended by AM728, strikes the requirement that a contractor shall not reduce department-posted Medicaid rates. LB381, as amended by AM728, changes provisions relating to program integrity contractors, specifically. This amendment provides requirements for contractors when conducting a program integrity audit, investigation, or review. These requirements involve providing clear written justification and notification, reviewing claims within 3 years instead of 4 from the date of payment, furnishing relevant information, scheduling the onsite audits with advanced notice, and implementing procedures of improper payments. In addition, this amendment changes provisions relating to the enforceability of contracts between a third-party payer and a provider or beneficiary, contracts on a contingent fee basis and overpayments. Definitions involving fraud are also provided. The Health and Human Services Committee advanced LB380 with AM728 by a 7-0 vote. I would appreciate your green vote on AM728 to LB380. Thank you.

ARCH: Mr. Clerk.

CLERK: Mr. President, Senator, Senator Bostar would move to amend with AM814.

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ARCH: Senator Bostar, you're recognized to open.

BOSTAR: Good afternoon, colleagues. I'm introducing AM814, which would attach LB610 to LB380, legislation that will provide a measurable increase in the federal Medicaid reimbursement rate to ensure Advanced Life Support, ALS, transport providers can financially maintain service levels over the coming years. Between 2019 and 2023, the cost of emergency transportation increased significantly, outpacing inflation, even though utilization remained relatively stable. This is ultimately unsustainable for our state's public providers. Medicaid-- Medicare and Medicaid do not cover the full cost of providing ALS transport services by our local providers. For most departments, Medicaid, for example, covers as little as 30 percent of what other insurers pay. Some years have even seen a drop in federal reimbursement rates despite the additional costs falling to local government providers. Simply put, our communities and rural volunteer departments are going broke, providing lifesaving services for all of us. Definitive care evaluations have shown that care and high-quality treatment at first contact with emergency medical service responders make a difference for the patient in terms of less emergency room intervention, shorter hospital stays, and less expensive post-hospital care. This equates to lower total cost for care to the Medicare and Medicaid system, and part of the foundational reasons why federal government-- why the federal government makes Ground Emergency Medical Transport, GEMT, programs available to states. Publicly owned ambulance services cannot turn down a 911 medical call, even if the financial loss will eventually put the department out of business. Through GEMT, the Centers for Medicare and Medicaid Services, CMS, recognizes the need for supplemental payment programs for these public providers. GEMT is not a new program, and while Nebraska has participated in Medicaid for over 30 years, our current state plan does not recognize first responder ambulance services as part of the higher reimbursement allowable under the regulations administered by CMS. LB610 offers a minor change to the language in the state plan that will allow CMS to reimburse at a higher rate. Without this change under Medicare and Medicaid as a state, we are leaving money on the table with each and every ambulance ride. GEMT programs are cost neutral to the state Medicaid agencies, and the state's reasonable costs directly associated with the program are reimbursed through the process. Participation in GEMT is not mandatory, and local agencies may choose to participate or not to participate. However, the statutory change must be adopted statewide in order to qualify under federal regulations. GEMT is estimated to provide between \$15 and \$30 million in revenue to local fire and EMS departments, allowing these

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providers to bridge the gap for the current deficient federal payment structure. 23 other states have already enacted GEMT programs, including our neighbors of Iowa, Kansas, Colorado, and Missouri. It's clear that current trends are unsustainable. AM814 offers a simple and effective measure to fairly compensate local departments for lifesaving services essential to the safety and good health of our communities. LB610 had no opposition, advanced from committee unanimously, was widely supported by first responders from across Nebraska, and has no net state fiscal impact. I thank you for your time and consideration. I'd urge your support for AM814 and the underlying legislation. Be happy to answer any questions if anyone has any.

ARCH: Seeing no one in the queue, you are recognized to close on AM814. Senator Bostar waives close. Colleagues, the question before the body is the adoption of AM814. All those in favor vote aye; all those opposed vote nay. Mr. Clerk, please record.

CLERK: 26 ayes, 0 nays, on adoption of the amendment, Mr. President.

ARCH: AM114 [SIC] is adopted. Mr. Clerk, next item.

CLERK: I have nothing further at this time, Mr. President.

ARCH: Senator Hardin, you're recognized to close on the committee amendment, and Senator Hardin waives close. Colleagues, the question before the body is the adoption of AM728. All those in favor vote aye; all those opposed vote nay. Mr. Clerk, please record.

CLERK: 25 ayes, 0 nays, Mr. President, on adoption of the committee amendment.

ARCH: AM728 is adopted. Mr. Clerk.

CLERK: Mr. President, Senator Fredrickson would move to amend with FA79.

ARCH: Senator Fredrickson, you are recognized to open.

FREDRICKSON: Thank you, Mr. President. So-- thank you, colleagues. So, first of all, I want to be really clear. I intend to withdraw this floor amendment, so we will not be actually voting on this floor amendment. As I understand, more discussion is needed here. But I did originally bring this floor amendment separate from the committee amendment to AM728, because I wanted to have a specific stand-alone discussion about how the Legislature appropriates our rates for

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providers, and specifically behavioral health providers. This language was included in the introduced copy of LB380, but it was removed by committee AM728 due to the opposition from DHHS. As a Legislature, we set the rates that providers are to be reimbursed. These rates are set through the appropriations budget process and, ultimately, approved by the governor. Putting this requirement in statute does not preclude the MCOs from negotiating higher rates, but would not allow them to negotiate below posted rates. While we entrust the MCOs to work with providers to reimburse services, these are still Medicaid dollars, and I feel that it is appropriate that MCOs are not deviating from the rates that the Legislature sets, particularly when we consider that these are, in fact, Medicaid dollars being distributed by the MCOs. FA79 ensures that services that are essential to Nebraskans aren't threatened in the future by requiring that providers are reimbursed at least at the minimum rate that we set here in the Legislature. I look forward to more conversations about this, but as I said, I will be withdrawing this amendment at this time.

ARCH: So ordered. Mr. Clerk.

CLERK: I have nothing further on the bill, Mr. President.

ARCH: Colleagues, the question before the body is the advancement to E&R Initial of LB380. All those in favor vote aye; all those opposed vote nay. Oh, shoot. Mr. Clerk, please record.

CLERK: 32 ayes, 0 nays, Mr. President, on advancement of the bill.

ARCH: LB380 is advanced. Mr. Clerk, next item.

CLERK: Mr. President, General File, LB323, introduced by Senator Moser. It's a bill for an act relating to the Department of Transportation; amends Section 39-1355 and Section 39-1348; changes provisions relating to solicitation of bids; changes to the threshold required for legislative consent relating to certain construction projects; harmonizes provisions; and repeals the original section. The bill was read for the first time on January 16 of this year and referred to the Transportation and Telecommunications Committee. That committee placed the bill on General File with committee amendments, Mr. President.

ARCH: Senator Moser, you're recognized to open.

MOSER: Thank you, Mr. Speaker, colleagues and Nebraskans. It's my pleasure to open on LB323. It's my priority bill. It came out of committee with a unanimous 8-0 vote. The bill was brought on behalf of

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the Department of Transportation. It modernizes 2 practices related to the letting and building of projects by the department in order to reduce unnecessary delays, which add time and as a result of inflation cost to transportation projects. Section 1 of the bill allows the department to advertise for upcoming contract lettings on an officially designated website instead of only in the official local newspapers where the project is located. The reason for this is that each newspaper has different timelines before notice can be published and some papers only publish once a week. Delays between the different papers can delay when the project letting is allowed to take place if the 3-week notice period has not been met, which can delay the projects themselves. By allowing the department to publish this notice on their website and having this notice count for the official 20-day time limit, this issue was solved. Section 2 updates the monetary threshold where the Department of Transportation must seek the consent of the Legislature to construct buildings. The current limit for DOT has not been updated since 1955 and is out of sync with every other state agency. This update would allow needed projects to take place faster and harmonize this statute with the rest of our state. Currently, the limit is \$100,000, and that amount is so low that even small storage buildings meant to get equipment out of the elements could be delayed while NDOT is trying to include these in its budget request. This change will account for 70 years of inflation, which have occurred since the was originally passed 70 years ago, allowing smaller buildings to be built more quickly and efficiently. These 2 updates allow the NDOT to act more efficiently and give them the ability to deliver projects in more consistent timelines, thereby saving money and eliminating unnecessary delays. I would like to now follow with Transportation and Telecommunications Committee amendment, AM554.

ARCH: You're welcome to open on the amendment.

MOSER: Thank you again, Mr. President. AM554 clarifies language in the original bill regarding the deadline for receipt of bids. After working with the Nebraska Press, an agreement was reached whereby the department must publish both on their official designated website and in local newspapers. AM554 clarifies that this notice must be published on the department website 20 days before the deadline for receipt of bids. I thank you and I urge the colleagues to vote green on AM554. Thank you, Mr. President.

ARCH: Seeing no one in the queue, you are welcome to close on AM554. Senator Moser, waives close. Colleagues, the question before the body

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is the adoption of AM554 to LB323. All those in favor vote aye; all those opposed vote nay. Mr. Clerk, please record.

CLERK: 27 ayes, 0 nays on adoption of the committee amendment, Mr. President.

ARCH: The amendment is adopted. Mr. Clerk.

CLERK: Mr. President, Senator Moser, I have AM20 with a note that you would withdraw.

MOSER: Yes.

ARCH: So ordered.

CLERK: In that case, Mr. President, I have nothing further on the bill.

ARCH: Senator Moser, you're recognized to close on LB323. Senator Moser waives close. Colleagues, the question before the body is the advancement to E&R Initial of LB323. All those in favor vote aye; all those opposed vote nay. Mr. Clerk, please record.

CLERK: 29 ayes, 0 nays on advancement of the bill, Mr. President.

ARCH: LB323 does advance. Mr. Clerk, next item.

CLERK: Mr. President, General File, LB192, introduced by Senator Quick. It's a bill for an act relating to the Supplemental Nutrition Assistance Program; amends Section 68-1017.02; removes the sunset date; and repeals the original section. The bill was read for the first time on January 13 of this year and referred to the Health and Human Services Committee. That committee placed the bill on General File. There are no committee amendments, there are other amendments, Mr. President.

ARCH: Senator Quick, you're recognized to open on LB192.

