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Natural Resources Committee  
January 19, 2011

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[LB229]

The Committee on Natural Resources met at 2:00 p.m. on Wednesday, January 19, 2011, in Room 1525 of the State Capitol, Lincoln, Nebraska, for the purpose of conducting a public hearing on LB229. Senators present: Chris Langemeier, Chairperson; Ken Schilz, Vice Chairperson; Tom Carlson; Mark Christensen; Annette Dubas; Ken Haar; Beau McCoy; and Jim Smith. Senators absent: None. [LB229]

SENATOR LANGEMEIER: It's 2:00. Good afternoon and welcome, everyone, to the Natural Resources Committee for our first hearing of the year for the One Hundred and Second Legislature, First Session. My name is Chris Langemeier. I'm the Chairman of the Natural Resources Committee, and at this time I would like to introduce our committee members. We do have one new one and one returning to the committee. Starting to my far left or your far right, we have Senator Jim Smith that represents Papillion or District 14, and he's a new member to our committee; we'd like to welcome him. Then we have Senator Haar from Malcolm. Then we have Senator Christensen, who has a bill in another committee and will be back momentarily, when he gets that introduced. We have Senator Ken Schilz, who's the Vice Chairman of the committee, from Ogallala, Nebraska. We have Laurie Lage, who's the legal counsel for the committee. To my immediate right, we have Senator Annette Dubas from Fullerton, Nebraska. We have Senator Tom Carlson from Holdrege, Nebraska. And we have Senator Beau McCoy, who has a bill in Judiciary, so he may be joining us when that bill concludes. At the end of the table, we have Barb Koehlmoos; she is the committee clerk, and she will be your first stop as you come up to testify. In the corners of the room, I saw a lot of you signing in; that was great, you will see a green sheet. If you choose to testify today, we ask that you fill this green sheet out and you give it to Barb when you come in to testify--then give that to her first. If you're here and you would like to be on the record of being here but you're not going to testify, please sign in on the other, white sheet that was in the corner so we can make you part of the record. Today we have two pages--I think we've got two pages for the whole year. First we have Leslie Riekenberg from Omaha, who's a senior at UNL. And then we have Katie DeLashmutt from Burwell, Nebraska, and she's also a senior at UNL. I told her I'll try and get her last name right and I'll screw up her first name--but we want to thank her. If you're going to hand out anything today, first of all we ask that you have 11 copies; and if you know right now you don't have 11 copies, raise your hand, and our pages will help you get that. We also tell you--they'll help you with that--they'll also tell you that if anything you hand to the committee we're going to keep. So if you have something you want to show us, a photo or something like that, from the testifier's table, we ask that you show it at the table and then allow the senators at the conclusion of the hearing to come up and look at it more closely. But if you do give it to us, if we get to touch it, we're going to keep it for our record, as part of making a clear record. We ask that when you come up to testify that you first say and spell your name before you do anything else; it helps us make a cleaner record of our process for the future. At this time I would ask that you all

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look at your cell phone and please turn those off or to vibrate or to some other form of audible sounds. We do in the Natural Resources Committee, as I look over the crowd, I've seen many of you before, those that are new, we do use the light system. You get five minutes to testify. You'll get the green light; when you have one minute, the start of your one minute, you'll...it'll go yellow. And then when it turns red, please stop your testimony and allow yourself open for questions from the committee. So with that, we are here today. We have one bill, which is LB229, and Senator Fischer is the introducer. And welcome back to the Natural Resources Committee. She has left us this year. Welcome back, and you are recognized to open on LB229. [LB229]

SENATOR FISCHER: Thank you, Chairman Langemeier, and thank you, members of the committee. For the record, my name is Deb Fischer, F-i-s-c-h-e-r, and I am the senator representing the 43rd District here in the Nebraska Unicameral. Thank you for the welcome, Senator Langemeier. As you know, I have moved to Revenue Committee. I'm going to miss you guys; this has been a wonderful experience, touching many subject matters that are close to my heart, on this committee. And I expect you will see me back here frequently. With that, it is my privilege today to introduce to you LB229. LB229 provides for a \$7 million-a-year transfer from the Environmental Trust Fund to the Water Resources Cash Fund for 11 years. The bill also expands the use of the Water Resources Cash Fund to allow money to be used to conduct studies and provide grants to facilitate compliance with the Nebraska Ground Water Management and Protection Act. This provision essentially opens up the fund to be accessed by all basins across the state, not just those declared fully or overappropriated. As many of you on this committee know, I believe managing our water resources must be a priority for this state. Over the past six years I've introduced several bills dealing with this issue, and I've listened to countless hours of testimony on proposed water policy. Last year we passed LB764, which allows all basins across the state to enter into voluntary integrated management plans. I introduced LB764 after listening to testifiers discuss that the water management statute only provides regulation and moratoriums on new uses and how the law does not foster proactive management. LB764 was a bill for the future, to encourage all basins to enter into an IMP process, a proactive management, not a crisis management. The bill we are here to discuss today, LB229, is in response to those same groups who have come before us countless times discussing the need for financial resources to implement management plans, update studies, and other related water projects. Looking across the state at water management needs, one that stands out to me is the Platte River Recovery Implementation Program. To provide some background information, this program was created in 1997 by Nebraska, Colorado, Wyoming, and the federal government. The purpose of the program is to develop a shared approach for improving management of the Platte River, an effort water users and conservation groups across the country have joined. In fact, I believe it is the largest environmental project currently under way in this state. Based on estimates provided by the Department of Natural Resources, Nebraska's fiscal responsibility to this program is between \$53 million and \$100 million through fiscal year 2018-19. Given

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this future fiscal responsibility by the state of Nebraska for simply this one project, I think it is abundantly clear to us that the state must look for funding sources for this and other projects of this nature. I know many will suggest that if these programs are so important to the state, general funds should be diverted. However, as we all know, this state is currently facing a significant budget shortfall. While I agree that the state should help fund these efforts, I am a practical person who realizes that relying on general funds is not a possibility at the present time, nor, I believe, will it be in our foreseeable future. With these realities in mind, I began looking for other funding sources and discussed this need with many of you over the past two years. The Nebraska Environmental Trust Fund is a logical choice, because the funds are intended to conserve, to enhance, to restore the natural physical and biological environment of Nebraska. This responsibility includes ground- and surface water. While the Trust has provided grants to projects throughout the state on water management projects, this bill would ensure that \$7 million per year would be specifically devoted to these water management projects. I've heard from a number of individuals that they've been told that this bill, if it passes, will also ensure that no other funds will be available from the Environmental Trust for water projects. It is my understanding that the Environmental Trust Fund awards grants based upon merit, not a quota system, with a certain percentage of funds going for water projects or a certain percentage of funds going for recycling or a certain percentage of funds going for conservation easements and so forth. To my knowledge, grants are awarded on this ranking system, with the worthiest proposal receiving the grant. I'm dismayed and I am disturbed to think that individuals and groups at best have been misled into thinking a water priority project, as ranked by the Environmental Trust Fund, would no longer receive a grant if this bill is passed. Please keep in mind that I've given this proposal a significant amount of thought, energy, and research. I've spoken with experts from a variety of different fields, and I believe this is our best possible solution given our current economic situation. We cannot continue to postpone decisions and delay action on this state priority. Thank you, Chairman Langemeier and committee members. [LB229]

SENATOR LANGEMEIER: Very good, Senator Fischer. Are there any questions for Senator Fischer? Senator Dubas. [LB229]

SENATOR DUBAS: Thank you, Senator Langemeier. Welcome back, Senator Fischer. [LB229]

SENATOR FISCHER: Oh, thank you, Senator Dubas. [LB229]

SENATOR DUBAS: Good to see you. I think I took your chair. [LB229]

SENATOR FISCHER: You did. You did. Be careful. [LB229]

SENATOR DUBAS: So I have big shoes to fill. In your estimation, just thinking about all

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of the issues dealing with water that the state of Nebraska is either currently facing or certainly will be facing in the near future, if we don't do something like this or find substantial dollars to put into water issues, what will happen? [LB229]

SENATOR FISCHER: It's so nice to be before colleagues who recognize the importance of water in this state. But I think all of us agree that when we get to the floor of the Chamber, water is not a priority. We have heard for the last six years water is the issue of the decade, but yet we do not fund water. And I don't believe, as I stated, that it will be funded in the future either. I think we will return when a drought comes, as it will, to crisis management. I don't believe that is appropriate for the state to operate under crisis management. I think we need to look ahead, we need to have plans. We know, those of us in this room, we know we have a tremendous obligation with the Platte River Recovery Program, a financial obligation. Are we going to wait two or three years and then say, oh, my goodness, we have this huge, huge obligation; what are we going to do? Do we get out of the contract? It's not a compact; it's a contract. We get out of the contract. I don't want to see that happen. I happen to believe in the Platte River Recovery Program, and I think it must be funded. What's going to happen? We'll, I think, as a state, continue to do things piecemeal and shuffle our way forward and have no real goal in mind and no vision for, I believe, the management of our most valuable resource. [LB229]

SENATOR DUBAS: Thank you very much. [LB229]

SENATOR LANGEMEIER: Are there any other questions? Senator Fischer, I have a question. As you and I have talked over the years about the Platte River Recovery act...and, you know, so many times when we signed up for it, when the Governor signed us into this we all kind of shook our heads, said, well, do we want to have this big of a conservation program taking place in Nebraska? And we kind of weighed that out. And so I guess with this bill, I think we test the public sentiment that if we don't want to fund it, let's get out of it. And I think that's a message to be sent. Do you think that's an accurate statement? [LB229]

SENATOR FISCHER: I think, as with roads funding, I think funding for water is long term. These aren't projects that are just going to go away after so many years. I think it's long term, as Senator Carlson knows with his interest in the invasive species and the vegetation and his Riparian Vegetation Task Force. It's ongoing. I think if we don't step forward now, we're shuffling into the future. [LB229]

SENATOR LANGEMEIER: Very good. Are there any other questions? Seeing none, thank you very much for your opening. [LB229]

SENATOR FISCHER: Thank you, Chairman and committee members. [LB229]

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SENATOR LANGEMEIER: You have heard the opening on LB229. Now we'll start. We'll take--in the process we take proponents, then opponents, and then neutral testimony. And I think, let me just--rough idea, how many are going to testify in some form today? Okay, good; we got lots of testifiers. So don't hesitate to come up; it helps the process along. So we'll open the hearing on proponent testimony. Good afternoon. [LB229]