QUICK: [MALFUNCTION] President, and good afternoon, colleagues. Today, I'm here to introduce LB192, which would maintain Nebraska's current eligibility for Supplemental Nutrition Assistance Program, or SNAP. I want, I want to thank Senator Cavanaugh, John Cavanaugh, for prioritizing LB192. This bill is needed because SNAP eligibility in Nebraska will significantly decrease starting October 1 of this year because of the current sunset provision currently in the statute. An action will mean 10,000 Nebraskans will have a harder time feeding

themselves and their families, plus thousands more would become newly in danger of SNAP benefits-- of the SNAP benefits cliff. One of the most important aspects of the current SNAP gross income, which is at 165% of federal poverty level, is that it shrinks the SNAP cliff effect. The cliff effect happens when SNAP households' earnings improve. For example, through a raise or more hours work and changes that make household eligibility for SNAP benefits. For example, a worker in a 3-person household may be offered a raise of \$1 per hour. That increase in income may push that household over a gross threshold SNAP by \$20. Instead of stepping down that household \$200 SNAP benefit in proportion to new earnings, all benefits may be cut entirely. The best way to address the cliff effect is to increase the SNAP benefit income limit. By increasing the gross income limit, families can earn more and still qualify for SNAP, but also deduct more expenses and remain, remain on the program while stepping down benefits. It is for this reason that the Legislature made the decision to raise the SNAP eligibility level in 2021 to what it is today. SNAP benefits are paid 100% by the federal government, and administrative costs are split 50/50 with the state. There is no fiscal impact, continuing SNAP costs the state zero dollars. SNAP benefits totaling an estimated \$12 million per year will flow directly through grocery stores, supporting local economies, farmers, producers, and others. Towns in our state, large and small, benefit greatly from this extra boost in spending. A USDA study estimates that for every \$1 in SNAP, \$1.54 is returned in economic impact. It makes sense to pass LB192 to not only support working Nebraskans trying to get ahead, but to stimulate the economy, economy by shrinking the cliff effect and injecting millions into local businesses and producers. Now is not the time to kick people off food benefits, to kick people off food benefits in our state. We must pass this bill this year to ensure that hardworking Nebraskans are not facing future food insecurity. If we do not act on LB192 this session, 10,000 people, including seniors, people with disabilities, kids, and caretakers, caretakers will lose SNAP food access starting October 1 of this year. I know I've talked to many of you off-- on the floor this morning about some of the concerns for the-- if federal funds would happen to be cut for SNAP benefits, and I've been reassured by DHHS that, that is not how it works for the state of Nebraska. There is no obligation if the-- for the state if federal government-- if the federal government decides not to fund SNAP or cut some of the benefits. And I have confirmation of this from DHHS. LB192 came out of the Health and Human Services Committee, and there was no opposition testimony in the hearing. This bill also has no fiscal impact. Thank you for your attention and I ask you for your green vote on LB192.

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ARCH: Mr. Clerk.

CLERK: Mr. President, Senator Quick, I have FA68 and FA69, both with notes that you would withdraw.

QUICK: Yes, please withdraw.

ARCH: So ordered.

CLERK: I have nothing at this time then, Mr. President.

ARCH: Turning to the queue, Senator Dover, you are recognized to speak.

DOVER: I'd like to thank Senator Quick for bringing LB192 and thank Senator Cavanaugh for prioritizing this bill. I don't think a lot of people realize the food challenges that exist across the state from Omaha to North Platte, etcetera. I just think back to one quick story where I'm sure most of you had kids that were in sports where you bring in the basketball team or the track team, whatever, and you, you make spaghetti or those kind of things. And in, in talking to the coach, the coach would always keep a jar of peanut butter and a loaf of bread in his drawer for those kids that didn't have anything to eat that day. And if that's happening in Nebraska, I think this is a fantastic way to solve it. Again, as they stated, there is no financial impact on the state of Nebraska. It's federal funds. And I would urge everyone to vote green on Senator Quick's bill. Thank you.

ARCH: Senator Rountree, you are recognized to speak.

ROUNTREE: Good afternoon, Mr. President, and good afternoon, colleagues, and good afternoon to all those that are viewing online. I also rise in support of Senator Quick's LB192, supporting the extension of SNAP and not letting it sunset. As a pastor of a small church over in Bellevue, Nebraska, we are avid supporters of our local food bank, and we also do a lot of food distribution directly from the church into our community. Many times we get calls from the elderly, and we get calls from families who are dealing with food insecurity. There is a tremendous need out here, and just kind of looking ahead at where we are, that need could be greater. With all the riches that we have in our country, and as blessed as we are, there should not be anyone in our county that's hungry. We always take opportunity to look out for the least of these. And we support those who may not be able to support themselves. But we try to help them to raise up, and as they are restored, they'll reach out and support others. We are one nation under God, indivisible, as we say every morning in our pledge.

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And so I believe the extension of this program is going to be a tremendous support to those that will take away a lot of the worrying. It'll take away a lot of the stress that families may face when it comes to their food, and, and taking that away is going to bind families together. I believe that a strong, unified family is the core foundation of our community. And when we bring those families together in their strength, our community is unified. When our communities are unified, then they have great strength in our state. And when our state is unified, then there's great strength also in support of our nation. And when our nation is unified, there's no limit on what we can do as one United States of America, under God, indivisible, and we can assure that there is liberty and justice for all. So I urge you also to support this bill with a green vote, as I will. Thank you so much, Mr. President, and I yield any time remaining.

ARCH: Senator Moser, you are recognized to speak.

MOSER: Thank you, Mr. President. I was wondering if Senator Quick would respond to a couple of questions.

ARCH: Senator Quick, will you yield?

QUICK: Yes.

MOSER: I was just wondering if we could reconstruct our conversation we just had here a few minutes ago between speakers. The implementation of your bill does not commit the state to something that is going to put, require us to put state money into it, this is just applying for a federal grant?

QUICK: Yes, that's correct and I verified that with-- through the-- through PRO this, PRO this morning and with DHHS that it's an application process and the federal government, we apply for so much money according to the number of people who receive SNAP benefits and then that's the money that comes to the state. So if they give, if they-- if for some reason the federal government would, would do less money, that's the, that's the amount of money that we have to work with and we're not obligated in the state to, to change what we're doing or appropriate dollars for that.

MOSER: It-- it's not going to require us to foot the bill if the federal government drops out?

QUICK: No.

MOSER: OK. That's-- that was my question and thank you.

ARCH: Senator Andersen, you are recognized to speak.

ANDERSEN: Thank you, Mr. President. Would Senator Quick yield to a question?

ARCH: Senator Quick, will you yield?

QUICK: Yes.

ANDERSEN: Thank you, Senator Quick. I just want to make sure I understand. The current federal levy, the fed's mandate, 135% of poverty. Is that right for eligibility?

QUICK: Currently, it's 165% with, with the-- you know, until the sunset is removed.

ANDERSEN: Right, so we waived it up to 165% until the sunset is removed. If it stays in place, then the eligibility stays up at \$50,000 a year as opposed to \$42,000 or, yeah, \$42,000 a year. Is that correct?

QUICK: Yeah, it'd be-- it'd stay at 165% of poverty level, otherwise it drops back to 135%, yes.

ANDERSEN: OK. Thank you. I yield my time.

ARCH: Senator Hansen, you are recognized to speak.

HANSEN: Thank you, Mr. Speaker. I think Senator Moser addressed a lot of my questions, but just to reiterate, would Senator Quick yield to a question?

ARCH: Senator Quick, will you yield?

QUICK: Yes.

HANSEN: So as you know with a lot of the bills coming out of HHS this year and we've discussed this ourselves and also as a committee, one of the growing concerns about what the federal government is providing to the states when it comes to health care, when it comes to SNAP, when it comes to grants and then what, what does the future look like for those, and then how do we then address this as a state on what we pass to make sure that they're going to continue to cover those in a certain way? And that was one of the concerns that I have with this bill, and that was one of the reasons why I was present, not voting, was because I didn't have very much clarity about, OK, so if we pass

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this and we have people on SNAP benefits and the federal government comes along this summer and says we're going to cut that in half or we're only going to cover 90% of it and the state's responsible for the other 10% percent, are we going to be left on the hook? But from what you're saying, what you talked to with PRO, whatever the federal government does, whether they cut it or whether they kind of decrease how much they're going to cover, the state will not be on the hook for that, right?

QUICK: Yes, that's my understanding, that with, you know-- because it would take an act of Congress, they would have to vote for something. But probably at some point we would probably have to come back and maybe decide if we wanted to do something. If they-- if they're going to put it on the states, then we would probably have to come back and vote on, you know, some type of bill that would address that.

HANSEN: Yeah, that's another one of my concerns is whenever we typically, and you know, you know this as well, whenever we'd typically tend to pass some kind of increase in a benefit program, it's much more difficult to reel that back, even if the federal government decides to cut back on funding. So I think even if they did cut back on funding for a certain amount, and now all of a sudden we're left in the hook and we have to pay for it, it's more likely we're just going to continue-- we're, we're going to use state funds to pay for it because we typically don't seem to have the votes on the floor to cutback on benefit programs very often, even when we need to. But, at least, I have some confidence in that we're not going to be, as a state, using taxpayer money to pay for this if the federal government changes their allocation, so. That was one of the questions I had and I appreciate that, so. Thank you, Mr. Speaker.

ARCH: Senator Machaela Cavanaugh, you're recognized to speak.

M. CAVANAUGH: Thank you, I'll be very brief. I just wanted to address Senator Hansen's questions. No, we will not be on the hook. And we-- if there's massive federal programs that are cut, we will have to probably come back and make changes to that. But even if this is cut, then we would not be on the hook for the federal part of that. So just wanted you to put that-- let them know. And thank you, I yield the remainder of my time.

ARCH: Seeing no one in the queue, Senator Quick, you're recognized to close.

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QUICK: Yeah, thank you, Mr. President, and thank you, colleagues, and thank you for the questions. I just wanted to make sure that we were clear that this will, this will-- making sure that we remove this sunset will, will maintain that 165% of poverty level, which is-- which will be more like what, what our surrounding states around us have, and if we don't do it, it's going to go back to 135%, which will be-- put us at the bottom of what other states are doing. So I appreciate all the conversation this morning, and I ask for your green vote on LB192. Thank you, Mr. President.

ARCH: Colleagues, the question before the body is the advancement of LB192 to E&R Initial. All those in favor vote aye; all those opposed vote nay. Mr. Clerk, please record.

CLERK: 33 ayes, 0 nays on advancement of the bill, Mr. President.

ARCH: LB192 advances. Mr. Clerk, next item.

CLERK: Mr. President, General File, LB332, introduced by Senator Hardin. It's a bill for an act relating to the medical assistance program; amends Section 68-911; requires Medicaid coverage for psychology services provided by certain practitioners as prescribed; and repeals original sections. The bill was read for the first time on January 16 of this year and referred to the Health and Human Services Committee. That committee placed the bill on General File with committee amendments. There is an additional amendment, Mr. President.

ARCH: Senator Hardin, you are recognized to open.

HARDIN: Thank you, Mr. President. LB332 seeks to allow Medicaid reimbursement for psychological services provided by doctoral-level psychology interns. Doctoral psychology interns are advanced-level practitioners with 4 to 6 years of graduate school training, working under the supervision of a licensed psychologist credentialed with Medicaid. Mental health is not a partisan issue, it is a public health issue, an economic issue, and a moral obligation, one we cannot afford to ignore. This policy change is not just common sense, it's a strategic investment in Nebraska's future. We're facing a mental health provider shortage, particularly in rural and underserved communities. By allowing highly trained, supervised practitioners to serve Medicaid patients, we expand our provider network and reduce wait times for those in need. When people lack access to mental health services, they often end up in emergency rooms, jails, or on the streets, costing taxpayers millions in preventable expenses. Early intervention saves money by preventing costly crisis care,

hospitalizations, and loss productivity. A workforce struggling with mental health challenges is a workforce that struggles to thrive. By increasing access to mental health care, we support Nebraska's economy and help businesses retain employees. This is not just a health care issue, it is a legislative responsibility. Investing in mental health strengthens our communities, saves lives, and improves Nebraska's economic future. By ensuring Medicaid covers these services, we're making a pragmatic, fiscally responsible decision that will have long-term benefits for individuals and families across our state. LB332 is one of the Health and Human Services Committee priority bills this session. The overarching theme of this package is cooling the medical desert. Rural Nebraska can be considered a desert for many services and medical care is no exception. The package of LB332 aims to increase access to health care services for all of Nebraska and, particularly, our rural communities. Thank you, Mr. President, and I'd like to yield the rest of my time and move to the committee amendment, AM729, at your pleasure.

ARCH: You are welcome to open on the amendment.