STEVE NELSON: (Exhibit 1) Thank you. Good afternoon, Senator Langemeier and committee. I'm Steve Nelson from Axtell--Steve, S-t-e-v-e N-e-l-s-o-n. My son and I raise irrigated corn, soybeans, and hybrid seed corn in the Platte and Republican basins. I also serve as the first vice president of Nebraska Farm Bureau and am here on behalf of Nebraska Farm Bureau in support of LB229. Funding to address the state's water challenges is a must, and it will take both state and local dollars to meet the needs. The Legislature provided the local funding mechanism with the passage of LB862 last year to provide NRDs with the authority to levy an occupation tax on irrigated acres. Passage of LB229 will ensure state funding to partner with the local funding. Nebraska Farm Bureau member-adopted policy states our support for the Water Resources Cash Fund. Our policy also supports the use of Environmental Trust funds for this purpose. Interestingly, when the Governor first proposed creating the fund in 2007, the proposal included the use of Environmental Trust funds, so the idea is not new. Current law states the Water Resources Cash Fund shall be used by the DNR to aid management actions to reduce consumptive uses of water and to enhance streamflows in overappropriated or fully appropriated basins or those basins bound by an interstate compact or formal state contract or agreement. Current law also requires that funds provided to NRDs from the Water Resources Cash Fund shall require a local-match funding equal to or greater than 40 percent of the total cost of carrying out the activity. Local matching funds will come from property tax dollars and/or occupation tax on irrigated acres. The Water Resources Cash Fund was intended to be used in the Republican and Platte basins to assist the state in meeting its obligations. The fund has already been used in the Republican Basin to help ensure compliance with the compact and potentially could be used to help fund compliance activities in the future. In the Platte Basin, the fund will be used primarily to meet state obligations under the Platte River Recovery and Implementation Program, a three-state program with the federal government. The program seeks to address endangered species habitat needs in the basin. Under the program, Nebraska has agreed to offset any new depletions to streamflows in the river begun after 1997 and to reduce shortages to U.S. Fish and Wildlife Service target flows by 130,000 to 150,000 acre-feet. Estimates have suggested Nebraska's obligation under the program could cost \$53 million to \$100 million. The DNR has already committed money from the fund to the Platte Basin Habitat Enhancement program, a program to set aside irrigated acres to reduce water use and improve endangered species habitat. The fund could also be used in the Platte for the permanent or temporary purchase or leasing of the consumptive use of water, reregulating reservoirs, and groundwater management or recharge, all designed to

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meet the endangered species needs of the basin. Clearly, the use of Environmental Trust funds in this manner fits with the spirit of the use of lottery funds for environmental purposes, as most of the funds will go towards addressing endangered species issues in the Platte and help protect the state's most precious natural resource, water. Other projects may not be funded, but the use of these Trust funds, like other parts of the state's budget, must be prioritized, and we can think of no better use for these funds. Finally, we support the language in the bill which broadens the use of the Water Resources Cash Fund to fund studies and provide grants to facilitate compliance with the Ground Water Management and Protection Act. It has been our observation that the more we attempt to better manage our water resources, the more we realize how much we need to learn. Broadening the use of funds to allow NRDs outside fully and overappropriated areas the opportunity to leverage local tax dollars to research and study water resources in their areas will, hopefully, lead to a better balance of water uses and supplies and avoid conflicts and problems. Again, Nebraska Farm Bureau supports LB229 and encourages the committee to advance the bill. I'd be happy to answer any questions that you have. [LB229]

SENATOR LANGEMEIER: Very good. Are there any questions for Mr. Nelson? Senator Dubas. [LB229]

SENATOR DUBAS: Thank you, Senator Langemeier. Thank you, Mr. Nelson. You know, we're talking about a program that has provided many, many benefits for the state of Nebraska; I'm a big advocate for the Environmental Trust Fund. So this bill hearing today and any decision I make regarding it I'm not taking lightly... [LB229]

STEVE NELSON: Sure. [LB229]

SENATOR DUBAS: ...because I understand the importance of it, and I think probably everybody in this room will... [LB229]

STEVE NELSON: Absolutely, yeah. [LB229]

SENATOR DUBAS: ...follow along that way. And I'm going to ask this question probably of multiple people today probably on both sides of it. But as I was preparing last night and I read through the mission statement of the Environmental Trust Fund, and, I think, one of the concluding paragraphs states that the Trust is to complement existing activities, stimulate private investment, and emphasize long-term gain; the Trust is to lead in development of a vision of Nebraska's future environment. So I think you touched on it a little bit in your testimony, but I'd like to give you the opportunity to expand. How would you see what this bill is proposing to do supporting this part of the mission statement? [LB229]

STEVE NELSON: Okay. Well, I certainly think that it fits well within the mission

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statement of the Environmental Trust that already exists. And I talked a little bit about the prioritizing that I think we need to do whenever we're short of money. And Senator Fischer talked about that too. I think that's an important consideration, that, you know, not to say that the Trust has been funding programs that aren't good, but just to say that here are some important issues to the state of Nebraska and that it's a priority now and that it fits well within the mission of the Trust to use this money. And I think--and this might have been Senator Langemeier's question earlier--I think when you ask about, you know, if there's a--you know, what happens if we don't fund this, or what are the choices if the citizens of Nebraska say let's, you know, we don't want to put this money there and we don't want to plan for the future? And I think, you know, I don't see that as a very good option from an agricultural point of view. You know, we'll be on the farm whether this money comes or not. It's a matter of how much...what we're left with to do. And there's a cost to the state no matter what happens here. You know, it either will require more local dollars, more money from the--in the local funding sources or it will reduce the productivity that agriculture has in the basin. And that's a cost to the state as well. So I think that it's extremely important for Nebraskans and for all of us to look to the future and say, how can we plan to manage our water resources the best way that we can? [LB229]

SENATOR DUBAS: Thank you. [LB229]

SENATOR LANGEMEIER: Are there any other questions for Mr. Nelson? Seeing none, thank you very much for your testimony. [LB229]

STEVE NELSON: Thank you very much. [LB229]

SENATOR LANGEMEIER: Further testimony in support; we're still in support. And before you start, our timer wasn't working--or did we--are we set? We're working now. Okay. I was going to have to stop him without a yellow light and a red light here, so--have to be the meanie. Welcome, Director. [LB229]

BRIAN DUNNIGAN: (Exhibit 2) Good afternoon, Chairman Langemeier and members of the Natural Resources Committee. My name is Brian Dunnigan, B-r-i-a-n D-u-n-n-i-g-a-n. And I'm the director of the Nebraska Department of Natural Resources, and I'm here to testify in support of LB229. The department administers the Water Resources Cash Fund. LB229 would restore anticipated funding lost to the fund through last year's legislative action. It would also expand potential uses of the fund by allowing the fund to be used to conduct studies and approve grants to facilitate compliance with the Nebraska Ground Water Management and Protection Act. Currently the fund's primary purpose is to aid management actions taken to reduce consumptive uses of water in river basins deemed by the department to be fully or overappropriated or bound by an interstate compact, decree, or formal agreement. To the extent that funds are not expended, it may also be used to conduct statewide assessment of short-term and

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long-term water management activities and funding needs to meet specified statutory requirements. Expenditures from the fund may also be made to natural resources districts for eligible activities. Since its creation in 2007, the Water Resources Cash Fund has received net receipts averaging just under \$3 million per year for fiscal years '08-10. If anticipated FY '11 funds are included, the four-year total would be \$11.8 million. To date, the Water Resources Cash Fund has been used primarily for dry-year water-leasing costs associated with the Republican River Compact compliance. But most recently, the fund committed \$2 million per year to meet the first increment of state costs associated with the Platte River Recovery Implementation Program, or PRRIP. In addition, the fund has been used for the administrative pass-through for several water research grants from the Nebraska Environmental Trust. The fund currently has about a \$3.5 million balance; though, as mentioned, much of this is currently committed. The fund is Nebraska's major source of state funding for on-the-ground activities that will allow us to achieve a balance of water uses and water supplies in the state; meet the terms of interstate compacts, decrees, and agreements; and address the water quantity provisions of the Ground Water Management and Protection Act. This fund has also provided a source to leverage federal monies to assist in meeting those goals. Over half of Nebraska's land area has been designated as fully or overappropriated. Under current statutes, the fund is available to aid management activities in those areas. If Nebraska is to meet those obligations and achieve a balance between water uses and water supplies throughout the state, it means undertaking different activities in different areas. In some instances it will mean surface water storage or retiming of water use. It may mean leasing of water in dry years. It may mean groundwater recharge or water use easements or land or water use change. It can also mean a variety of incentives or regulatory activities. This fund provides a major method by which the state can partner with local governments to address some of the costs and challenges of changing water use in those basins. From its inception, the fund was created to provide for expenditures when opportunities or challenges present themselves. With additional new language, use of the fund can be more proactive to participate in items like ongoing feasibility studies on the PRRIP Water Action Plan projects that will assist Nebraska in arriving at the best projects to meet our management objectives. The fund would provide the department with the needed flexibility to perform the studies that will lead to better management actions. We anticipate the fund to be used to address three major topics. First, a primary need for the fund is anticipated state obligations, incentives, and projects supporting the first increment of the Platte River Recovery Implementation Program. The program is a basin-wide effort undertaken by the Department of the Interior and the states of Nebraska, Colorado, and Wyoming to provide benefits for endangered and threatened species. Second, a major department objective for the fund is support of other activities that ensure that Nebraska can meet its commitments to other interstate obligations, especially in the Republican basin. This includes a range of activities such as dry-year leasing. If these types of activities do not occur in the Republican, there will be significant regulatory consequences. Third, in all fully appropriated or overappropriated areas of the state, the fund represents a source for

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providing funds for management, plan implementation, and monitoring needs, as well as developing studies to identify potential future management actions that may maximize water supply. For each of the above activities, the bill would give the department the ability to ensure studies are initiated in a timely manner. This will allow us to make the best use of project dollars and arrive at the best management activities. It is anticipated that currently known needs are in excess of \$100 million over the next 11 years. Thank you for the opportunity to testify, and I'd be glad to answer any questions you may have. [LB229]

SENATOR LANGEMEIER: Man, you read right through that really quick. (Laughter) I was betting you wouldn't make it. [LB229]

BRIAN DUNNIGAN: I made it. (Laughter) [LB229]

SENATOR LANGEMEIER: Are there any questions? Senator Carlson. [LB229]

SENATOR CARLSON: Thank you, Senator Langemeier. Director Dunnigan, what, in the Platte River recovery, what's the target possibility area for retiring acres? [LB229]

BRIAN DUNNIGAN: It would be in the entire area, from the critical reach area all the way out to the Wyoming border. [LB229]

SENATOR CARLSON: But we've got to account for 130,000 to 150,000 acre-feet. And I don't know if there's an easy answer to this, but one of the options is using these dollars to retire acres, correct? [LB229]

BRIAN DUNNIGAN: That would be a management option that could be used, yes. But there are also plans that when you're talking about the 130,000 to 150,000 acre-feet of retirement, there are plans in place by the program for projects that would accomplish those goals. In addition to that, Nebraska has an obligation for its post-1997 depletions, and those would be the targets of what we would look at also. [LB229]

SENATOR CARLSON: But you, and I'm not trying to put you on the spot, but you can't give me a number of potential acres that may need to be retired. [LB229]

BRIAN DUNNIGAN: I can tell you, it wouldn't only be acres that would be retired, Senator. That's why I can't answer your question, because projects would also return flow to the river. I can tell you that we're looking in the new depletion plan at about 27,000 acre-feet of depletions that have to be made up, and that could include retirement acres. If we did it solely on retired acres, a number that comes to mind might be something like 72,000 acres, but that would only be one tool in the toolbox. And I can get a number back to you on that, Senator, if it was only done through retirement, if that would be helpful to you. [LB229]

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SENATOR CARLSON: Okay. I'll come back--I appreciate that; I'll come back with another question. I've got to do a little figuring here. Thank you. [LB229]

SENATOR LANGEMEIER: Senator Schilz. [LB229]

SENATOR SCHILZ: Thank you, Senator Langemeier. Director Dunnigan, thanks for coming in today. Having been involved in the process that brought us the Platte River Recovery Program and such, would you characterize that as, our obligation to that as, I mean, is that an environmental project that we're working on? [LB229]

BRIAN DUNNIGAN: There's certainly environmental benefits; it's a habitat improvement project... [LB229]

SENATOR SCHILZ: Right. [LB229]

BRIAN DUNNIGAN: ...no question about it. [LB229]

SENATOR SCHILZ: And as we talk about that and we look at the kind of programs and kind of management scenarios that you talk about, obviously, there's two components. There's the land component that's sitting there, and then there's also the water component. Looking at the water component, as you talk about projects and things like that where you talk about possible recharge projects and things like that, I would see that those in certain cases would also have valuable habitat benefits. [LB229]

BRIAN DUNNIGAN: Absolutely, no question about that; they would. [LB229]

SENATOR SCHILZ: And those are the same types of programs that the Environmental Trust has been taking on and doing over time, correct? [LB229]

BRIAN DUNNIGAN: Those could be projects that the Environmental Trust would do, yes. [LB229]

SENATOR SCHILZ: Right. What is the last date of the first increment of the program? Where are we at in that time line? [LB229]

BRIAN DUNNIGAN: 2019. The first increment is 13 years, started in 2007--I get the right decade here--2007 and ends in 2019. [LB229]

SENATOR SCHILZ: Right. Okay. And so the clock is ticking. [LB229]

BRIAN DUNNIGAN: The clock is ticking on our commitment to that program. But I should remind the committee that even without the program, we have obligations under

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LB962, the Ground Water Management and Protection Act, that are reflected in the integrated management plans of all of the Platte River NRDs. [LB229]

SENATOR SCHILZ: Right. And, you know, we talk about retirement of acres being one of the scenarios. You know, as we look out there, that, from where I stand, that wouldn't be my first option to take on. And so it's important for us, and you can tell me if I'm on track or not, it's important for us to do the research and things to find out what recharge projects and things like that could bring us, in lieu of having to shut down acres. [LB229]

BRIAN DUNNIGAN: Very much so. And the added provisions in this bill allow for studies to occur that would be very important to best achieve what we need to achieve under the program, instead of just having a one-dimensional approach like retiring irrigated acres. [LB229]

SENATOR SCHILZ: Right. And as you move forward on this and as you're doing these things, if that money is there and there are other partners that want to come in to help these processes where it fits, where it helps with their mission, say, NGOs and things like that, is the state opposed to working with those and going forward with private landowners, NGOs in a partnership? [LB229]

BRIAN DUNNIGAN: No. In fact, that's what the program that we're currently working on called PBHEP is all about, are those partnerships and leveraging money. We have to have money to leverage other funds; that's true. [LB229]

SENATOR SCHILZ: Right. And who would some of those partners be? [LB229]

BRIAN DUNNIGAN: The Game and Parks Commission, some of the nonprofits, Pheasants Forever, I think, our partner PBHEP, the natural resources districts, of course, but there would be others too. [LB229]

SENATOR SCHILZ: Sure. Ducks Unlimited would be one of those possibly... [LB229]

BRIAN DUNNIGAN: Yes. [LB229]

SENATOR SCHILZ: ...where it fits. [LB229]

BRIAN DUNNIGAN: Could be, yes. [LB229]

SENATOR SCHILZ: Yeah. Okay. [LB229]

BRIAN DUNNIGAN: Yes. [LB229]

SENATOR SCHILZ: Thank you very much. [LB229]

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SENATOR LANGEMEIER: Senator Carlson. [LB229]

SENATOR CARLSON: Thank you, Senator Langemeier. And, Brian, I wasn't pushing you in a corner on this, but I asked for a number of acres just to give an idea; I understand, that's only a portion of the solution. I simply wanted to figure out, if that's all we were going to do... [LB229]

BRIAN DUNNIGAN: Um-hum. [LB229]

SENATOR CARLSON: ...I think it's \$7 million out of the Trust and 40 percent coming out of local effort, we'd have about just under \$12 million a year. It takes 30 years to buy out that many acres at \$5,000 an acre. So that can only be used for a portion of the solution. And you said that. [LB229]

BRIAN DUNNIGAN: Yes. [LB229]

SENATOR CARLSON: Now, what specific projects do you see this money being used for? [LB229]

BRIAN DUNNIGAN: I see a number of projects. But I wouldn't see all of them today, because we'd be looking at the best projects over time. But we see projects like the Central Platte NRD project at Elm Creek, reregulation; we see CNPPID's project for reregulation at the J-2 Return; we see potential augmentation projects. We have a list of projects in the Platte River Recovery Implementation Program that are going through feasibility studies, so those will tell us which are the best projects to look at and invest in there. We'd also be looking at projects in the Republican River: augmentation, dry-year leasing, things like that. So depending on the money that's available really depends on how far you want to look at those projects. [LB229]

SENATOR CARLSON: Okay. On these specific things that you've mentioned, vegetation removal wasn't a part of it. Has that been helpful in the Republican and the Platte, what we've done to this point? [LB229]

BRIAN DUNNIGAN: It certainly has been, especially from the conveyance standpoint, that as we convey water down a watercourse and move that water, that is very important that it's not obstructed and that it gets to where it needs to go to. [LB229]

SENATOR CARLSON: And you and I differ on our opinion as to how much benefit that's been in terms of saving water. I believe it has been very beneficial in saving water. Do you think that the removal of vegetation has been helpful to any group that has an interest in the rivers? [LB229]

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BRIAN DUNNIGAN: To any group? I think it's been helpful to many groups that have interests in the rivers. I can't... [LB229]

SENATOR CARLSON: Can you...? [LB229]

BRIAN DUNNIGAN: ...trying to think of one that it wouldn't be helpful to, Senator. [LB229]

SENATOR CARLSON: And that's what I was going to ask next. Can you...? [LB229]

BRIAN DUNNIGAN: I can't think of one. [LB229]

SENATOR CARLSON: I don't think there is one. [LB229]

BRIAN DUNNIGAN: I can't think of a phragmites-lover group right now, but...(laughter). [LB229]

SENATOR CARLSON: Okay. I would agree with you and think that that's a pretty important part of a continuing effort that we don't want to forget about. Thank you. [LB229]

BRIAN DUNNIGAN: You bet. [LB229]

SENATOR LANGEMEIER: Senator Haar. [LB229]

SENATOR HAAR: Yes, thank you. You know, I'm listening carefully to both sides, and the thing that concerns me about this, just to be honest, up-front about it, is that it sounds like, whoopee, we found the money now to clean up a lot of the mess from the past, where, you know, if we're going to be using this to fix where water was, you know, has been overappropriated and those kinds of things. What percent of the \$7 million is going to be used for cleanup of sins of the past and...? [LB229]

BRIAN DUNNIGAN: I can't really say, Senator. I know that our priorities would be in the Platte River Recovery Implementation Program and immediately hit for situations probably in the Republican. But we have integrated management plans scheduled to be started in the Niobrara and other places. And anyplace that we would find projects that would be worthy of state involvement, they could come in and use part of that \$7 million. [LB229]

SENATOR HAAR: Um-hum. Will that be up to you to decide where those money goes? [LB229]

BRIAN DUNNIGAN: Well, I think it would be up to the department, but this isn't a

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department action. There are many partners in the programs that we talk about. Our natural resources districts are one of our closest partners in everything we do in integrated management. When we talk about the Platte River Recovery Implementation Program, we're talking about two other states and the federal government plus our own water users and natural resources districts that are our partner. So I would do nothing alone or in a vacuum; we have too many partners to consider. And this, any of these efforts when we talk about water are so complicated that you need all the input you can to make the decisions that you need to make. [LB229]

SENATOR HAAR: Um-hum. But you'd probably never have enough money to do everything you'd like to do at this, so who will actually make the decisions as to where this \$7 million goes? [LB229]

BRIAN DUNNIGAN: Well, it's under the Water Resources Cash Fund, and right now the director has that ability to prioritize and make decisions on those projects. And there's also other provisions in there that natural resources districts, if money is available, can apply for those, and the director would determine who gets that money also. [LB229]

SENATOR HAAR: Okay. [LB229]

SENATOR LANGEMEIER: Are there any other questions? Seeing none... [LB229]

BRIAN DUNNIGAN: Thank you. [LB229]

SENATOR LANGEMEIER: ...Director, thank you very much for your time. [LB229]

BRIAN DUNNIGAN: Thanks. [LB229]

SENATOR LANGEMEIER: Further testimony in support. [LB229]

SENATOR HAAR: Senator. [LB229]

SENATOR LANGEMEIER: Yes, sir. [LB229]

SENATOR HAAR: I'd just like to say I have another bill that I'm going to have to testify on soon; so if I leave, it's not... [LB229]

SENATOR LANGEMEIER: Yes, we've warned the crowd... [LB229]

SENATOR HAAR: Okay. [LB229]

SENATOR LANGEMEIER: ...that they'll see the senators come and go as the day goes on... [LB229]

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SENATOR HAAR: Right. [LB229]

SENATOR LANGEMEIER: ...as their other bills... [LB229]

SENATOR HAAR: Right. [LB229]

SENATOR LANGEMEIER: ...come up in other committees. [LB229]

RON BISHOP: (Exhibit 3) Mr. Chairman and members of the committee, my name is Ron Bishop, and I'm general manager for the Central Platte Natural Resources District at Grand Island. I'm here to testify in support of LB229, though as an individual since our board has not had a chance to meet and discuss the bill to formalize an official position. And that will occur later next week. I want to start out by saying the Nebraska Environmental Trust has been and continues to be a tremendous asset to the state's environment and natural resources. We've used that fund; we've benefited from that fund a number of ways. In fact, if we were to transfer a part of the Trust's funds to another agency and have that agency administer the distribution of the fund, that's not a deviation from current operations of the Environmental Trust. They have done that, maybe not at this scale, but they have done that before with the Nebraska Academy of Sciences, and I think they did it with ponds and also with the state arboretum. The major difference, as I see it, between those programs and what is proposed in LB229 is that the Legislature, you folks, and not the Trust board would be directing another agency, in this case the Department of Natural Resources, to administer and distribute the funds, and the Legislature, and not the Trust board, would be deciding the size and length of the transfer. I feel that's a necessary move that the Legislature must take. We're facing not one but two crises. One is the state budget crisis, in which we can expect no new funds from the General Fund and, in all probability, reduced funding for all activities, including water resources, which is the area of our second crisis. Five or ten years ago, when the Water Policy Task Force was winding down its efforts to address the pending water issues, they came down in support of a system that was drafted into LB962. Most everyone on the task force agreed that if the process and system outlined in LB962 were to succeed, it would require a financial commitment from the state in cooperation with NRD funding. As I recall, the financial commitment needed from the state was estimated at \$10 million to \$11 million a year. The group felt the level of funding was needed beginning in 2005 in order to start addressing the problems in the area designated as fully and overappropriated with the passage of LB962 and began gathering data in other areas of the state before any more areas were designated fully appropriated. Now here we are in 2011 and we have 35 percent to 40 percent of our state declared either fully or overappropriated, a multiple-state compact, a formal agreement with two other states and the federal government, all of which are calling for water offsets for any new water and new river or stream depletions and/or new additional flows in the streams and rivers. All these are to meet the commitments, many