HARDIN: Thank you. AM729 consists of 4 other bills, LB154, LB515 as amended, LB555 and LB697 as amended. These bills reduce the demands on pharmacists and funeral directors as well as ensuring services for individuals needing cerumen removal. LB154, which is my bill, would allow a hearing instrument specialist to perform cerumen management, commonly referred to as earwax. In order for a hearing instrument specialist to provide this care, they must hold their license for 2 years, have increased continuing education for cerumen management and have an hour of continuing education in pharmacology updates and infection control measures. Earwax management is limited to the outer 1/3 of the ear. And patients who have had any previous ear surgeries would be referred immediately to an expert such as an audiologist. I'll give a brief overview of the other bills in the package, but I'll ask the other primary introducers to punch in and give more detailed description of what their bill does. Senator Quick's LB515, as amended, allows a pharmacist to dispense an emergency refill if they have no authorization and has made reasonable efforts to obtain an authorization when a patient's health would be endangered. This refill must not be for a controlled substance and must be for maintenance medication only. A pharmacist may dispense this refill if requirements involving labeling, records, packaging, and notice are fulfilled. LB555, from Senator Riepe, creates the role of assistant funeral directors to support funeral directors in day-to-day operations. These operations include arranging internments, working with families, and daily management. The assistant funeral directors must be employed by

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a licensed funeral director and be party to a collaborative agreement. My neighbor, Senator Strommen, brought us LB697. LB697, as amended by the committee, increases the membership of the Pharmacy Board from 5 members to 8 members. Also, this bill allows dispensing to a prescription written by a Nebraska licensed practitioner working with a public health clinic. The Health and Human Services Committee advanced LB332 with AM729 by a 6-0 vote. I would appreciate your green vote on AM729 to LB332. Thank you, Mr. President.

ARCH: Mr. Clerk.

CLERK: Mr. President, Senator Hardin would move to amend the committee amendment AM729 with AM828.

ARCH: Senator Hardin, you're recognized open on this amendment.

HARDIN: Thank you, Mr. President. AM828 fills the last branch of the HHS Christmas tree bill by adding my bill, LB119, to the package. LB119 would firmly establish the Rural Health Opportunity Program, RHOP Program, into state statute. This initiative has played a pivotal role in addressing the health care needs of rural Nebraska for over 3 decades. LB119 will ensure this essential rural health workforce pathway is sustained into the future. The RHOP Program, a collective effort between the University of Nebraska Medical Center and the Nebraska State Colleges, has been operational since 1989. It encourages and provides financial support to rural residents pursuing careers in various health care fields. The most recent review and revision of the RHOP program resulted in a system-wide RHOP agreement approved in April of 2023, effective for a 5-year term. To be eligible for the RHOP Program, students must complete all RHOP application requirements, be rural Nebraska residents, and be enrolled as a full-time student at Chadron, Peru, or Wayne State College. Selected students receive an RHOP tuition waiver covering tuition costs at the state colleges and guaranteed admission to UNMC subject to meeting program requirements. This program enables the state colleges to recruit high-performing high school seniors from rural Nebraska and offer them tuition waivers and early admission to UNMC for health-related professions. The impact of this initiative is evident in the success of almost 750 RHOP graduates, with over 2/3 remaining in Nebraska and nearly half returning to rural communities to serve. The health care workforce challenges in Nebraska necessitate an increased number of health care professionals, particularly in rural areas. Recent findings from UNMC's status of the Nebraska health care workforce update 2022 indicates shortages across various health care fields. The RHOP Program aligns with UNMC's recommendations to enhance

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pipeline programs and tuition waivers to address workforce shortages. As part of the fiscal year '24 and '25 biennium budget request process, the Nebraska State Colleges sought financial support from the Legislature to cover half of the tuition waiver costs, ensuring the long-term viability of the program and opening avenues for expansion. The Appropriations Committee endorsed this request, providing \$300,000 in funding for new RHOP recipients in the '23-24 cohort, increasing to \$600,000 for the '24-25 cohort. While LB119 includes intent language for ongoing support from the state of Nebraska, the bill, as drafted, does not establish a requirement for additional funding. Rather, the Nebraska State Colleges proceed with requests for additional financial support of the program by following the traditional budget request process. RHOP is a long-standing partnership between UNMC and the state colleges. The agreement that originated in 1989 was most recently approved in April of '23, which formally recognizes the partnership between the parties and establishes a 5-year commitment between the 2 entities. I urge your support for LB119 to firmly establish the RHOP Program into state statute. This program has a proven record of success in developing health care professionals from rural Nebraska addressing workforce shortages and ensuring access to quality education. The continuation of this program is vital for the health and well-being of our rural communities. Thank you, Mr. President.

ARCH: Turning to the queue, Senator Dorn, you are recognized to speak.

DORN: Thank, thank you, Mr. Speaker. Would Senator Hardin yield to a question?

ARCH: Senator Hardin, will you yield?

HARDIN: Yes.

DORN: Thank you. Thank you very much. Just this last amendment, just looking at the bill, you said, I think, if I heard you right, you said it was LB119, and when I pull it up it talks about the RHOP and that and, I call it, the funding of it. And I, and I thought, and, and my hearing is not that good, but I thought I heard you say that previously we had allocated \$300,000 for this RHOP Program through the state colleges.

HARDIN: That was for '23-24, and then the '24-25 amount increased to \$600,000.

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DORN: OK, and I, I apologize for this one part here. I don't remember, and maybe some of the Appropriations Committee will remember, I know we've dealt with the state colleges, talked about them several times in the agencies. I guess I'm, I'm not sure we funded, I call it, us going forward or not, this program. I completely agree with the program. It's not that. I guess I'm just trying to narrow down the funding aspect of it, because as I look at it, like you said, it is \$600,000. Yes, \$600,000 going forward, and the state colleges are going to pick up part of that, but I guess-- thank you for answering the question, but I guess my question more is what happens if we don't fund that, and I'm-- I apologize, I'm not sure whether we funded it or not, I can't tell you whether we put that in the budget or not when we dealt with the state colleges so--

HARDIN: If I, if I may?

DORN: Yes, go ahead, please.

HARDIN: It's additional funding beyond that, so the \$600,000 was for 2024 and this year 2025, and so anything that would happen in the future would have to be new-- newly appropriated.

DORN: Yes, I agree with you there, but we are dealing now with, I call it, the next 2-year budget cycle so that's '25-26, '26-27--

HARDIN: Right.

DORN: --and I don't-- when we had the discussion and I was going to ask Senator Clements, and he was on the phone and, and different things, and, and we will find this out or whatever as we go forward in the next budget cycle have we approved that or not and I cannot give you an answer on that. I wish I could. Oh, Senator Machaela Cavanaugh says no. So then my question is, what happens to the RHOP or what, what is going on then with this program? Is it just sitting there or what, what-- if there's no funding approved by this legislative body and, yes, it comes through the Appropriations Committee, but then it also comes through this body, then what happens with this particular, I call it, bill?

HARDIN: I would say that since half of the people who go through this program return to the rural areas, if we don't get further funding off into the future, we'll have fewer of those health care professionals in the future.

DORN: OK. Oh, thank you. Thank you very much for that explanation. And I'm, I'm not, I'm not following the program. I'm not following the

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bill or nothing like that. I, I guess I'm just trying to, I call it, run down the trail of where this is going or whatever, and the funding part is going. That's all I'm trying to look at. So thank you very, very much, for that explanation. And I will visit with some more people on Appropriations as Senator Machaela Cavanaugh when she kind of spoke over here a little bit. She told me, no, we had not approved this, so, yes, I understand why we're moving the bill forward, but also then as a body and as Appropriations Committee we also then need to answer the question, where is that funding coming from? Thank you very much. I'll yield my time.

ARCH: Senator McKinney, you're recognized to speak.

McKINNEY: Thank you, Mr. President. Would Senator Hardin yield to a few questions?

ARCH: Senator Hardin, will you yield?

HARDIN: Yes.

McKINNEY: Thank you. Senator Hardin, I was looking through the committee statement and I saw that for LB154 there was a 4-3 vote on that.

HARDIN: Yes.

McKINNEY: Can you explain that?

HARDIN: Yes. There were people who came out in opposition because they felt like the technicians wouldn't have the experience to do more complicated things. I would point out that, for starters, we're very much open to working with anyone who would have a challenge with that. One of the really foundational things to this bill is the fact that we are dealing with the outer 1/3 of the ear. We're not talking about going deep into the ear canal for this, we're not talking about putting someone's hearing in jeopardy. And so we're really talking about folks who are in a nursing home, as an example, and we're talking about rural areas, in particular. What do they do when in fact their hearing aids, the devices themselves work, but because of an excess amount of earwax, they cease working. And the problem is in rural areas, that can be a 2-hour drive from someone in Senator Storer or Senator Strommen's areas of Nebraska to try and find someone who can actually take care of everything that needs to be done. So it's really a pragmatic bill. And I can certainly understand where people in the cities don't think this is a necessary thing, but when you're a

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long ways away from that kind of help, this is something that's trying to fill that medical desert.

McKINNEY: Thank you for that explanation, because I was just-- then I was also reading through the comments and I saw those concerns that you mentioned that people or individuals, these technicians, probably need more schooling to pretty much, you know, be pulling earwax out of people's ears and those type of things going inside of people ears. Does-- is, is-- did the bill get amended clean or did you amend it a little bit to address any of those concerns?

HARDIN: The bill is literally continuing in the process of amendment as we speak because we did not get a swift reply to our desire to have it amended and so literally we're continuing to sally forth as recently as today within this hour people are now seeing that since it's in General File they're starting to scratch around and say how do we help this from both sides? We're certainly open to that amendment process between here and Select File, but literally it's been a tardy process in terms of responses to it. And so we're going to keep pushing on and see if we can help people to hear better.

McKINNEY: All right, thank you for the explanation. Thanks.

HARDIN: Yeah.

ARCH: Senator Fredrickson, you're recognized to speak.

FREDRICKSON: Thank you, Mr. President. Good afternoon, colleagues and Nebraskans. So I rise today in support of LB332, as well as AM729 and AM828. I did want to speak-- Senator McKinney had asked a little bit of questions about one of the bills. Well, first I want to say this package was, if you look at the committee statement, every single bill that was amended in this package had unanimous support of the committee. I wanted to reiterate that. There is one exception to that, which was LB154, which is the earwax bill, which is an interesting thing to say on the mic. But what I do-- and I was one of the people who opposed the earwax bill. To be clear, this is a bill that, as I understand it, there are currently some amendments being drafted to address some of the opposition. I intend to vote for the amendment as well as the bill through to Select. I encourage my colleagues to do the same with the understanding that there are some amendments that are being drafted to address some of the concerns as it relates to the earwax removal bill. So I, again, rise in support of this. I just wanted to clarify that. I'm happy to answer any questions about that

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as well, but I will be supporting this with the idea that we will be amending some of the bill on Select. Thank you, Mr. President

ARCH: Senator McKeon would like to recognize some special guests, they are 7 9th through 12th grade students and 2 sponsors from Riverside Public School FFA, from Cedar Rapids. They are located in the north balcony and I would ask you to stand and be recognized by your Legislature. Returning to the queue, Senator Machaela Cavanaugh, you are recognized to speak.

M. CAVANAUGH: Thank you, Mr. President. I just wanted to follow up on Senator Dorn's comments. When we went over the state colleges budget request, there is RHOP funding in their request, and we did not take action on that, which means that we did appropriate the funds for it. So while I support LB332 and the RHOP Program, writ large, I am concerned about the fact that we are not funding it, especially when we talk about rural workforce and rural workforce in health care. It's a great program that partners with the University of Nebraska System and the State Colleges System and it helps recruit young people in rural areas to do-- to go into the health care field. And so I think it's just a terrific program that we should fund and prioritize. So I, I do think it is disappointing that that hasn't been considered a, a funding priority to, to date. But I looked up and Senator Hardin's bill does not have a fiscal note. So if we don't appropriate funds through the budget then there's just no funds. So I'm going to vote for the bill, I think, except for I have concerns about AM729, some things that are in there. But I'm going to vote for LB332, but I, I also want to acknowledge that we're not funding it. So, like, well, this is nice to have, but are we, are we just doing something to make ourselves feel good? Like, yeah, we support rural health care. Oh, you want us to fund it? Never mind. So I vote to fund it and I vote for this bill. I hope others will be consistent. If you vote for this bill, I hope you will also support funding it. Otherwise, what's the point in voting for the bill? Thank you, Mr. President.

ARCH: Senator Andersen, you're recognized to speak.

ANDERSEN: Thank you, Mr. President. Would Senator Hardin yield for a couple of questions?

ARCH: Senator Hardin, will you yield?

HARDIN: Yes.

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ANDERSEN: Thank you, Senator Hardin. You said the-- for the RHOP, half-- approximately half the cost is funded by the Nebraska State Colleges, correct?

HARDIN: Right.

ANDERSEN: So in '23-24 year, the funding was 300k level. Do you know how many students that, that funded?

HARDIN: I do not, off the top of my head. I don't, I don't know what the total number of students was.

ANDERSEN: OK.

HARDIN: But I can see my staff over there scribbling, so.

ANDERSEN: OK. I guess I have the same question for '24-25, \$600,000. I'm figuring if the annual cost is about \$20,000 or so, half the cost is \$10,600-- math in public, right? That tells me maybe about 600 students or 60 students.

HARDIN: Right.

ANDERSEN: If that's the case, so math in public works. If it generates 60 students a year, what is the need for, for rural doctors? Do we know?

HARDIN: We know that it's dire, and as a-- for example, the specific doctor number I do not know, particularly as it relates to specialists, we can still point to registered nurses. And we know that coming into 2025, we were 5,400 registered nurses short across all of Nebraska. And so, certainly, that included the nonrural areas of Lincoln and Omaha, but we know that it's an astonishing number. And so-- and, again, these programs for RHOP are not just doctors, not just registered nurses. It's really anybody who's participating in the medical profession, at all, across the board. And so there's a wide range of the kinds of folks and the kinds of jobs and careers that are going to be pursued after that.

ANDERSEN: OK, so the need is exponentially greater than what the throughput is at the university system, so. We should--

HARDIN: That's correct.

ANDERSEN: --we should expect that the need will go-- raise higher and the funding levels will be increased as well.

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HARDIN: Right.

ANDERSEN: All right. Thank you.

HARDIN: Thank you.

ANDERSEN: I yield my time, Mr. President.

ARCH: Senator Strommen would like to recognize some special guests, they are 21 8th through 12th grade students, 2 teachers and 2 sponsors from the Paxton FFA Chapter in Paxton, Nebraska, located in the north balcony. Students please rise and be welcomed by your Nebraska Legislature. Seeing no one left in the queue, Senator Hardin, you're recognized to close on AM828.

HARDIN: Thank you, Mr. President. I think this is a, a good package of bills, and the committee worked hard on putting this all together, and we would appreciate your green votes on AM828, AM729, and LB332.

ARCH: Colleagues, the question before the body is the adoption of AM828. All those in favor vote aye; all those opposed vote nay. Mr. Clerk, please record.

CLERK: 28 ayes, 0 nays on adoption of the amendment, Mr. President.

ARCH: AM828 is adopted. Senator Hardin, you are recognized to close on AM729. Senator Hardin waives close. Question before the body is the adoption of AM729. All those in favor vote aye; all those opposed vote nay. Mr. Clerk, please record.

CLERK: 29 ayes, 0 nays on adoption of the committee amendment, Mr. President.

ARCH: The amendment is adopted. Senator Hardin, you're recognized to close on LB332. And Senator Hardin waives close. Question before the body is the advancement of LB332 to E&R Initial. All those in favor vote aye; all those opposed vote nay. Mr. Clerk, please record.

CLERK: 29 ayes, 0 nays on advancement of the bill, Mr. President.

ARCH: LB332 does advance. Mr. Clerk, for items.

CLERK: Thank you, Mr. President. Amendments to be printed from Senator Moser to LB398. A report from the General Affairs Committee concerning appointments to the Nebraska Arts Council. New LR, LR105 from Senator

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Brandt. That will be laid over. That's all I have at this time, Mr President.

ARCH: Mr. Clerk, for next item.

CLERK: Mr. President, next item on the agenda, General File, LB317, introduced by Senator Brandt at the request of the governor. It's a bill for an act relating to the Department of Water, Energy, and Environment; it amends several sections of Chapters 2, 13, 16, 25, 31, 37, 46, 54, 57, 60, 61, 70, 71, 76, 77, 81, and 84, 85, 86, and 88, as well as sections in Chapters 2, 19, 31, 37, 46, (49, 54, 58), 61, 66, 69, 70, 71, 72, 76, and 77; it merges the Department of Natural Resources with the Department of Environment and Energy; renames the department, the director, and certain funds; changes procedures for appointment of the director; creates a new position to provide change, transfer, and eliminate powers and duties; provides exemptions from the State Personnel System; changes and eliminates provisions relating to the irrigation districts and natural resources districts; eliminates provisions relating to the Conservation Corporation Act, the Low-Level Radioactive Waste Disposal Act, Nebraska Soil Survey Fund, and the state water planning and review process; eliminates obsolete provisions; changes the sunset date for the Nebraska Litter Reduction and Recycling Act; harmonize provisions; provides an operative date; and repeals the original sections; and outright repeals sections in Chapters 2, 46, 71, 81; and declares an emergency. The bill was read for the first time on January 16 of this year and referred to the Natural Resources Committee. That committee placed the bill on General File with committee amendments, Mr. President.

ARCH: Senator Brandt, you're recognized to open on LB317.

BRANDT: Thank you, Mr. President, and thank you, Mr. Clerk, for that lengthy reading. Good afternoon, colleagues. Today, I rise to introduce LB317, brought on behalf of the governor. This legislation seeks to merge the Department of Natural Resources and the Department of Energy and Environment into a single entity, the Department of Water, Energy, and Environment, or DWEE. This merger represents a strategic step forward for Nebraska. By bringing together these two agencies, we are enhancing our state's focus on water management, streamlining educational efforts, and improving outreach for water-related programs. This consolidation will allow us to tackle long-term challenges, such as nitrogen management and soil health more effectively, benefiting our ag producers and ensuring the sustainability of our natural ecosystems for generations to come. Additionally, LB317 will foster greater collaboration between water

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planning and state investments in water infrastructure projects. By integrating these efforts under one agency, Nebraska will continue to lead in resource management innovation while ensuring we efficiently utilize state and federal funds. Furthermore, the consolidation will improve the state permitting process for water-related projects, cutting unnecessary red tape and ensuring quicker, more efficient progress on critical initiatives. By streamlining these processes, we can better support our communities, businesses, and agricultural stakeholders.

ARCH: As the Clerk indicated, there is a committee amendment. Senator Brandt, you're welcome to open on the committee amendment

BRANDT: The committee adopted AM711 to LB317. The amendment clears up and closes missed or inconsistent language in the affected statutes, clarifies the powers and duties of the Chief Water Officer and the newly merged Department of Water, Energy, and Environment, and reinstates a requirement that the Chief Water Officer must hold a degree in professional engineering. The amendment changes language where it was missed, and inserts new sections where needed, most to harmonize sections solely due to the changes in agency and director names. The amendment does not contain any changes to any original sections of LB317, that has not, that has not stricken in the amendment where no new section is substituted except for renumbering sections and correcting the repealer accordingly. In the committee statement, we have identified the chapter titles affected in the statute. Largely, the changes are to correct the department and position names and to assign or clarify duties and obligations of the Chief Water Officer and the new Department of Water, Energy, and Environment. The new sections of primary interest to this body may be Sections 1 through 6, which effectuate the merger, including the departments involved, new agency, and position, and Section 327. At the hearing on LB317, we heard concerns about the qualifications of the Chief Water Officer and the committee amendment reinstates that requirement that the Chief Water Officer must be a professional engineer. Colleagues, I ask for your green vote on AM711 and on LB317. Thank you.

ARCH: Turning to the queue, Senator Conrad, you're recognized to speak.

CONRAD: Thank you, Mr. President, and good afternoon, colleagues. I rise in opposition to LB317. And if you check your committee statement, you can see that I was a, a no vote out of committee as well. And I really do hope you take an opportunity to check your

committee statement, not to verify my no vote, but to look to get that thumbnail sketch, to get that cliff notes version of the tenor and tone and substance of this committee hearing. And so if you go and look at the committee hearing, the committee statement, you can see that the only proponents for this measure were the governor and his code agency directors, for the most part, I guess, maybe there's an independent agency director on there as well. But there wasn't widespread support amongst the citizenry. There wasn't widespread support amongst ag leader leadership or organizations or those with considerable expertise in regards to the management of our natural resources or those entities that frequently interact with these two present state agencies. But, in fact, the stakeholders that most frequently interact with these state agencies were all opposed. They were all opposed to the merger. And my understanding is their position remains unchanged from the committee level. Perhaps there has been some shifts there, but I did kind of a, a quick check in the lobby this morning with some of their representatives to see if their position had shifted or changed, and it hadn't. So I do want to draw that to members' attention because it is a very diverse set of stakeholders that came in, in opposition to this merger proposal for a variety of different reasons. So I, I do just want to lift up that there was no widespread support in terms of moving forward with this agency merger just in general. And there was significant widespread opposition to moving forward with this merger proposal. The other pieces that I-- that prompted my vote in a negative position out of committee and will stay in the negative position if this bill continues to move throughout this session is really two additional other considerations. So, one, I listened with rapt attention when Governor Pillen provided his State of the State address to this body and to our beloved Nebraska in the early part of this session. And I thought, OK, there's some significant disagreements I have with the governor's priorities, but there's also, I think, perhaps a lot of common ground and a lot of interesting ideas that we can find a great deal of consensus on. One of the issues that was lifted at that time was this merger as part of a broader initiative under Governor Pillen's administration to try and find efficiency in government and to strengthen good governance and to streamline government. I think that tackling waste, fraud, and abuse, tackling redundancies, finding greater efficiencies, delivering better service and value to the taxpayers, those are really laudable goals that we share, myself and, I think, every single member of this body and every single members of the governor's office as well. So I was excited to hear about this proposal because I thought, OK, this might be able to find a significant amount of synergy and efficiency and really provide some

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significant cost savings to taxpayers. And, unfortunately, what, what we learned at the committee level was it doesn't save a penny. In fact, at that, at that time, it actually had a fiscal note of I think about \$100,000 or a few hundred thousand dollars for new branding. Now that since has been revised and the printing new stationary and letterhead will be taken care of with existing resources, but this great government efficiency initiative save zero dollars and there's just far too many questions about what sort of efficiencies, what sort of redundancies, what kind of the plan is for the future. So I'll punch in again because I didn't quite get to finish. Thank you, Mr. President.

ARCH: Senator McKinney, you're recognized to speak.

McKINNEY: Thank you, Mr. President. I rise to ask Senator Brandt a couple questions. I really don't know where I'm at on this bill because I'm not on the Natural Resources Committee. And I'm just now reading the committee statement. So would Senator Brandt yield to a couple of questions?

ARCH: Senator Brandt, will you yield?

BRANDT: Yes.

McKINNEY: Thank you, Senator Brandt. First question. So currently there's two directors, right, for each agency?