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of which have a deadline, that those declarations, compacts, and agreements called for. We also have another 35 percent to 40 percent of our state that's close to being declared fully appropriated, and the NRDs in those areas are trying to be proactive. Some NRDs are even making plans to begin preparing IMPs in an effort to plan and control their districts' destinies. To properly do those IMPs, a great deal of study needs to be conducted and a tremendous amount of data needs to be gathered. In many districts, ground- and surface water models may need to be developed. In the remaining 20 percent to 30 percent of the state, studies, data gathering, and in some places, groundwater models are needed for those districts to adequately comply with the Ground Water Management and Protection Act. In order to meet those requirements within the deadlines called for and doing it without devastating Nebraska's economy, the state will need to financially partner with the NRDs, just as LB229 lays out, on those areas and issues that need to be addressed in the near term, just as LB229 calls for. LB229 also stays true to the Trust's mission and even utilizes one or more of the Trusts's funding categories. For all those reasons, I think the bill sponsors have done an excellent job of responding to the water crisis without compounding the budget crisis. And I support your efforts and urge the passage of LB229. Thank you for your time and attention. [LB229]

SENATOR LANGEMEIER: Very good. Are there any questions for Mr. Bishop? Senator Schilz. [LB229]

SENATOR SCHILZ: Thank you, Senator Langemeier. Ron, thanks for coming in today; good to see you back. [LB229]

RON BISHOP: My pleasure. [LB229]

SENATOR SCHILZ: Hey...trying to think back, in having gone through, you know, the LB962 Water Policy Task Force process and even further back, the negotiations on creating the program itself. Everything that we're talking about here is working, as far as I know, to put more water in the river to get us back to at least '97 levels, if not further, is that correct? [LB229]

RON BISHOP: Yes. In the Platte, we're required to... [LB229]

SENATOR SCHILZ: Yeah. [LB229]

RON BISHOP: ...through the program as well as LB962, to get back to the '97 level as the first step. [LB229]

SENATOR SCHILZ: Right. [LB229]

RON BISHOP: And then the program, the agreement that Nebraska has with the other

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states, calls for additional water to be put in the Platte for wildlife habitat. [LB229]

SENATOR SCHILZ: Right. Thank you. And then if I remember correctly, as the negotiations were happening and the Water Policy Task Force with LB962 was created and how it evolved, there was always a knowledge and an understanding that funds would be needed. And, in fact, if I remember right, as we made those negotiations, we as a group talked about what we needed to do to get funding in place. And I think everyone that served on that task force was in agreement that dollars would be needed to carry that forward. Is that correct? [LB229]

RON BISHOP: Absolutely. In fact, there was a funding task--funding subcommittee of the task force that began working on the amount of funds that would be needed and identifying, and as I recall, that was in the \$10 million to \$11 million range per year. And they were working on how we might come up with, as a state, with that kind of money. [LB229]

SENATOR SCHILZ: Right. Was there...? And I'm asking you to remember back, and if you can't--was there anybody that was serving on that task force that was in disagreement that we needed money? [LB229]

RON BISHOP: No. I think it was the consensus of the group that there would be a need for a state commitment in order to have LB962 succeed. And, in fact, the vote to move forward with LB962 as a task force recommendation was in some cases on the condition that there be the necessary funding. And I think the testimony before the Natural Resources Committee when LB962 was being introduced, some of the testimony was along the lines that funding would be needed in order for this to be successful. [LB229]

SENATOR SCHILZ: And that law was passed in two thousand... [LB229]

RON BISHOP: 2004. [LB229]

SENATOR SCHILZ: ...four. [LB229]

RON BISHOP: Yes. [LB229]

SENATOR SCHILZ: Thank you. Okay, thank you. [LB229]

SENATOR LANGEMEIER: Senator Carlson. [LB229]

SENATOR CARLSON: Thank you, Senator Langemeier. Ron, if, over the next ten years, if you were requested and were given, along with your local input, a total of \$1 million a year, and I may sound like I'm against studies, and I'm really not, but if you had

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\$1 million a year for the next ten years, how much of that would you spend on studies and how much of it would you spend on action? [LB229]

RON BISHOP: Well, at this point, we would probably spend the bulk, something over 75 percent or 80 percent of that, on actions, because we've been fortunate in the Platte in that we've got some of the studies behind us. And so we're at the point now where we're implementing our IMP, we're trying to as fast as we can. We're also working closely with the state through an interlocal agreement, not only our district but the other four districts in the basin, trying to start to meet some of the commitments that Nebraska has toward the Platte River program. And so we are in the middle of some of our action items right now. We need help; we need more funding. But we're doing it. [LB229]

SENATOR CARLSON: And I ask you that not to, again, make you uncomfortable or put you in a spot, because you're giving me an estimate. But with the local input, if that \$7 million were fully leveraged, it amounts to almost \$12 million a year. So over ten years that's \$120 million, and if 20 percent of it was spent on studies, that'd be \$24 million. That's a lot of money, and I hope we could do better than that. [LB229]

RON BISHOP: Well, that is a lot of money, Senator, but water is such a critical item for the state of Nebraska that when we do it, we need to do it right. And sometimes that takes a little more information than we have at hand, and so some studies have to be done. We in the Platte have been working in the last ten years on the cooperative hydrology study, which basically is studies looking at the groundwater resource and trying to decide what's the best way to handle that resource as it relates to the Platte River. And I think some of that needs to be done in some of the other basins that have not yet been declared fully appropriated. [LB229]

SENATOR CARLSON: I'll ask you another quick question. If you were told, okay, you put together your local input as well as what may come out of this fund, and if you were told that each year, then, whatever you put forth for a study that you want has got to come out of your local dollars, would that change your attitude any? [LB229]

RON BISHOP: It would certainly slow us down... [LB229]

SENATOR CARLSON: Okay. [LB229]

RON BISHOP: ...but it wouldn't change our attitude. [LB229]

SENATOR CARLSON: Okay. [LB229]

RON BISHOP: I think it's important, because if we make some of the wrong decisions on how we handle water resources because we don't have the complete information, I think we do a disservice to the state and to all the residents of the state. [LB229]

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SENATOR CARLSON: Okay. Thank you for your answers. [LB229]

SENATOR LANGEMEIER: Senator Dubas. [LB229]

SENATOR DUBAS: Thank you, Senator Langemeier. Welcome, Ron, good to see you. [LB229]

RON BISHOP: Thank you. [LB229]

SENATOR DUBAS: I've attended meetings of your NRD, and I know of a lot of the programs that your NRD and you have worked on. And I know you've been a beneficiary of Environmental Trust Fund in the past. Are you at all concerned that by taking this route will erode the purpose and the benefits of the Environmental Trust Fund? [LB229]

RON BISHOP: I think LB229 and what it earmarks the money to be spent on is directly in line with the Environmental Trust's mission as well as some of its funding priorities. In fact, some of the stuff that LB229, most of the things that LB229 outlines are things that we have done and have been able to do through an NET grant. So it's--the Nebraska Environmental Trust has been, as I said early, very important to the state of Nebraska, and it's been very beneficial to the resources and some of the work that goes on, and I hope it continues to do that. We are facing a crisis, though, and I think...so we need to take some of those funds and specifically earmark them, and we are earmarking them for some of their mission tasks and some of their priority programs, but earmark them and get on with the effort that needs to be put into water resources in the state. [LB229]

SENATOR DUBAS: I know a lot of your projects and the things you're working on are in relation to the Platte River Recovery Program. I guess, just in your estimation, I know this is your opinion, where do you think the majority of the general public's feeling is about the Platte River Recovery Program? Are they seeing it as something that's beneficial? Are they frustrated with what we're being required to do to comply with that? Just kind of give me your... [LB229]

RON BISHOP: We see a full range of opinions on the project. Some folks would like to see it go away; some folks think it's great. It is a fact that we do have threatened and endangered species that occasionally use the Platte River. And it is a fact that the U.S. Fish and Wildlife Service has a tremendous amount of power through the Threatened and Endangered Species Act. And it is a fact that we've finally come to an agreement between the states and the U.S. Fish and Wildlife Service on a program. The program is not all bad; the program is not all good. But it is the program that has been agreed on and that U.S. Fish and Wildlife Service are, in fact, insisting on. And so we're just trying to make the best of it and trying to work closely with the state to see that the

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commitments are met. Some of the flows that will be provided through the Platte River program will also satisfy some of the flows that we're required to provide under LB962. As an example, in-stream flows: under LB962 we have to meet the in-stream flows and protect that water right. The Platte River program will be providing some flows down the river for threatened and endangered species that will also serve to meet the demands of the in-stream flow rights that our district and the Game and Parks hold. So it's--we'll have some benefit out of the flows that they're putting in the river. [LB229]

SENATOR DUBAS: Thank you very much, Ron. [LB229]

SENATOR LANGEMEIER: Senator Schilz. [LB229]

SENATOR SCHILZ: Thank you. Ron, just one more question. As you were speaking earlier, you know, you said that this follows in line with the intent of what the Environmental Trust is doing and the monies will probably be going to many of the same things that were happening, or that had been sponsored or funded by the Environmental Trust. So, I guess, the question is, why is it important, is it important to move this? And then why is it important to move this? And why isn't it okay to just leave the process like it is now and move forward that way? [LB229]

RON BISHOP: Well, Senator, if we were to look at how much of the Environmental Trust went into the issues that LB229 addresses, the amount of money would not approach the \$7 million. Those programs that do qualify, though, we've been one of the beneficiaries of those, and they are right in line with what LB229 proposes. It's the assurance of \$7 million a year over an 11-year period that gives us the ability to go out and plan a little longer than just for over the next year or two what needs to be done and what can be done and to get some of those projects under way. The magnitude of some of the projects are going to be greater than anything that...even though we've been a great beneficiary of the Trust, some of the projects out there are going to require considerably more money than what we've got out of the Environmental Trust. And I don't think we could expect the Environmental Trust to dedicate, on their own, half of their funds every year for the next 11 years just to this issue. So I think putting it in the hands of the department for this 11-year period and outlining where it needs to be spent is a good move, is a move that we need to in order to be able to move forward with the necessary plans and projects. It was mentioned earlier by the director about the Elm Creek project; that's only one of the things out there. Without a sizable state input, we'll never see that Elm Creek project. But that Elm Creek project will keep thousands of acres of agricultural land from being dried up, because it'll provide offsets that will mean we don't have to dry up irrigated lands. We don't have to dry up farms, and we don't have to have a bad impact on the communities. [LB229]

SENATOR SCHILZ: Right. Well--and that leads me to another question. The Elm Creek project that you discuss here, and forgive my ignorance, but will that also provide

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recreational benefits as well, or could it? [LB229]