BRANDT: Yes, we're merging-- Department of Energy and Environment is a regulatory agency of a little over 200 people and their basic function is to enforce a lot of federal laws. The Department of Natural Resources is an agency with oversight over the surface waters of the state of Nebraska and they work closely with our NRDs and they have a little over 100 people. By combining these 2 agencies which are currently across the hall from each other, it would create an agency of 300 people. Currently, NDEE is the ninth largest agency in the state. When you combine that with DNR, they would become the eighth largest agency in the state.

McKINNEY: So would, would they be codirectors or would there be-- how is that going to work?

BRANDT: I don't-- I think this was probably before you started, Senator McKinney, but, but I, I believe it was in my first 2 years we combined the Department of Energy and DEQ and called it NDEE. So inside that are really 2 agencies today, and DNR is a separate agency. DNR would be renamed the Department of Water, and then there would be

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a Department of Energy, and there would be a Department of Environment. Each one would have a subdirector underneath an overall director.

McKINNEY: OK, that makes a little sense. And I saw a mention of, like, radioactive waste. What's going on with that?

BRANDT: OK. The bill itself is 446 pages, basically one ream of paper. It wins the award for the biggest bill this year. When the lawyers over at NDEE and DNR started this project, it took them a month to take a bill that was 1,200 pages long, and they got rid of old, obsolete language in there. At one time, Nebraska was in a compact for radioactive waste. And so all of that language was contained in the original, original bill. So they-- if you listen to our Clerk, we struck a lot of language and they really cleaned up the bill. It's, it's also an update on the bill. The bill itself, 98% of this bill is simply changing the names of the department from DNR and Department of Energy and Environment to the Department of Water, Energy, and Environment.

McKINNEY: OK. Thank you. Thanks for answering the questions.

ARCH: Senator Machaela Cavanaugh, you're recognized to speak.

M. CAVANAUGH: Thank you, Mr. President. And I apologize, I was in a conversation and I missed the questions that Senator McKinney just asked. So I was going to ask Senator Brandt to yield to a question. I hope I'm not repeating questions.

ARCH: Senator Brandt, will you yield?

BRANDT: Yes.

M. CAVANAUGH: Thank you, Senator Brandt. So I was looking at the committee statement, and thanks to Senator Conrad, although I always look at the committee statement, but I also appreciate anybody highlighting staff work. So thanks for that. And it said that this was about savings-- or, I'm sorry, the, the fiscal note talks about savings for efficiencies, but it doesn't say what those-- does it identify-- where is it identified what those savings will be?

BRANDT: It does not, and the fiscal note is no more. The departments have come back and decided that they can do this in-house, so there will no longer be a fiscal note. The fiscal note was basically for marketing. So we've changed the name of these 2 departments to a new department.

M. CAVANAUGH: Yes.

BRANDT: So, so if you're on the Internet now--

M. CAVANAUGH: Yeah, sorry, I see, I see the, the fiscal note was just filed yesterday so it reflects that.

BRANDT: OK.

M. CAVANAUGH: But it also talks about that this is going to have-- the reason to do this merger is for savings and I imagine that this came out of the Epiphany contract and them recommending that we do this, but I, I want-- what I wanted to know is if we do this, where are we getting efficiencies, where are we getting savings because it doesn't state it anywhere?

BRANDT: That, that is correct. There were no savings listed, per se, today. When you go through the testimony of the directors in the hearing and the governor, I feel they took a, a nice approach to this. They didn't come in and say, oh, we're going to eliminate x number of people. They said let's put the 2 departments together and where there's synergies and for example if you had 2 accountants and it turns out you need 1 accountant, going down the road as one of those people retire, they're going to get rid of that position. But they did not come in with a set agenda. They did not want to shake up these departments. These are very professional departments, very technical in nature. These people are very hard to place and replace. And the last thing we want to do is, is-- they didn't want to come in here and say, oh, we're going to eliminate x number of people, and you're going to be without a job.

M. CAVANAUGH: So how much are we going to save?

BRANDT: There was no number listed.

M. CAVANAUGH: OK. I have, I have another question. I see in the fiscal note that this also caps the agreements under the Water Sustainability Fund to no less than 10 years. Why is that?

BRANDT: I'll have to get back to you on that one.

M. CAVANAUGH: OK, because that's creating a, a minimum, which apparently we don't currently have a minimum number of years for those contracts. So I would be interested to know that. Thank you for yielding to my questions, Senator Brandt. I am all for government efficiency. I'm just-- think I'm going to need to be persuaded that

this is actually going to result in efficiencies. And right now, I'm, I'm not sure that it's been fully vetted, even by the people that brought it forward if there's no idea of where these savings are going to be. So I will continue to listen, but I'm going to remain neutral for the time being. Thank you.

ARCH: Senator John Cavanaugh, you're recognized to speak.

J. CAVANAUGH: Thank you, Mr. President. Good afternoon, colleagues. Well, I think I'm generally opposed to the bill. I appreciate Senator Brandt's answer about the fiscal note and cleaning it up and saying that they can take it in-house, which is the type of treatment I know a lot of us would love to have on our bills. We get fiscal notes from the department that are things like-- I had one that required Department of Health and Human Services to hire 71 FTEs for something that basically required a fax machine. And so they bring in these fiscal notes that are obscene. And I'm trying to remember, I think it was Senator Storer's bill that came in front of Government that had something to do, and we might-- it might even be in the Government package, but it had something to do with, like, where people can sue government entities in their local county. And the Department of Corrections, I think, said that they needed to hire a legislative liaison as part of their fiscal note as part of the requirement that people can sue in their home jurisdiction. I don't know what the connection is there. I think that's pretty interesting, that-- I mean, I guess maybe the Department of Corrections is thinking we need to lobby the Legislature better so that we aren't subject to lawsuits in other jurisdictions besides Lancaster County, but that's food for thought. I just-- I think it's interesting that the departments can send these fiscal notes and then when it's something that is-- the administration really wants, they can figure out a way to do it without a cost. But when we bring something that is maybe a little less favored by the administration, that the fiscal notes are not connected to reality and they continue to grow and there's no way to get rid of them and, you know, throw-- it's an obstructionary method, I guess is what I'm saying about these fiscal notes. And so it's nice to know that sometimes when they're not tethered to reality, they can evaporate as well. So-- but, anyway, I'm generally opposed to this idea. I don't think we should be merging and eliminating departments. And I thought while I was sitting here, and this debate had just started, we got an email from the Farm Bureau, who is generally an entity that a lot of folks around here like to listen to. So I thought I'd read the Farm Bureau's email because when Farm Bureau and I agree, it's kind of an unusual circumstance and maybe it means that there's something to that because we're often on the opposite sides of things.

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So it's key vote alert, LB317, merger of the Department of Natural Resources with the Department of Environment and Energy, April 2, 2025: On behalf of our 56,000 member families across Nebraska, we urge you to oppose LB317 and AM711, which is on the board right now, which would merge departments of Natural Resources with the Department of Environment and Energy and change the names to the Department for Water, Energy, and Environment. Both agencies are important to the operations and well-being of the state with separate areas of focus and priorities. After an in-depth analysis and discussion about this proposal, our board determined that we would oppose this measure until we see evidence that proves moving forward with this merger makes sense substantively and financially. Nebraska Farm Bureau opposes LB317 and AM711. Merging 2 departments warrants significant planning and review to ensure nothing is overlooked. The fact that a 273-page amendment was filed on March 27 is enough to cause us pause. While we're willing to work towards resolution, LB317 and AM711 are not measures we currently-- we are currently able to support. We would encourage you to vote no on cloture and no on the advancement of LB317. I love that Farm Bureau is assuming that this bill's going to cloture. That's, I guess, a sign of the times. I'm not sure that that is true, but they do encourage folks to vote against it. And, you know, I, I think there are a lot of questions, and we should travel, you know, tread lightly when we are merging and, and eliminating departments. And I think that they are right, that these are 2 departments that maybe have similar things that they do, but they are distinct. And, and I think looking for efficiency is not a bad idea. And Senator Brandt said, you know, if you have redundancies, it's great to be able to not hire a second accountant when you only need one accountant and somebody retires. So I think those are good things. But I think that it's-- I mean, 273 pages, that's big. That's a big amendment. That is a ream of paper. And I think this is just something that we shouldn't be rushing into with no evidence that it is actually going to save us any money. The initial report was that it was going to cost us money and not, not really save any money. So I think it is not something we should undertake at this time. So I'm going to be a red vote on AM711 and a red on LB317. And if anybody knows me, I generally vote with Senator Brandt. So the fact that I'm with Farm Bureau and against Brandt is kind of something people should pay attention to. Thank you, Mr. President.

ARCH: Senator Conrad, you're recognized to speak.

CONRAD: Thank you, Mr. President. Again, good afternoon, colleagues. I will tell you, I've really enjoyed learning more about the issues before the Natural Resources Committee. And I really appreciate my

friend Chairman Brandt's leadership of that committee. And it's given me an opportunity to build relationships with senators that I didn't know beforehand and have a chance to dive into a new subject area. But I, I wanted to just kind of echo some of the other concerns that I started upon and, and other senators have started to lift as well. So the prospects of eliminating redundancies and finding greater efficiencies, again, laudable goal. Fantastic. If we're able to deliver similar or superior services to our taxpayers with a more streamlined approach or less taxpayer expenditure, that's a fantastic goal. But, again, if you check the fiscal note on this, there's literally no cost savings. And it also goes to show, since there is no cost savings identified, it goes to show that there is no plan. There is no plan or assessment about how that will actually be implemented or effectuated. It's literally kind of a performative rebrand of 2 agencies from, like, a legal, structural kind of perspective. There isn't any sort of analysis or assessment or clarity on what functions will be merged, why and how, and how the merger will improve citizen services or delivery of services. It's, it's really, I think, a, a very performative kind of lift. Look at us, we're doing something to shrink the size of government, but we're actually not. We're not laying off any employees. We're not laying off any sort of employees that would have duplication. We're literally just changing the names of departments. And I've also heard as a policy underpinning that we need to bring this forward to ensure better communication amongst these different presently separate state agencies. And that, that just doesn't really resonate with me. I don't think that we needed to formally merge 2 state agencies to ensure 2 state agencies are talking to each other. And I'm not actually even sure that the stakeholders who were at the committee level in significant and clear opposition had identified or indicated that there was a communication problem with the existing structure. The other pieces that I wanted to lift up as well, senator-- some other senators touched upon this, but there is a general concern that the amendment that was filed touches upon so many different areas as does the underlying bill, that we really shouldn't rush forward, that this bill is not time sensitive, we should ensure that all stakeholders have a chance to fully vet a very, very lengthy and very, very recently filed amendment. It could very well meet the expectations and approval of all of the different stakeholders in natural resources and water and some of the other energy areas that, that we have present in the legislation, but we really just shouldn't rush forward with it. We should allow for a sensitive, important issue like natural resources and energy to have a careful vetting and we-- the, the parties just haven't had a chance to do that with the significant amendment and then underlying bill that

was filed-- the underlying amendment-- and the amendment and underlying bill that are both very lengthy and complex. The last pieces that I really wanted to lift is this was a frequent refrain in both my emails and some of the committee testimony was that really we should look to things like the merger of HHS as a cautionary tale and how there were great savings and synergies promised, but indeed what we all know to be true, there was also a huge bureaucracy established which really operates as one of our largest and most troubled agencies in state government. So I, I, I do think that-- thank you, Mr. President.

ARCH: Senator Conrad, you're next in the queue.