RON BISHOP: Yes. The potential is there for flood control for the community of Elm Creek plus a sizable agricultural area. The potential is there for recreation, to provide a recreational resource that are few and far between in our natural resources district because of its proximity to the Platte River and the trouble of getting a permit to store water in the Platte River Basin. This would be an opportunity to do that as well as reregulate some of the high flows and release them back to the river during low flow times when it's needed for the program. [LB229]

SENATOR SCHILZ: So, if I understand you correctly, if we don't step up with funding for that, all those benefits will not be realized. [LB229]

RON BISHOP: We can't afford that project on our own as a natural resources district. It'll have to be a cooperative program between, hopefully, between us and the program and the state of Nebraska to be a success. [LB229]

SENATOR SCHILZ: And you would foresee, I would guess as well, that other partners could be a part of that, too, if they fit within what you're trying to get done. [LB229]

RON BISHOP: Absolutely. Yes. [LB229]

SENATOR SCHILZ: Thank you. [LB229]

SENATOR LANGEMEIER: Seeing no other questions, thank you very much. [LB229]

RON BISHOP: Thank you, Senator. [LB229]

SENATOR LANGEMEIER: Further testimony in support. Good afternoon. [LB229]

JASPER FANNING: (Exhibit 4) Thank you, Senator Langemeier and committee members. My name is Jasper Fanning--J-a-s-p-e-r, Fanning, F-a-n-n-i-n-g. I am the general manager of the Upper Republican Natural Resources District. And I'd like to point out for the committee that John Thorburn, manager of Tri-Basin NRD, and Joe Anderjaska, board member at the Middle Republican NRD, also provided you written comments. I'm here today to testify in support of LB229. My board has not had an official chance to take formal action supporting this, but based on my conversation with members, I'm sure that they agree with me. But my comments should be regarded, for today's purposes, as my own. I concur almost entirely with everything that Senator Fischer and Mr. Bishop and Mr. Dunnigan have testified already, so I won't read my written comments to you. One of Senator Fischer's comments, though...but before I go there, I would note to the committee, this chair is much more comfortable without Senator Fischer on this committee. (Laughter) But she was spot-on when she said that

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the longer we put off substantial funding for water issues in this state, the longer we impose these piecemeal approaches, the more expensive it will be to all taxpayers. And, quite frankly, \$7 million, while it's a lot of money--our little three counties in the southwest corner of Nebraska have \$8.8 million in our budget this year for projects like this. Now that was accumulated over a period of years, but we can raise up to about \$4.58 million in our one NRD through the occupational tax that was provided to us. And, in fact, we have things in the works right now that we're signing papers on and trying to get put in place that would obligate our district to over \$20 million in total over the next few years. Obviously, we're going to have to finance that. I think a true funding source for water issues in the state of Nebraska, and all water issues, not just the fully and overappropriated, but the Resources Development Fund issues are going to require, for Nebraska to make it work, both local funding, which, the occupational tax in western Nebraska provided that opportunity; some dedicated state funding, such as we're discussing here; as well as, for these large projects, some sort of a financing mechanism that will work with the other two to allow us to put projects in place sooner and at a cheaper cost for taxpayers than if we're forced to piecemeal along and put things together. When Mr. Bishop said that his natural resources district couldn't afford a project, that means something, because his district obviously is quite larger than most natural resources districts and because of the way that natural resources districts are financed, through property tax, with his location he has far more resources than most other natural resources districts. So I think that funding component, like a revolving fund...I know Senator Carlson introduced a bill, I believe LB595, that has a revolving fund concept in it. Those types of things are going to be important to make what limited funding that we can locally and at the state level put together. To make that the most efficient dollars and be used in the most efficient way, I think that funding mechanism and that revolving fund is a good idea, together can help us solve a lot of these challenges. Senator Fischer mentioned water is the issue of the decade. And I kind of remember when I heard the Governor say that, I jostled him a bit about it's not the issue of the decade. It might be to him, because his tenure here is going to be about ten years. But, you know, really, it's the issue of a lifetime. And as I sat here earlier and kind of reflected on that, we're really in about the sixth generation in Nebraska where water has been the issue of a lifetime, six different times over. So, you know, to have meaningful funding is really important. And the comments regarding money going towards cleaning up messes of the past, really those messes of the past, if you will, were created by these new agreements. They weren't really messes until we entered into these new agreements. And certainly, you know, I'm not going to argue that water, I mean, water is our most important natural resource, and it's an environmental issue. The endangered species of the Platte and those alleged endangered species of the Republican, the Wildcats and the Jayhawks, are our issues that we must face and we must fund. With that, I'll take any questions. Thank you. [LB229]

SENATOR LANGEMEIER: Very good. Are there any questions for Dr. Fanning?  
Senator Schilz. [LB229]

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SENATOR SCHILZ: Dr. Fanning, thanks for coming in today. Long trek from Ogallala, huh? What kind of projects or programs do you foresee this money would go to in your NRD or within the Republican Basin? [LB229]

JASPER FANNING: Well, to a very limited extent, studies. We're a little bit like the Platte, where we have resources within the department currently for groundwater modeling, and we've either completed or are well on our way to completing a lot of the studies. Certainly a conjunctive management study--you know, we're actually pursuing three other funding alternatives for a conjunctive management study currently, but that could fit under this funding source. And we're more into the implementation phase as well, and as Mr. Bishop indicated, you know, that one option is retiring acres. But we're also looking at conjunctive management, or integrated management options, with retiming streamflows, using groundwater as storage or surface water, you know, if there's excess storage capacity and a reservoir is contracting water and that, to be retimed within the system. Ours, of course, is based more upon compact compliance in the Republican than, maybe, the environmental flows in the Platte. [LB229]

SENATOR SCHILZ: Right. Thank you. [LB229]

SENATOR LANGEMEIER: Are there any other questions? Seeing none, thank you very much for your testimony. [LB229]

JASPER FANNING: Thank you. [LB229]

SENATOR LANGEMEIER: Thanks for coming down. Further testimony in support of LB229. [LB229]

KYLE KINYOUN: (Exhibit 5) Yeah. [LB229]

SENATOR LANGEMEIER: And do you have a green sheet, a sign-in sheet? [LB229]

KYLE KINYOUN: No, I don't. [LB229]

SENATOR LANGEMEIER: Okay. [LB229]

KYLE KINYOUN: I got here late. [LB229]

SENATOR LANGEMEIER: We'll get it. And when you're done... [LB229]

KYLE KINYOUN: Okay. I want to thank you for the opportunity... [LB229]

SENATOR LANGEMEIER: I need you to say and spell your name first. [LB229]

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KYLE KINYOUN: Okay. My name is Kyle Kinyoun, K-y-l-e K-i-n-y-o-u-n. I'm a farmer and conservationist from Clay County. I wrote this letter in support of LB229, which proposes transferring \$7 million per year for the next ten years from the NETF to the Water Resources Cash Fund. All state agencies will be affected by the current budget shortfall; the NETF should be no exception. Nebraska signed an agreement with neighboring states regarding water usage, which was intended to ensure an adequate supply of water would be available to meet all of our needs. This problem is not going to go away. The money has to come from somewhere. Why not use an available source of funds that we have? I do not believe redirecting the proposed funds from the NETF will have a negative impact on conservation efforts in our state. This bill may actually serve to help the NETF board refocus their efforts on true conservation projects and away from permanent, perpetual easements and land acquisitions, which are devastating to local communities and especially in rural areas of Nebraska. If you have any questions, I'd be more than happy to answer them. [LB229]

SENATOR LANGEMEIER: Very good. Are there any questions? Seeing none, thank you very much for your testimony. [LB229]

KYLE KINYOUN: Thank you. [LB229]

SENATOR LANGEMEIER: And she's going to give you a sheet. If you'd just... [LB229]

KYLE KINYOUN: Okay. [LB229]

SENATOR LANGEMEIER: ...fill that out and provide that back to us, we'd appreciate it. Further testimony in support. Welcome, good afternoon. [LB229]

CHUCK FOLKEN: Hi, Senator Langemeier, members of the Natural Resources Committee. My name is Chuck Folken, F-o-l-k-e-n. I am the current president of the Nebraska Cattlemen. I am here in support of LB229. No one doubts the importance of water to our state, as it does to the livestock producers. And I see its necessity every single day. Water drives society, and just as it carves out the development of canyons, it drives the development of our state. Water, then, is not merely an issue of the decade, it is the issue of our lives. Just as there are limited water resources in this state, there are limited cash resources as well. LB229 works within the constructive limits of resources; it seizes the opportunity to drive and develop long-term, forward-thinking solutions on an issue that impacts all of us. It attacks the issue in the most Nebraska-like way that I can imagine, by not covering up a problem with a Band-Aid or a stopgap measure, but rather spends what is actually needed up-front in order to ensure the job gets done right and actually reduces costs over the long term. LB229 does this by seeing the expansiveness of an issue and adapting a solution to meet it. By expanding the purpose of the already useful Water Resources Cash Fund and injecting substantial financial

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resources, it creates the opportunity to truly make an impact. LB229 is also targeted. It focuses monies already dedicated to conserve and protect and efficiently manage Nebraska's groundwater and surface water toward a fund that has the ability to implement the changes statewide. The bill also recognizes a diverse funding mechanism that incorporates a variety of sources from natural resources districts to statewide funds, is best to facilitate the diverse benefits water provides. Thank you very much, and feel free to ask any questions. [LB229]

SENATOR LANGEMEIER: Very good. Are there any questions for Mr. Folken? Seeing none, thank you very much for your testimony; well done. Further testimony. We're on support of LB229. [LB229]

GEOFF RUTH: (Exhibits 6, 7, and 8) Good afternoon, Senators. Chairman Langemeier, my name is Geoff Ruth; it's G-e-o-f-f Ruth, R-u-t-h. I'm currently the vice president of the Nebraska Soybean Association, and I'm also a farmer from Rising City. You've received a lot of information today, and what I've written up repeats a lot of that, so I won't go into it. I will tell you that for the last nearly a year, seven months, the Nebraska Soybean Association along with Corn Growers, Cattlemen, Pork Producers, Wheat Growers, Grain Sorghum, and most all of the other commodity groups, have been meeting, talking about this issue. And we realize the importance of it because it affects all of our livelihoods. So we come today in support of LB229. You've obviously heard from some of the commodity groups already, and I'm sure you will hear from more after me. But if you have any questions for me as far as the soybean side, I'd be more than happy to answer them. [LB229]

SENATOR LANGEMEIER: Are there any questions for Mr. Ruth? Seeing none... [LB229]

GEOFF RUTH: Thank you. [LB229]

SENATOR LANGEMEIER: ...thank you very much. As those of you who haven't been to a hearing, there always gets to be less questions at the end, so... [LB229]

SENATOR DUBAS: (Laugh) You shouldn't tell them that, then they won't want to come up and testify early. [LB229]

SENATOR LANGEMEIER: Yeah, nobody will want to come up. Good afternoon, welcome to the committee. [LB229]

CARL SOUSEK: (Exhibit 9) Good afternoon. My name is Carl Sousek, C-a-r-l S-o-u-s-e-k. I'm from Prague, and I'm currently serving as the president of the Nebraska Corn Growers Association. Chairman Langemeier and members of the committee, the Nebraska Corn Growers Association would like to offer our support for LB229. We