CONRAD: Thank you, Mr. President. So that was a frequent refrain that we did here and should be a familiar example to most policymakers that would prompt perhaps a bit of caution in terms of moving this bill forward. And maybe if that is not present today, maybe it will be in subsequent rounds of debate. But, again, colleagues, if you look, if you look at the committee list there, it's such a broad group of Nebraska citizens who frequently don't see eye to eye on the issues before the Natural Resources Committee that really are in alignment with the opposition to the merger. And it was also very apparent at the committee level and in prior-- in conversations prior to the committee hearing and subsequent thereto that really this merger was basically sprung on most stakeholders kind of lifted out of thin air by the governor's office, that there really wasn't a lengthy or deliberative kind of process, wherein different stakeholders had an opportunity to talk about what this merger might look like, what it might mean, how it might work, how that could be really perhaps a great thing for Nebraska in terms of natural resources and energy management and policy. But it just, it just wasn't really a robust process that-- that, that was very clearly communicated to me and I think should point to another area of potential concern before we rush forward here. The other pieces that I do want to lift up, because this is such a wide-ranging piece of legislation going through, and essentially, I guess, just rebranding 2 existing state agencies is if we won't get into it today, I do you want to put down at least a marker in the record. This measure opens up all different kinds of areas of public policy related to water, like the Perkins County Canal, like soil health, like water projects, and I think that this bill might be a ripe vehicle for a pretty extensive debate on Select File and perhaps on Final Reading. It opens up so many areas of public policy that have pretty significant budgetary implications that it would be perhaps a good vehicle for us to have those pieces open as we work further onto tax and budget issues, which, as the speaker noted,

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should really be our priority for the remainder of this session. I also see that the queue is not full today. And that I think is very interesting and, and very telling. I don't know if there's a culture of fear or a lack of intellectual curiosity amongst senators in terms of why they aren't asking more questions about a major proposal with widespread opposition and zero cost savings. But I guess the silence speaks volumes and for itself. It's also very interesting that senators that had so many questions about what was happening with north Omaha development and Inland Port and were deeply, deeply interested in the details of where those projects stood, and is there prerogative to ask those questions, haven't saw fit to ask any of the same questions on the record in regards to the Perkins County Canal which was a much, much more significant price tag and I think is probably a lot less further along than the investments in north Omaha. But, again, that contrast speaks for itself and is on the record. Thank you, Mr. President.

ARCH: Senator Clements, you're recognized to speak.

CLEMENTS: Thank you, Mr. President. Would Senator Brandt yield to a question?

ARCH: Senator Brandt, will you yield?

BRANDT: Yes.

CLEMENTS: Thank you. In Appropriations, we've heard from the Director of DEE and DNR who is the same person and seems to be managing being a director of both agencies. That's correct, isn't it?

BRANDT: Yes it is, it's Mr. Bradley.

CLEMENTS: And is one of the issues that both of these agencies deal with water and it would combine some resources so they work together easier?

BRANDT: Yes, that's exactly the synergy that we're trying to capture here. The Department of Energy and Environment does regulatory issues on water and DNR manages surface water and it is somewhat like Department of Economic Development for water in the state of Nebraska. They work with a lot of entities, counties, NRDs, towns and villages out there on water projects.

CLEMENTS: And would you say some of the opposition was people don't like to change or could you describe that?

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BRANDT: I would describe that as 90% of the opposition. I know the NRDs came in. Historically, DNR served pretty much just the NRDs and they, they like that arrangement. I get it. Change is hard, nobody likes change, but they don't lose anything. They renamed it DNR, they name it the Department of Water. The agency would still do all the functions they do now and possibly capture some other synergies because there are water people in the Department of Environment. And if, if they're looking at a project together, we're trying to capture some of those synergies.

CLEMENTS: Thank you, Senator Brandt. I was pleased when we had the director-- interim director speaking about these 2 agencies. And I was interested to see that there were some efficiencies, especially with water issues. So I, I am in support of AM711 and LB317. Thank you, Mr. President.

ARCH: Senator Juarez, you're recognized to speak.

JUAREZ: Thank you very much, Speaker Arch. I'm just going to take a few minutes to state that I do, I do serve on the Natural Resources Committee. And I am having second thoughts about my initial support of the merger of these departments. I'm, I'm going to be going to see the Perkins Canal and I am concerned about the size of the amendment that is now attached to this bill and I just feel that I need more time to make a final decision on whether or not I feel that this merger is the right thing for the state. Thank you.

ARCH: Senator DeBoer, you're recognized to speak.

DeBOER: Thank you, Mr. President. I wonder if Senator Brandt would yield to some questions.

ARCH: Senator Brandt, will you yield?

BRANDT: Yes.

DeBOER: Thank you, Senator Brandt. I haven't had a chance to watch the hearing and some of that, so I'm kind of coming in here sort of new to the issue. So is anyone going to lose their job because of this merger?

BRANDT: Not initially.

DeBOER: Can you unpack that for me? What does that mean, not initially? They will eventually?

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BRANDT: As you merge 2 departments, let's say you have 2 accountants and 1 retires and, and the managing director of the agency feels that they can do it with 1 accountant, they will downsize that position. Same with if you have 2 IT managers and maybe 1 IT manager can do it, things that are in the normal course of a merger.

DeBOER: So will they, sorry to not be delicate here, but sort of pressure one of the people to leave in order to kind of get them out of the job to save money that way?

BRANDT: I would assume not. There are a, a large number of positions already open on these agencies. I don't have an exact number for you. I, I hope we can find that number, but I think it's in excess of, of 20 openings right now. Some of these jobs are very hard to fill because of the technical nature. You may need an engineering degree in hydrology to fill a job like this, and some of these job have been open for years. They have not been able to find people to fill some of these jobs. So I, I would guess that's where that's at, Senator DeBoer.

DeBOER: Thank you. About how many people are employed in each of these agencies currently?

BRANDT: NDEE has a little over 200, and DNR, I believe, has 125. You put them together, you have an agency of a little over 300.

DeBOER: OK, so 300, because you've-- OK, got it. You talked about synergies. Can you unpack that one for me a little bit?

BRANDT: Yeah, and I guess I'll use a little bit of my background. It used to be called, instead of NDEE, the Department of Economic, or excuse me, Environmental Quality, DEQ, anybody that operates any kind of livestock facility in this state goes to the DEQ for a permit. They do much more than just livestock facilities, but that permitting process is regulated a lot by the federal government, and what discharges can be and how many acres you can apply effluent to, discharge rates, just a lot of things that deal with water. The Department of Natural Resources deals with surface water. If you are a surface water irrigator in the state of Nebraska, you irrigate in, in my region out of the Big Blue or the Little Blue River, you would go to them for a permit. So you have water experts on both sides of the hallway. I would imagine, and I'm going to make this up, as a big plant would come into somebody's district here that uses a lot of water, that maybe there's expertise on both sides of the aisle to come up with some solutions.

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DeBOER: So since you're not getting rid of anyone, they would just work more in conjunction with each other?

BRANDT: That's how it's been explained to me.

DeBOER: So can they not already work together?

BRANDT: I don't know. I would assume they probably could. It's just probably a little easier. Right now you have 2 separate department directors. You have an opening for the Director of NDEE that is being temporarily filled by the Director of DNR.

DeBOER: OK. Is there not enough work for both? I mean, like, is one of the agencies kind of not getting enough work to take all the time of their employees?

BRANDT: No, I think it's simply a, a management decision that, you know, my background, I don't see that the Legislature needs to tell a director how to run their agency. I think they have a clear idea of, of what they would like to do. They've brought this bill to us, and they said initially, we'd just like to put the agencies together and see where we're at. As we go down the road, we will try and combine things where at all possible.

DeBOER: OK, thank you, Senator Brandt. Well, I'm listening to the conversation because obviously if we can create synergies and that sort of thing sounds great, just listening to the conversation. Thank you, Speaker.

ARCH: Senator Moser, you're recognized to speak.

MOSER: Good afternoon, colleagues, and thank you, Mr. President-- Mr. Speaker. Well, I was in that same hearing as some of the other senators that have commented on it and they didn't have answers to every question. But then it's a really complicated business that both of these divisions do. Very highly technical. You couldn't go out and-- even if you went in and, you know, started fresh, you couldn't find enough people with the right expertise to man these agencies. Both of these directors serve at the pleasure of the governor. They're nominated by the governor. And I was encouraged by the fact that they didn't come in and say they were going to take axes and go in there and start chopping up desks and, and throwing people out in the hallway and that's usually how mergers go is some unfriendly takeover company comes in and fires everybody and makes a mess of things. I was encouraged by the fact that they said we're going to work together, we're going to try to overlap our duties where we can, we're going,

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we're going to try and keep all our key and critical people there. And I think if they would have come in and said, oh, you know, this is going to save a lot of money, I think it would have been hopeful that it could save a lot of money. And it may yet. But I was encouraged by the fact that they didn't come in and say, you know, that we're going to downsize the agencies and cause all kinds of turmoil. People rely on these agencies to help them with regulations, whether they're trying to manage their feedlot or their irrigation. I mean, there's just so many aspects of this that I think that the opportunities for savings are there, but I think we need to give it time and see how the synergies kind of dovetail together to make it work. Thank you.

ARCH: Senator Machaela Cavanaugh, you're recognized to speak.

M. CAVANAUGH: Thank you, Mr. President. I yield my time to Senator Conrad.

ARCH: Senator Conrad, 4 minutes, 45.

CONRAD: Thank you, Senator Cavanaugh. Thank you, Mr. President. Friends, I just wanted to point out that really thus far as part of this kind of murky, kind of opaque epiphany process that's been presented as this great cost-cutting effort or streamlined government or fine deficiencies, it's the same sort of kind of performative government cost-cutting that we saw in LB376, the kind of HHS cleanup bill that I think perhaps has been tabled for the session, and that we had some considerable debate on, at least at the General File level, where there's just these huge bills put forward. And, yeah, it's a great idea to get things off autopilot and see if certain reports or certain functions are antiquated, or if we can have better outcomes for taxpayers and delivery of services. But in both that bill and this bill, there's no organizational chart, there's no cost savings, there's lengthy bills with kind of platitudes behind them about good governance. But when you drill down, there's very little, if any, planning or substance here. And let me say a few other things. I, I think Director Bradley is fantastic. He's brilliant and energetic and a great leader. And I, I think all of the stakeholders were excited about his continued leadership including myself, but there was also just a, a very sincere sense of unease by removing his time, attention, and leadership from huge water projects like Perkins County and then moving kind to focus to this odd performative merger that's undefined, and then taking on responsibilities for the other functions and the other agencies. There was just no clarity about what that meant for moving forward some of these really significant water projects and investments. And I've heard Senator Clements, my friend

Senator Clements say today, and my friend Senator Brandt said at the committee level and again today that we're going to find efficiencies. And if you look at the fiscal note, again there's zero cost savings and it says at some point in the future we might realize some efficiencies. But what, what does that mean? How is that a roadmap for good governance? If, if a huge cost-- if what was promised as a huge cost-saving measure has zero cost savings and has sparked widespread opposition by a host of different groups, including very conservative farm groups and water groups, and that opposition has not been addressed, what, what's going on here? I just-- it's a, it's a bizarre phenomenon. I, I-- I've never seen anything like it. I don't understand it. Perhaps people are asking questions off the mic instead of on the record. Perhaps they don't want to challenge Governor Pille on his priorities which, of course, is each individual senator's prerogative. But it's, it's very odd. I mean, I'm about out of time, but I would ask my friend Senator Clements, who talked again in platitudes about efficiencies, and where are they? Show me in the lengthy bills or amendments or the fiscal note or the committee statement where are set efficiencies found? What, what does that mean? And if we don't know, we shouldn't say it. And if don't know, we shouldn't pass it. We should take the time, which we do have available, because this measure is not time sensitive. It's not a critical building block for our budgetary process. We should take the time to get it right with all of the stakeholders and figure out what the org chart is going to look like. Figure out whose job responsibilities are going to shift where, when, and how, and why. Thank you, Mr. President.