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believe that this bill's funding mechanism, along with the local matching sources, will provide revenue to enhance our state's water resources. The Corn Growers have supported the Water Resources Cash Fund since its creation in 2007. However, we were opposed to the old funding mechanism originally used because of its disproportionate liability to agriculture. We still strongly support the need to address and fund our state's water needs. The past year, ag groups have met to develop possible funding sources for the Water Resources Cash Fund. This task force reviewed a broad range of ideas and concepts that they could share with their members as options to address funding needs. A factor that continued to emerge over the course of the process was where does the occupation tax fit into the equation? The consensus forwarded from the task force to the groups was that local property taxes and occupation taxes need to be considered as production agriculture's contribution. This concept was offered, reviewed, and voted on by eight participating ag groups at their respective annual membership meetings this fall. We support a goal of balanced funding, along with resources from a broad base, which better reflects the benefits that our water resources provide the entire state. In creating a fund that integrates local tax and statewide revenues, it allows for more targeted programs which provide the best workable solution to address our water needs. This bill also expands the use of the fund to include grants to work on compliance issues, which continue to be an ongoing challenge with state and federal agencies. The membership of the Nebraska Corn Growers Association would request the committee advance LB229. Thank you for your time, and I would entertain any questions you might have at this time. [LB229]

SENATOR LANGEMEIER: Thank you very much. Are there any questions? Senator Dubas. [LB229]

SENATOR DUBAS: Thank you, Senator Langemeier. Thank you, Mr. Sousek, for coming. I probably should have asked the previous testifier this question also, but I think you'll be able to cover it. There may be the perception as the commodity groups are coming forward with your support for LB229 that you may be, as commodity producers, are abdicating your responsibility towards the water concerns we have in our state. So I'd just like to give you the opportunity to maybe reinforce some of what you already said in your testimony about what you've done over the summer in your meetings with the various groups and make the point that you aren't abdicating that responsibility in what you're doing to address it. [LB229]

CARL SOUSEK: By all means. No, we are not. As I said in my statements, we believe that the use of the occupancy tax and the local personal property taxes are a major contribution to finding solutions to this problem. So by no means are we shirking our responsibility. What we always have felt is that the benefits of the water in the state have wide-ranging benefits to all sectors of the economy. And we think it should be a broad-based approach to finding the responsibility and sharing the responsibility of finding the solutions. [LB229]

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SENATOR DUBAS: Okay. Thank you. [LB229]

CARL SOUSEK: You're welcome. [LB229]

SENATOR LANGEMEIER: Are there any other questions? Since you're my constituent, I get to pick on you a little bit. [LB229]

CARL SOUSEK: Go ahead. [LB229]

SENATOR LANGEMEIER: You know, as...I was in some of those discussions--as the ag groups step up here today and talk about this. But I guess when we talked about that, we talked about the local property tax agriculture pays in to water. We looked at the three-cent extra levy we've given the NRDs that are fully and overappropriated. We've looked at the occupation tax put on irrigated agriculture. And then now we also look at \$2.7 million that we're putting in General Fund into the cash water fund. And so now when we come to this \$7 million that we've been talking about, \$7 million, \$7.5 million every year, would you agree that was kind of a small end of all the other resources that we're putting towards this? [LB229]

CARL SOUSEK: Are you saying that the \$2.7 million...? [LB229]

SENATOR LANGEMEIER: I mean, agriculture is putting a big share of that in already. [LB229]

CARL SOUSEK: Oh, I see, compared to the \$2.7 million. [LB229]

SENATOR LANGEMEIER: Plus \$2.7 million... [LB229]

CARL SOUSEK: Right. [LB229]

SENATOR LANGEMEIER: ...the state, plus potentially \$7 million here today. [LB229]

CARL SOUSEK: Right. I would agree with that. I guess I'm trying to understand what you're saying. [LB229]

SENATOR LANGEMEIER: Well... [LB229]

CARL SOUSEK: The \$2.7 million isn't... [LB229]

SENATOR LANGEMEIER: ...let me rephrase--agriculture is not walking away saying, you fund it; we don't want to. [LB229]

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CARL SOUSEK: Oh, absolutely not. Yes. That--good point. I follow your point now, your point of all the various, different taxes through the local NRDs, through the property taxes, through...yes, agriculture is still contributing a major amount towards a solution. The \$7 million is just a portion of it. [LB229]

SENATOR LANGEMEIER: Very good. [LB229]

CARL SOUSEK: Yes, I agree. [LB229]

SENATOR LANGEMEIER: Any other questions? Thank you very much. [LB229]

CARL SOUSEK: Thank you. [LB229]

SENATOR LANGEMEIER: Good afternoon, welcome. [LB229]

KRISTEN GOTTSCHALK: Thank you. Chairman Langemeier, members of the Natural Resources Committee, my name is Kristen Gottschalk, K-r-i-s-t-e-n G-o-t-t-s-c-h-a-l-k, and I'm the government relations director and registered lobbyist for the Nebraska Rural Electric Association. And I am here again to testify in favor of LB229. There's no need to emphasize how important water is. Every person who has got up here to testify has made that point. Senator Fischer did an excellent job of outlining that when we started. But I think what we need now, and I think what we have always needed, is a commitment to the state that's comparable to the importance of water resources that we've had. We've never seen dedicated funding for research and management at a level for us to have a full understanding of our water resources or for us to have the sufficient tools to manage those resources. I think we also know, as Senator Fischer and others pointed out, that additional funding coming from the General Fund, even though we would like to be able to do that, it just isn't possible and that, realistically, raising taxes for water issues at this stage of the game is a no-go as well. We do feel that Senator Fischer's proposal is a very proactive effort that will assist in providing water management options for the entire state. Now, we appreciate, and I think it's important that Senator Fischer has taken a broad look at water needs of the state and proposes to open up that \$7 million transfer of funds to all basins of the state by opening up the Water Resources Cash Fund for grants and studies to facilitate compliance with the Nebraska Ground Water Management Act, in addition to addressing those needs in fully and overappropriated basins right now. You know, we're going to hear comments and I've heard comments that we have very limited funding for environmental things, and that's true, but that this move will not reduce options for funding environmental projects. In fact, I believe fully that it's going to enhance those. It does seem that funding grants and studies for water management to preserve and protect our most precious resource is an excellent use of those proceeds and, indeed, is a very important environmental thing. Now as we look at water management in our fully and overappropriated basins, reducing irrigation is often the first item considered and

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maybe not our best option. And that doesn't come without compounding costs, not just to the ag producers but to anybody who supports ag producers in the rural communities they live in. So it would be a costly venture, and in the process we may be missing a better and possibly cheaper way to meet our long-term water policy goals. And quite frankly, I think we need a better understanding of what's going on with our water resources in Nebraska before we can appropriately manage those resources to benefit all Nebraskans and to fulfill our obligations. The members of the Nebraska Rural Electric Association believe that for right now, LB229 is a good option to continue to move forward towards effective management of water resources in the state. With that, I'll take any questions you may have. [LB229]

SENATOR LANGEMEIER: Very good, are there any questions for Ms. Gottschalk?  
Senator Carlson. [LB229]

SENATOR CARLSON: Thank you, Senator Langemeier. Kristen, just in the last part of your testimony you said that you think that we need more information before we have a plan to manage our water. How did you state that? [LB229]

KRISTEN GOTTSCHALK: Well, I think we need more information to continue to manage our water. I think the way I stated it was that we need to have a better understanding of all of the water resources, that's all of the ins and outs, and to fully understand where our water is going to determine what the best course of action is. We look at irrigation, you know, shutting down or retiring acres, as a management tool that will begin to get us there, but that doesn't come without other costs. And so we need to have a better understanding of less expensive and, maybe, more beneficial ways to manage the water resources to accomplish the same goals and maybe accomplish them quicker. [LB229]

SENATOR CARLSON: And in your opinion, how did we get that information? [LB229]

KRISTEN GOTTSCHALK: I think that putting this additional money into the Department (sic) of Water Resources that will, again, fund studies and grants. And we do feel that funding studies is an important component, but it's not the only component. You have to understand what you've accomplished with what you've done before you move on to the next step as well. So I think this is a tremendous tool to begin to infuse money in for those studies. [LB229]

SENATOR CARLSON: You aren't suggesting that the money goes in here and we do nothing until we study it further. [LB229]

KRISTEN GOTTSCHALK: No, absolutely not. [LB229]

SENATOR CARLSON: Okay. [LB229]

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KRISTEN GOTTSCHALK: I mean, we need to continue to move forward, but at the same time we need to broaden our understanding. No, it's--definitely we need to continue to move forward. [LB229]

SENATOR CARLSON: Thank you. [LB229]

KRISTEN GOTTSCHALK: Um-hum. [LB229]

SENATOR LANGEMEIER: Are there any other questions? Seeing none... [LB229]

KRISTEN GOTTSCHALK: Thank you. [LB229]

SENATOR LANGEMEIER: ...thank you very much. Further testimony in support. Good afternoon. [LB229]

JOSH ANDERSEN: (Exhibit 10) Good afternoon, Chairman and board members. My name is Josh Andersen, J-o-s-h A-n-d-e-r-s-e-n. I'm a young farmer; I live in Clay County, Nebraska, with my wife and four kids. We have a fourth-generation diversified ag operation. And I'm here to offer my support of LB229, which utilizes funding from the Nebraska state lottery and allocates it to the Water Resources Cash Fund. In our current economic times, I am concerned with cutting basic program funding that may affect my children and our way of life in Nebraska. The current economic climate of the state and the nation exemplifies the need for a fiscally sound plan to solve this issue of water. The past, present, and future usage of one of our state's most valuable natural resources has been and will continue to be a shared obligation. It's important that this obligation be shared responsibly. So I am encouraged that this bill presents a solution which provides a secure, dedicated source of funding to the Water Resources Cash Fund without raising taxes or cutting basic services, which is a good thing, I believe, in our current economic times. Recently many state agencies which provide these basic services have seen reductions in their budgets while the NETF has seen an increase. I also believe that this proposal provides a proper way to ask for public funds and provides public oversight. If funding is allowed from the NETF, I believe that it would be best for this to happen in a one-time transfer, avoiding the additional paperwork and expense of a reimbursement process. I believe that this is the highest and best use of these public dollars, and I encourage you to advance this bill. Thank you for your time. Do you have any questions? I guess I do need to make one more comment. I submitted some testimony on behalf of the Clay County Board of Supervisors as well; they asked me to bring this up here, so...sorry I didn't announce that at the beginning. [LB229]

SENATOR LANGEMEIER: Very good. Yes, we have a letter in support from the Clay County commissioners. Are there any questions? Seeing none, thank you very much for your testimony. [LB229]

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JOSH ANDERSEN: Thank you. [LB229]

SENATOR LANGEMEIER: (Exhibits 11, 12, 13, and 14) Further testimony in support. No other testimony in support? We have a number of letters: one from Joe Anderjaska from Hayes Center; we have one from John Thorburn, the Tri-Basin NRD...draw some lines here. We have a letter from Tim Anderson from Central Nebraska Public Power and Irrigation District and Mike Sullivan from Wallace, Nebraska, in favor of LB229. With that, we will now go to the other side, the opponents, and take testimony there. Welcome. [LB229]