ARCH: Senator John Cavanaugh, you're recognized to speak.

J. CAVANAUGH: Thank you, Mr. President. I forgot-- I was remiss in my last time on the mic. I didn't get to talk about something I wanted to talk about, but first, I guess, to the point, I am opposed to AM711 and to LB317. And to Senator Conrad's point just now, a lot of good points, but I think the gist is really, maybe this is an interim study at this point. We should have a study in the Legislature about what the structure is going to look like. And, you know, it's-- whatever, when you build 2 things, it's easier to build the 2 things than if you mash them together. It's going to be a lot harder to take them apart than it would be to just build the 2 things separately, right? And so we have 2 separate things. And if you mash them together at this point and pass LB317, it's going to be hard to unwind it if that's a mistake. So maybe we should slow down, you know, take, take some time and do an interim study this summer to figure out, you know, what would be the right way to structure this and how to do all those

things. And so everybody has a lot more comfort. This is, you know, it's not like if we merge these 2 departments, then we'll have to remerge them in a few years. This is like a forever sort of plan, right? We'll merge them, and then they'll be forever merged, and we'll have to live with it forever, so maybe we should, you know, slow down on that. But, anyway, the reason I really pushed my light was Senator McKinney asked Senator Brandt about why a low-level radioactive waste was part of this, and why that was some of the cleanup language, and it reminded me of why that was, that was the thing that existed. So in the 1970s, there-- you know, the United States, we had a lot of nuclear power plants and we sent nuclear waste-- well, we were planning to send nuclear waste to Yucca Mountain in Nevada, I think it was. And that was a site that took forever and, ultimately, didn't come to fruition. But nuclear power plants had waste stored on site. And they have their highest level of radioactive waste. If you get a chance to go tour Cooper Nuclear, they have a very robust system there where they store that. But that's the high-level stuff that takes a very long time to-- you know, half-life, they call it, to become safe, inert, I guess. But they have lower level radioactive waste, which is like tools and parts and things that have maybe had some exposure but are not like the fuel rods. And they still have to do something with all that. So in the 1970s, they had been shipping these things to different places and the feds essentially said, you got to figure out what you're going to do with this waste. And so states joined a compact, the state of Nebraska joined a compact with Kansas and Missouri and Arkansas and I can't remember who else but some other state. And they said, all right, we're going to search and find a spot to put these. And lo and behold, those much larger states or larger states than us, all decided that the spot, the state that was the appropriate place for the dumping of their nuclear waste was the state of Nebraska. So that was '70s into the '80s and as they started looking for the site, the 1990 election came along and became an issue in that election and then Ben Nelson, who then became governor, ran partly on a platform of opposing putting nuclear waste into, I think it was Boyd County. And so then sort of made it harder through this administrative process to cite these things here. And, ultimately, the state of Nebraska did not take that nuclear waste, which was a triumph for the people of Boyd County and for the state of Nebraska to not be the dumping ground for our neighbors, radioactive waste. And then that went to a lawsuit and the state of Nebraska was sued and was ordered to pay damages for those states that had to then store the waste or figure out a new model for storing the waste. So, anyway, we never took the waste, we were in a compact since the '70s to take the waste and so that is obviously superfluous language in the statute now that

would have been there to facilitate that. But it's an interesting bit of history, I suppose, about that and I did have something else I was going to talk about, I don't know if I'll push my light to talk about it or not, we'll see how things go. But, anyway, take a look, there's actually a good article that I just pulled up, Googled here, from the Lincoln Journal Star, which is still a daily newspaper out of the city of Lincoln, print newspaper, July 4, 2011, updated May 18, 2017, by Kevin O'Hanlon. It says, epilogue, nuke dump battle peaked 10 years ago this month, which of course would have been 10 years ago, July 4, 2011. So take a look at it, it's interesting. Thank you, Mr. President.

ARCH: Senator Machaela Cavanaugh, you're recognized to speak. This is your third opportunity.

M. CAVANAUGH: Thank you, Mr. President. So, as I said, I was going to sit here and listen. I've been sitting here and listening and kind of chatting with various people about this. And it occurred to me, like, when I mentioned Epiphany, that people might not know what that is. So in 2023, the Legislature appropriated over a 4-year period \$10 million to contract with a company to do an efficiency, basically, overhaul of our state. And that contract went into an emergency no-bid contract with Epiphany because we put an enacting date of June 30 and we passed it, like, May 30. I won't get into that, that whole kerfuffle, but for another day. So Epiphany is supposed to identify efficiencies, and I assumed that the governor's-- this bill was brought at the request of the governor, and so I assume the governor's request to merge these 2 agencies, and as Senator Brandt said, there's supposed to be efficiencies. I looked through the one report that we have received so far from Epiphany on the phase 1 report that we received, I think, last, well, June, June 2024, and nowhere in there does it even discuss these 2 state agencies. So maybe this is something that's going to come out in the 2025 report in June. But, so far, I haven't seen a plan and it's my understanding that there was questions about an org chart at the committee hearing and they don't have an org chart. They don't know how they're going to find efficiencies within staff. And there's no plan from our efficiency experts that we are paying millions of dollars to. So I think I'm, I'm moving in a direction of, of not supporting this. I would also like to add that in looking through this report that they-- we apparently paid \$2.5 million for them to do for the first year, they identify that we could have some General Fund cost savings if we drew down IV-E-- more IV-E funding in DHHS. I would just like to go on the record right now that we did not have to pay anybody \$2.5 million to get that advice. I've been saying that since my first year, and a bunch of other people have been saying

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that since I've been here. We could have saved a cool \$2.5 million. Tell you right now, we need to draw down more for IV-E funding. It's actually Saint Francis Ministries, part of their whole scam was that they were going to draw down more IV-E funding, and then we ended up, you know, costing us tens of millions of dollars. So we might want to just, you know, review what these efficiency experts are doing for us and, and, and get that information from them. Because if we're going to merge 2 state agencies, there should be a plan. And there should be identified cost savings for doing that. And there aren't, so why are we doing it when every industry person that interacts with these agencies came and told us, please don't? So that's where I stand. I'd love it if Epiphany has a plan, if the administration has a plan from Epiphany, or their own plan, if they could send it along to your Nebraska Legislature. I think myself and probably 48 other people would be interested in seeing said plan because this is a big change and creating a larger state agency is going to end up like where we are with DHHS. And as my friend Senator Clouse mentioned, we'll probably go back to breaking that up. Senator Walz brought a bill last year to do that and it is a huge agency and it's very problematic to have an agency that big. So I don't think I'm going to support this. Thank you, Mr. President.

ARCH: Senator Hunt, you're recognized to speak.

HUNT: Thank you, Mr. President. I'd like to yield my time to Senator Conrad.

ARCH: Senator Conrad, 4 minutes and 50 seconds.

CONRAD: Thank you, Mr. President. And, again, good afternoon, colleagues. Thank you to my friend Senator Hunt for some time. Actually, I was just planning to use my original 3 times at the mic and then there were some additional issues that bubbled up in conversations and in my mind as we started to jump into the debate and deliberation on this measure. So in addition to the committee statement which lists a broad and diverse set of opposition which has not been addressed and no support except for the governor and his employees. I also want to draw your attention to the fact that there were 2 proponents online in terms of online comments and 34 opponents, including everyday citizens and including those with a lot of technical experience and expertise as well, much like the diversity and array that we had at the committee hearing in terms of live testimony as well. So, again, it's, it's-- perhaps people just feel like it doesn't do a great deal of harm, so it's not a hill to die on. But we, we do have an obligation as a separate, independent, coequal

branch of government to ensure checks and balances on executive initiatives. And I guess just because they might not do any harm, people are willing to abdicate that. But perhaps it's a product of term limits, but either way you don't look at a committee statement like this and a fiscal note like this and see no one in the queue. That's-- it's just a bizarre phenomenon, so I just note that for the record. But the other thing that emanated from the committee hearing itself was the governor announced that day, I believe, that he would be forming a new task force to focus on, I believe, water quality and quantity issues, which is great and, of course, a key priority for Nebraska. So we've had a little bit of an opportunity to learn more about that additional initiative that the governor announced at the committee level, and he-- there's been, I think, perhaps one media release about that, and at least one media story about that. And the governor has selected some members to discuss water quality issues, water quantity issues. It's not clear what the selection criteria or process was. It's not clear what-- how that task force is structured. It appears that their first meeting was, I believe, behind closed doors it was reported and it's unclear whether or not that task force will work in the public eye moving forward and whether or not there is a policymaking role-- recommendation or role within the context of that new task force. So if the governor is utilizing public resources, public funds for public purposes to make these kinds of convenings, we may need to think about additional amendment or discussion perhaps on this measure in subsequent rounds of debate to clarify whether or not this task force is subject to the public meetings and open records law, perhaps it's an informal working group, that's just murky and unclear. So since that announcement about the task force happened to coincide with this committee hearing and then we've had some subsequent information about what that task force is doing, we should be asking hard questions about that as well and connecting the dots. No one denies, everyone agrees, water is one of our most important resources and most critical issues presently and into the future. We shouldn't be rushing forward anything that implicates in a negative fashion complex litigation around water, significant water projects that we have in the mix, and we need to ensure all stakeholders and the public itself have a clear understanding about what's happening with these discussions and policy recommendations from this new task force and as part of this merger. Thank you, Mr. President.

ARCH: Senator Clouse, you're recognized to speak.

CLOUSE: Yes, thank you, Mr. President. A couple things as I'm sitting here listening to the discussion and Senator Conrad mentioned the Water Quality and Quantity Task Force. A number of years ago I served

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on the Water Funding Task Force. Folks in that group of senators were Senator Carlson, Senator Schilz, Senator Davis, Senator Christensen. And we went through the same process and we talked a lot about what are our water needs, what's our natural resources look like? And from that came the Water Sustainability Fund that is managed through the Department of Natural Resources. And so we're following the same pattern that we had done a number of years ago, and I think the timing is probably right that we do need to review where we're at and are we doing what we said we were going to do and are we meeting the efficiencies that we had talked about and, and doing the right things with those dollars that are committed every year by this body. Now, with regard to LB317, and I am on that committee, I asked the question of the governor, I said do we have an, an organization chart or some things like that because where I'm-- in my mind that's probably some things fundamentally that you should provide and they did not have anything along those lines. But yet when we start talking about it's a work in progress, and so I'm, like, OK, I understand that, if there are some vacancies, it's hard to plug in the boxes with names and those types of things. So what I do know is that the Department of Natural Resources and the NDEE, they do work closely together already. The Department of National Resources, with the water sustainability, groundwater, surface water protection, flood control, drought control, all those types of things are the responsibility of the Department of Natural Resources. And how that ties in with the NDEE is obviously with some of the water quality issues, drinking water problems, nitrates, some of the environmental issues. So I think there's a good tie for those 2 and it makes sense, especially if you have some vacancies and you need to be working together to try to achieve some common ground. The main thing that I had heard and sitting in that meeting was a lot of questions from the NRDs, and if you look at the testifying list, it's fairly split with different groups that are actively involved with either NDEE or the Department of National Resources. So some for, some against, and I really have not had any overwhelming correspondence from anyone on this. I went back through the 600 and some emails that I've had in the last couple months on various bills, and none of these have ever come to the surface. And I was also told that the NRDs did have some concerns and that that was being worked out. So with that, I, I guess I would just say that, that I am supportive of this. We can see what happens in, in the next round. So I would encourage the green vote on this as we-- so we can move forward and see what other issues might come up. So with that, I'll yield the rest of my time. Thank you.