MARK BROHMAN: (Exhibits 15, 16, 17, 18, and 19) Thank you, Senator. I've got a couple handouts; I'll go ahead... [LB229]

SENATOR LANGEMEIER: That's fine. [LB229]

MARK BROHMAN: ...and get started with them. Before I start, Mr. Chairman, I've... [LB229]

SENATOR LANGEMEIER: Hold on. [LB229]

MARK BROHMAN: Oh. [LB229]

SENATOR LANGEMEIER: Have a seat... [LB229]

MARK BROHMAN: Okay. [LB229]

SENATOR LANGEMEIER: ...before you start talking. Got to get it recorded, remember? [LB229]

MARK BROHMAN: I've got a letter to enter into the record for Mr. Tom Bragg from Omaha. He was going to drive up today, but because of the impending snowstorm, he faxed this to me before, so he wanted this entered into the record; so I'll provide that to the clerk. [LB229]

SENATOR LANGEMEIER: Very good. I do understand that it's snowing and continuing to increase as we sit here. [LB229]

MARK BROHMAN: Mr. Chairman... [LB229]

SENATOR LANGEMEIER: Go ahead. [LB229]

MARK BROHMAN: ...and members of the committee, my name is Mark Brohman; that's

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spelled M-a-r-k B-r-o-h-m-a-n. I'm the executive director of the Nebraska Environmental Trust, and I'm here today representing the Trust board in opposing LB229. I'm going to start off by asking the Natural Resources Committee to hold this bill in committee and convene a task force or working group and initiate a legislative resolution with an interim study. I heard talk that some of the ag groups have been meeting about funding, but I know I haven't been at the table and I know some of the other environmental groups were not part of those discussions. So we would like to have a full and open discussion. This has been done in the past, with the water task force as an example. That was mentioned earlier today, the water task force and some of the work that it's done. The Trust and the use of the lottery dollars have been voted on by the citizens of Nebraska, and they expect certain uses of those funds. Yes, the Trust has been tapped in the past for funds when emergencies existed, one time for \$925,000, one time for \$1 million, and one time for \$2.7 million. But this proposal is for \$7 million a year for 11 years; that's \$77 million. That's approximately half of our current budget. Have there been any stakeholder meetings? It sounds like there have from the ag groups, but I know that the groups that will follow me will testify that they would like to get together and discuss some of the options and potentials for funding these type of things. This is the first time the stakeholders have had a chance to address this issue in front of us. Do we see an emergency? I don't think so. I've spoken with officials from the three-state governance committee, and they said there's urgency but not an emergency out there on the Platte River. The governance committee will probably not even make a final decision on the Elm Creek project for another year, maybe even two years; that project was brought up earlier by a couple different speakers. If Central Platte NRD decides to go with the project outside of the governance committee, the permits and the EIS process alone will take well over a year, probably two years, so I don't see the impending need for the \$7 million to be transferred this July. Yes, Colorado and Wyoming have been waiting on Nebraska, and we've been slow to implement our water offsets. But we have begun; the program is in place and moving forward. The Trust has funded many studies and projects on the Platte River, as you've heard earlier today. I handed out a three-page handout with the Trust-funded projects on and adjacent to the Platte River since 1994. You will see on the bottom of page 3 that we've put \$27.5 million into the Platte River. This is not a complete list, as some of the projects that had direct impact on the Platte were not listed because they didn't contain the word "Platte River" in our database, and so it was difficult to tease those out from our figures. Now take that \$27.5 million, and take it times 3, as every average dollar that the Trust puts in, we get a 2-to-1 match. So that \$27.5 million becomes \$82.5 million that we've put out on the landscape since 1994 on the Platte River. Let's look at the natural resources districts for the past three years. We've had a lot of compliments today. I know Mr. Bishop said that we'd done a lot of things with his NRD. In 2007, the NRDs received \$4.3 million from the Trust for 19 projects. Again, that's \$4.36 million in one year. That year, the Trust funded 7.65 water projects (sic) across the state. Someone earlier said there's no way the Trust would spend that kind of money on the water issues. We spent \$7.65 million in 2009 for water across the state. In 2010, the NRDs received \$2.7 million from the Trust for 17 projects.

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That year, the Trust fund hit \$7.54 million in water projects across the state. Again, \$7 million we put in in 2010. This year, the NRDs have requested \$6.95 million from the Trust for 16 projects, and we have \$14.69 million in water project requests currently in front of our board. That's an awful lot of money. In 2009, the Trust had over \$52 million in requests. In 2010 and this year, we've had over \$54 million in requests, so you can see there's a huge demand for our funds. There's no guarantee that these funds will be used for the three-state cooperative agreement on the Platte or in the over and fully appropriated basins, because if you look at the current bill, the current law on page 2, lines 5 and 6, the bill reads, "Transfers may be made from the fund to the General Fund at the direction of the Legislature." So these funds are not protected. Once they go into this fund, they are open for reappropriation. At the very least, the legislation should leave the Trust funds in the Trust account until bills come due and the Water Resources Cash Fund could get reimbursed from the Trust. In 2007, LB701 designated some of the use for the corn checkoff dollars starting in 2013, but that plan was repealed, but the Trust is being hit in 2011 not 2013. What are some of our funding helped with? Some of the folks that have extended our funds by matching that two to one include state agencies like DEQ, DNR, Game and Parks, Department of Ag, educational institutions, the University of Nebraska, state colleges, the NRDs, Central Public Power and Irrigation District, NPPD, OPPD, MUD, cities, counties, lots of organizations. What are some of the Platte River projects? Earlier it was mentioned by Ron Bishop that we're helping on some projects, so here are some of the current projects and past projects we've helped on the Platte River dealing with these issues. The Platte River Habitat Partnership is working with private landowners in the Big Bend Reach of the Platte River to improve grassland and wetland habitats on private land. Over \$400,000 was spent on that project. A conservation easement project funded at \$750,000 had a project in Kearney County that used surface water diverted from the plant. It went from furrow irrigated to grasslands, adding to the local NRD's offsets. Another project saved 195 acre-feet in Kearney County and another 412 acre-feet in Phelps County. Hundreds of flowmeters have been cost shared with the Trust funds, NRDs, and landowners across the state. We have funded a number of cooperative hydrology studies, the COHYST as it's known, on the Platte River. Between 1998 and 2000...Mr. Chairman, I would ask for another minute or two if you'd so indulge me. [LB229]

SENATOR LANGEMEIER: Yep, clean up quick. Yep. [LB229]

MARK BROHMAN: Thank you. Between 1998 and 2000, the Trust fund hit \$1.5 million, and last year we funded three studies for an additional \$370,000 with the intent of funding them for \$246,000 this year. The partners include the Department of Natural Resources, Central Platte NRD, Central Public Power and Irrigation District, NPPD, Tri-Basin NRD, Twin Platte NRD, North Platte NRD, South Platte NRD, and Game and Parks. I haven't even mentioned the two- to three-year intents that if this bill were to pass, the Trust would have to reexamine the year two and three year intents that we recently and currently gave grant recipients. Many of the projects apply for two or three

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years of funding at a time. So when we award grants, many times we'll award funds for year two and three, but we never want to overextend ourselves so we don't obligate more than 40 percent of our funds for year two and 15 percent in year three. But the 40 and 15 percent were based on our current lottery allocations, so if those allocations are cut, our second- and third-year intents will have to change as well. Another current grant program with Central Platte NRD is the Platte River Basin Habitat Program, which was mentioned earlier, and that purchases irrigation water and converts irrigated crop ground. The Trust funded this program at \$1.27 million in 2009, \$725,000 last year with an intent for \$1 million this year. That's a total of \$3 million. I think it shows that the Trust is serious about the Platte River Recovery. With that, I know I'm severely over time so I'm not going to mention the last couple of my points. But I did want to also pass out a letter here at the end from USGS that they so kindly provided materials the last two years, that they've been funded, used Trust money, and extended those monies. So with that, I'd be happy to answer any questions. And I'm sorry I went over time, Chairman. [LB229]

SENATOR LANGEMEIER: Doing good. Are there any questions? We're going to start with Senator Dubas. [LB229]

SENATOR DUBAS: Thank you, Senator Langemeier. Thank you, Mark, for coming forward. And as I stated earlier, I certainly do know and appreciate what the Nebraska Environmental Trust has done for the state of Nebraska. I spent time last night on your Web site just going through different things. And so, you know, I take whatever decision I make about this bill very, very seriously because I do understand the impact. But I also know through budget briefings that I've been a part of, reading that I've done just in general where we're at with our state budget, people are telling us that this is our new normal, that for us to come back economically, we probably aren't going to come...it's not likely at all that we're going to come back to where we were before we entered this downturn. And so we are going to have to reexamine the way we spend our money and where it goes and how it's spent. And so with that being the case, I also feel with our...the approach that we've taken up until now on water issues, we've just been doing a lot of putting out fires, just trying to not even get ahead but barely stay even. So if we are in a new normal as far as our economy and we know that water issues are not going to go away, in fact, they're going to continue to get bigger and bigger, and how important water is to our state, if we don't take an approach like the one that is outlined in LB229, and I am pleased to hear that you would be willing to at least look at other options through this bill, but if we don't do something like this, what are our options? How do we take a bigger approach to help us address the water concerns that we have? [LB229]

MARK BROHMAN: Well, I know there are some folks who have talked about all kinds of different methods of trying to find a way to finance and they do think that these water problems are the state's concerns and they should come out of the General Fund, but

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we all know we're at a \$980 million deficit right now. So where does the money come from? What happens in two or three years if the economy recovers? You said, you know, we may be the norm right now rather than not the normal. But if things do recover, are we going to recover our \$7 million? Would that be turned back in? You know, there's no talk about that. This is an 11-year plan, it's not even a trial run. It's saying for 11 years, this is what we're going to do. I think water is very important and as, you know, my board has put \$7 million on the ground the last two years for water resources. I think we're doing our part. I think, though, when Nebraskans voted for the lottery, they said we want to do special things with this, and special things are not reallocating the money and earmarking it and putting it into this; who's going to come tomorrow? Senator Heidemann, Lavon Heidemann put a bill in this morning or a legislative resolution to do away with the Trust, to take all of our money. So this is just the beginning. So there are other people want our money. If we don't resist, you know, reallocations, you know, our money will be gone. The things we've done for the last, you know, 18 years, we've put \$157 million on the project, on the landscape through projects, 1,200 projects across the state of Nebraska. We've done a lot of things for a lot of people and it could all be gone tomorrow. So I see this as just chipping away. And this isn't even a chip, this is taking a chunk. This is cutting the golden goose in half and still expecting eggs to be there. [LB229]

SENATOR DUBAS: But with what this bill is trying to do rather than...and I'm not diminishing the projects that you've worked on, so please don't take this comment from that perspective, but what this bill is trying to do is infuse a large amount of dollars so that we can address this at a higher level because it is... [LB229]

MARK BROHMAN: Um-hum. [LB229]

SENATOR DUBAS: ...it's just not something we've, for whatever reason, right, wrong, or otherwise, we have not infused those types of dollars into it and we're not going to be able to. And so how do we...again, my question is, how do we take...how do we get to where we need to go and find those dollars to do what we need to do? [LB229]