ARCH: Senator John Cavanaugh, you're recognized to speak

J. CAVANAUGH: Thank you, Mr. President. Well, I was-- I did push my light again, because I was going to talk, and actually it's kind of apropos. Thank you, Mr. President. I am again opposed to AM711 and LB317, and I overheard some side conversation about the Perkins Canal, which is why I pushed my light to talk. And I was just going to actually read this article. So the Department of Natural Resources officials say Colorado landowners seem uninterested in canal negotiations. This is from Fred Knapp of the-- Capitol reporter for the Nebraska Public Media, and I believe it's yesterday, April 2. Does that sound right? No, today's April 2, this is from today. Whoa. An official involved in Nebraska-- Nebraska's plan to build a canal from Colorado says it looks like landowners there aren't interested in a negotiated resolution. Nebraska Department of Natural Resources, one of the departments we're talking about here, is trying to buy land from 6 owners in Colorado, where the proposed Perkins County Canal would divert water from the South Platte River. The landowners have until April 17 to respond to the state's offer or under a centuries-old interstate compact, Nebraska could use eminent domain. In early March, Donald Ostrander, a lawyer for the Colorado landowners, sent DNR a 5-page letter saying Colorado law allows landowners damages if their property value diminishes. He estimated Nebraska's diverting water into the canal would dry up 30,000 to 60,000 irrigated acres in Colorado at a cost of \$135 million to \$270 million. If Nebraska proceeds with construction of the Perkins Canal, we intend to file such claims on behalf of affected landowners based upon the area impacted by the construction of the canal, the letter said. A March 20, 2-page reply, Matt Manning, Senior Project Engineer at the DNR, did not directly address Ostrander's argument about damages. Instead, he wrote, from the tone of your letter, it appears that you or the persons you represent are not interested in a negotiated resolution. Senator Jane Raybould, who has proposed delaying the canal to fund other water projects and close the state's budget gap, criticized the state response. It's very disappointing in the response from the Department of Natural Resources. It lacks substance. That's true. Raybould said, I think Nebraska really needs to up their game, their legal game, otherwise this is going to be such a protracted and very long legal battle. Raybould compared the potential battle to the one between Kansas, Nebraska, and Colorado over the Republican River that lasted nearly 20 years until it was resolved in 2015 by the U.S. Supreme Court. Manning declined comment citing ongoing negotiations. So, I mean, we're talking about the department here. We've had a lot of talk in the last 3 years about this canal that kind of came out of nowhere. From our perspective, obviously, the compact is years old, and I'll just bring up for

everybody, we all know that whiskey's for drinking and water's for fighting. So I got it first. I think I got it first to the whole biennium. But-- so, yeah, I think there are concerns about this, this project. We gave a whole bunch of more power to the Department of Natural Resources to build this canal. They had to, like, quintuple or triple or whatever, some order of magnitude grow the size of the department once we gave them the money to start building this project because it's something so much bigger than this, there are certainly legal implications to a lot of the aspects of the project. I have generally spoken up on this project, the canal, for a long time because of my concerns about the approach that we have taken. I do think that perfecting our rights to water is important. I think making sure we have adequate, adequate water supplies in western Nebraska is really important. I think that storing water would be a very valuable thing for us and would bring great value to the state going forward. So I, I, in principle, agree with a lot of those other endeavors. I do think that there are problems in the way that we've approached this, and I think that it is, it is clearly what we predicted from day 1 that this would get litigious, and it is-- this is litigation we're not even talking about. These are citizens in Colorado threatening to sue the state for \$135 million. There are other-- going to be other aspects to this, I'm sure, as time progresses, including the state of Colorado potentially suing the state of Nebraska over this. And part of the reason we're building the canal is that we want to follow explicitly the letter of the compact to put ourselves in the strongest position to perfect the compact. And I have raised those concerns in the past when we increased the size of the canal from 500 cubic feet per second to 1,000 cubic feet per second when we appropriated money for this canal, I think, 2 years ago now. So, anyway, I think that's, that's all I had to say on that subject at the moment. Thank you, Mr. President.

ARCH: Senator DeBoer, you're recognized to speak.

DeBOER: Thank you, Mr. President. Senator Brandt, would you yield to a question?

ARCH: Senator Brandt, will you yield?

BRANDT: Yes.

DeBOER: Thank you, Senator Brandt. Senator Brandt, when we're talking about AM711, I think that's the one that's on the floor right now, one of the things that does is clarify that, for purposes of the Perkins

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County Canal, that the department merger will not interrupt that process. Can you speak to that issue?

BRANDT: That would be correct. It is a 260-page amendment, 240, 260 pages, brought forth by the Attorney General's Office. And their concern is because we are renaming the agencies that the 1923 water compact that we have with Colorado will not be affected if this goes to litigation. They want to make sure the T's are crossed and the I's are dotted.

DeBOER: And, in fact, it's your understanding, and it is the purpose of this Legislature not to affect the treaty or compact, sorry, when we do this merger and change the name.

BRANDT: That would be correct.

DeBOER: OK, thank you, Senator Brandt. Senator Conrad, would you yield to a question?

ARCH: Senator Conrad, will you yield?

CONRAD: Oh, yes, of course.

DeBOER: Thank you, Senator Conrad. Senator Conrad, I know you've taken some time to look at the litigation aspect of the Perkins County Canal and you maybe had the benefit of hearing some of this testimony in the Natural Resources Committee. Can you tell me, are there any litigation concerns that you have regarding the Perkins County Canal with respect to this merger?

CONRAD: Thank you, Senator DeBoer. I'm trying to-- probably the first response would be the, the traditional lawyer's response, right? It depends, I guess. But one thing that was interesting that really caught my attention at the committee level was we heard from highly experienced water litigators and other stakeholders that were a part of very complex, very contentious litigation over water issues with Colorado and Kansas. And they talked about how our existing structures actually provided a benefit to the litigation team and the litigation posture to be able to have experts on hand-- expert witnesses on hand for discovery and other purposes. And they were concerned about a merger like this actually having a negative impact structurally on potential future litigation and had used the hearing to lift up some examples of how, for example, in litigation with Kansas, their water resources, agencies, entities were organized very different structurally and they felt that that provided an advantage to Nebraska's litigation team just with the structure. So it, it, it

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does-- it did resonate with me at the committee level and I'm, I'm not sure how that would carry forward in regards to the merger.

DeBOER: So at least the testimony was, let me understand this right, the testimony that the current structures in terms of the agencies gave us some sort of litigatory advantage.

CONRAD: Yes, that's, that was kind of the general takeaway.

DeBOER: Litigatory is not a word, I just made that up.

CONRAD: I think you just made that up, but.

DeBOER: OK, but do you also agree that based on AM711 that we are likely here to have cured the issue of any concerns about the change of agency name for purposes of enforcing our compact with Colorado?

CONRAD: I, I think that's the goal and the intent of the amendment. I think that the pause for concern is that it is lengthy and it is complex and most of the stakeholders have not had a chance to thoroughly review it. So it's also I guess not unprecedented, but again a bit odd that the Attorney General has taken such a heavy hand in drafting a committee amendment. So I, I, I, I-- of course, he's responsible for our water litigation and things of that nature, but I, I just-- I don't think we should rush forward. I just, I just don't. I don't think that's, that's a prudent course of action for such a complex issue.

DeBOER: So you reserve judgment at this time is, is what you're saying.

CONRAD: Yes, yes. Thank you.

DeBOER: You reserve judgement at this time.

CONRAD: Yes. Thank you.

DeBOER: But I think you would agree, as Senator Brandt did, that it is the intent, that it is in fact the intent of the Legislature to use AM711--

ARCH: Time, Senator.

DeBOER: Thank you, Mr.--

ARCH: Seeing no one left in the queue, Senator Brandt, you're welcome to close on AM711.

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BRANDT: Thank you, Mr. President. As for the opposition, a lot of the ag leaders group have come in from opposed to neutral, but not the Farm Bureau. We talked about that. Senator Machaela Cavanaugh had asked about the 10-year sunset. In Chapter 2, the Water Sustainability Fund, the term of such agreements for the payment of such funds shall not exceed 10 years. This change was brought to the committee by the Natural Resources Commission. It was their recommendation to streamline water projects and make it so that the code is the same across the board. Also, she was concerned about the number of people. I did find my chart here that this would turn into HHS. For the record, as of 12/23, the Department of Health and Human Services has 4,736 people. And combining Department of Energy with 252 and Natural Resources with 112 will make it 364 people. These bills are physically very large, but they're largely a reviser bill that deals with renaming the agencies. I don't understand why everybody wants to, to pull back on this. LB317 has been online for over a month, and we've received absolutely zero feedback on that, and AM711 has also been online for over a week. Again, zero feedback from the people that are concerned about that. With that, I would encourage your green vote on AM711 and also your green vote on LB317. Thank you.

ARCH: Colleagues, the question before the body is the adoption of AM711. All those in favor vote aye; all those opposed vote nay. Mr. Clerk, please record.

CLERK: 30 ayes, 4 nays on adoption of the committee amendment, Mr. President.

ARCH: The committee amendment is adopted. Senator Brandt, you are recognized to close on LB-- I'm sorry, Senator DeBoer, you are recognized to speak.

DeBOER: Thank you, Mr. President. I simply wanted to finish what I was trying to say at the end of my last time, which it is the intent of the Legislature that AM711, which was, which was just amended into LB317, makes the next-- the, the merged agencies into the successor agency and, therefore, has all the rights and privileges accorded to the original agency. Thank you, Mr. President.

ARCH: Senator Machaela Cavanaugh, you're recognized to speak.

M. CAVANAUGH: Thank you, Mr. President. I am extremely uncomfortable with this bill and confused. I've never had a bill that merges 2 agencies. We've had bills that take apart agencies. And I got to say, there's not even a handout for this. I don't even fully understand

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what this bill does. And we don't know if it does something with the interstate compact on the canal. We don't have an org chart or do we even have a name? I'm not sure, and we haven't identified efficiencies or what we're doing so I am real nervous, colleagues, about what this does. I was talking to Senator DeKay about it off the mic and I said I can't, I can't even make a decision if this is a good idea or not because I have no idea what, what we're doing. So I know this is going to move today, but I am telling you all, if there isn't more information brought forward about this between General and Select, I'm going to have a, I'm going to have a problem with this bill. I, I cannot in good conscience vote to merge 2 state agencies without a plan, or an org chart, or an understanding of what we are doing. So I guess at bare minimum, I need an org chart. I need, I need to know what merging 2 state agencies is going to look like. So I'm going to stay present, not voting on General File. But if there isn't more information brought forward, I'm going to have to oppose this because I don't know what we're doing. Thank you, Mr. President.

ARCH: Senator Brandt, you are recognized to close. Senator Brandt waives close. Colleagues, the question before the body is the adoption, or excuse me, the advancement of LB317 to E&R Initial. All those in favor vote aye; all those opposed vote nay. Mr. Clerk, please record.

CLERK: 31 ayes, 2 nays on advancement of the bill, Mr. President.

ARCH: LB317 does advance. Mr. Clerk, for items.

CLERK: Mr. President, your Committee on Enrollment and Review reports LB457 as correctly engrossed and placed on Final Reading. Name adds: Senator Andersen, name added to LB253; Bosn, LB693; DeKay, LR101. Finally, Mr. President, a priority motion. Senator DeBoer would move to adjourn the body until Thursday, April 3 at 9:00 a.m.

ARCH: Colleagues, you've heard the motion. All those in favor say aye. All those opposed, nay. We are adjourned.