MARK BROHMAN: The state decided a couple of years ago not to move forward with fully appropriating money towards this project. I know money was tight then and it's gotten worse now. And so to say the General Fund should fund this if these are General Fund provisions, you know, I hear a lot of projects today, you know, some people are saying we're going to fund the Platte. Some people say we're going to do the Republican. Now you've got the Niobrara. Any of the over and fully appropriated, then they're talking about doing studies. All of a sudden this money is not going to last, this money is not going stretch into what we want. You know, we heard estimates of \$50 million to \$95 million or \$100 million for just the Platte River Recovery. Well, that money would just come from what we're currently talking about. We've got these other crisis out there with water, so we're never going to be able to cover everything. So I don't

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know. I don't have the answer, but that's why I say we should have an interim study. This should be held in committee. We should take a look at this. We should bring both sides together, not just the producers, the agricultural producers, but the environmental community, the conservation community, the population center. You know, I don't want to see this become an urban/rural split, which is could. You know, I want to try to work together to find solutions rather than just say, well, here's our money, we hope it goes to good purposes. But I do think, you know, Senator Schilz made a good point. Why transfer the money over there and do the same thing with it? You know, we're putting out \$7 million in water projects. Now sure, it's not just the Platte and Republican, but it's all water projects. But it does sound like this money is going to a lot of things too. It's not going to be real specific. So I appreciate the opportunity. [LB229]

SENATOR DUBAS: Well, thank you for your comments. [LB229]

SENATOR LANGEMEIER: Senator Carlson. [LB229]

SENATOR CARLSON: Thank you, Senator Langemeier. Mark, first of all I very much appreciate cooperation that I've had from the Environmental Trust in the past two years in particular, and of course in LB701 and a project to remove vegetation from streambeds. And we had state funding for two years, and you were one of the groups that observed what we were doing and liked it. And the past two years along with NRCS, you have saved our bacon. So this is not an easy decision for me. I want to ask, though, how many are on your board? [LB229]

MARK BROHMAN: I have 14 board members. [LB229]

SENATOR CARLSON: And the board voted to oppose the bill. Can you tell me what the vote was? [LB229]

MARK BROHMAN: It was...what we did was we had a legislative subcommittee because the full board does not meet until February 3. And so we had a legislative subcommittee which gave me the approval. We do have a standing provision that we oppose reallocation of Trust funds, so they went from that. And so the subcommittee vote was three people to oppose and two abstained. Two of the directors who are on that subcommittee abstained from the vote. [LB229]

SENATOR CARLSON: So that's 5 members off the 14 that... [LB229]

MARK BROHMAN: Right, that came up with... [LB229]

SENATOR CARLSON: It really is not a...it's really not a board decision then. It's the committee that you're representing this with. Are you going to have another vote on this when you have a full board meeting? [LB229]

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MARK BROHMAN: Yes. The full board will look at all the legislative package when we meet on February 3. [LB229]

SENATOR CARLSON: February 3. [LB229]

MARK BROHMAN: Um-hum. [LB229]

SENATOR CARLSON: Okay. Thank you. [LB229]

SENATOR LANGEMEIER: Senator Schilz. [LB229]

SENATOR SCHILZ: Thank you, Senator Langemeier. Mark, welcome today. [LB229]

MARK BROHMAN: Thank you. [LB229]

SENATOR SCHILZ: You talked about special things that this is supposed to go towards when the vote was taken by the people of the state of Nebraska. What were those special things? [LB229]

MARK BROHMAN: To put money into education and the Nebraska Lottery to be used for the Nebraska Environmental Trust. [LB229]

SENATOR SCHILZ: For? [LB229]

MARK BROHMAN: For...I don't have the exact verbiage in front of me. I think I do have the constitutional amendment maybe in my stuff, but. [LB229]

SENATOR SCHILZ: I don't need...you can paraphrase it. We're talking about environmental things that... [LB229]

MARK BROHMAN: Right. [LB229]

SENATOR SCHILZ: ...go to benefit all the people of the state of Nebraska. [LB229]

MARK BROHMAN: The natural resources of the state of Nebraska. Yup. Yes. [LB229]

SENATOR SCHILZ: Right. Okay. And, I mean, quite obviously I think we can all agree that water is a huge, huge issue, there's no doubt. [LB229]

MARK BROHMAN: Yes. [LB229]

SENATOR SCHILZ: And, you know, as I sat here reading the letter here that I got from

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Robert Swanson, it says here that you have these partners and cooperators that are there. Who are those cooperators exactly and would they be able to cooperate with any agency that wanted to do this or wanted to move forward? I know that Director Dunnigan said that they would be more than happy to work with other cooperators. Do you have an exclusive agreement with them? [LB229]

MARK BROHMAN: No. And, you know, I'm not sure who, you know...he talks about cooperators that I'm sure he's referring to NRDs, the Nebraska...the University of Nebraska, you know, a lot of their studies have been done with them, private landowners, and groups like the Nature Conservancy, Audubon Society, folks like that have done projects on the Platte River. So I'm assuming that's what he means by cooperators along with USDA through the federal programs. [LB229]

SENATOR SCHILZ: Right. Okay. Great. And having sat here and looked at this and if I understood you correctly, you said that you're leveraging those dollars, and instead of ending up with...I think you said that over that time you'd spent... [LB229]

MARK BROHMAN: Two to one. [LB229]

SENATOR SCHILZ: Yeah, about \$82 million. Was that...where does that number come from? It was \$82 million? [LB229]

MARK BROHMAN: Yes. That number comes from...we put on Platte River projects, a total of \$27.5 million. [LB229]

SENATOR SCHILZ: Okay. And then you get... [LB229]

MARK BROHMAN: And you take that times three basically because for every dollar we have, we get \$2 to match it. [LB229]

SENATOR SCHILZ: Right. [LB229]

MARK BROHMAN: So that's \$82.5 million has been put on the ground using that formula. [LB229]

SENATOR SCHILZ: Right. And if I figure that out right, that comes out to somewhere around \$5 million or so that's been set out there. And I think everybody agrees that, you know, that hasn't been enough. Are you...I mean, is there any...I mean, are you...here's the problem you run into. [LB229]

MARK BROHMAN: Um-hum. [LB229]

SENATOR SCHILZ: As the Environmental Trust, you have to take things on merit.

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Okay. And what one person believes is hugely important, somebody else might think is not that important at all. [LB229]

MARK BROHMAN: Um-hum. [LB229]

SENATOR SCHILZ: And that happens a lot with my bills. I don't understand. (Laughter) But as we move forward I think that one of the reasons why it's very important is that the Platte River Recover Program, just to take an example because that's the one that I understand... [LB229]

MARK BROHMAN: Um-hum. Right. [LB229]

SENATOR SCHILZ: Very complex. A lot of things that are going into this, a lot of things that need to happen in a certain amount of time. It doesn't comfort me very much to have somebody from Fish and Wildlife Service or the Department of Interior say they're not that worried. [LB229]

MARK BROHMAN: Um-hum. [LB229]

SENATOR SCHILZ: Well, they're not the ones with the thumb hanging over him saying, hey, you know, if you don't do this by 2019, we can reopen all those licenses and go back and have a whole bunch of other provisions that we may have to comply with which could... [LB229]

MARK BROHMAN: Sure. [LB229]

SENATOR SCHILZ: ...and most possibly will cost us more than we are. [LB229]

MARK BROHMAN: Um-hum. [LB229]

SENATOR SCHILZ: So as I look at it, if we don't find...if this is the plan that we want to go with to fund this, even if you were to...you couldn't even agree to move that much money over there yourselves, could you? [LB229]

MARK BROHMAN: What do you mean agree to move... [LB229]

SENATOR SCHILZ: Well, here's what I'm saying... [LB229]

MARK BROHMAN: Yeah. [LB229]

SENATOR SCHILZ: ...is that if everybody...even if everybody in the room would decide that \$7 million a year is what we need to spend... [LB229]

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MARK BROHMAN: Uh-huh. [LB229]

SENATOR SCHILZ: ...because of the way the Environmental Trust charter is set up, you couldn't do that necessarily because you have to take each project by merit, correct? [LB229]

MARK BROHMAN: Well, as I pointed out, in 2009-2010 we put \$7.6 million in 2009, and \$7.54 million in water projects. Now that wasn't just the Platte, that was all water projects across the state. [LB229]

SENATOR SCHILZ: Right. And don't get me...I mean, we understand completely. Yeah. [LB229]

MARK BROHMAN: So we put that kind of money on the ground. [LB229]

SENATOR SCHILZ: Right. But you can't guarantee that every year, can you? [LB229]

MARK BROHMAN: No, no. [LB229]

SENATOR SCHILZ: Okay. [LB229]

MARK BROHMAN: There's no guarantees. You know, we've got a board of five directors and nine citizens appointed by the Governor. [LB229]

SENATOR SCHILZ: Yep. No, and I understand. And, you know, it would be much...well, and I...you know, it's set up for a reason that way. [LB229]

MARK BROHMAN: Yeah. [LB229]

SENATOR SCHILZ: Okay. Thank you very much. I appreciate that. [LB229]

MARK BROHMAN: Yes, Senator. [LB229]

SENATOR LANGEMEIER: I'm going to ask a couple of questions and I appreciate the information you provided us. I want to talk a little bit about how you got through the process of taking applications as I look in your '09 report that you just provided me,... [LB229]

MARK BROHMAN: Uh-huh. [LB229]

SENATOR LANGEMEIER: ...a request of significant amount more than what you took in in lottery funds. How do you prioritize those now? Is that a point system? Is that... [LB229]

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MARK BROHMAN: Yes, there's a rank point system that's set up in our, you know, rank order list is... [LB229]

SENATOR LANGEMEIER: So all...but all projects fall in that rank... [LB229]

MARK BROHMAN: The same...right. [LB229]

SENATOR LANGEMEIER: And then you'll have a list that says, here they are one to ten as a total. [LB229]

MARK BROHMAN: Right. Things are given different priority points. So if it matches Environmental Trust priorities, it's 20 points. If it, you know, has partners, you know, match money, it gets 10 points. There's a whole ranking system, a criteria system. [LB229]

SENATOR LANGEMEIER: So no matter what they are, if it's recycling, water or whatever, it gets in that list. [LB229]

MARK BROHMAN: Right. They all have the same exact ranking sheet. [LB229]

SENATOR LANGEMEIER: They all get this and they get this one ranking sheet that's got them all. [LB229]

MARK BROHMAN: Yep. That's correct. [LB229]

SENATOR LANGEMEIER: Okay. So in 2009 in your report, you have 43 percent of your funds went to water; you have 24 percent went to water quality; you had 4 percent went to urban green; you had 9 percent to recycling, and so on. [LB229]

MARK BROHMAN: Um-hum. [LB229]

SENATOR LANGEMEIER: There's three more that I didn't read. I go to 2010 report, and that breakdown is a little different but not a lot. You know, as I read the e-mails that I've gotten over the last couple of days, there is some perception out there that if you take half the budget away, now you only have \$7 million to dispense out... [LB229]

MARK BROHMAN: Um-hum. Yes. (Laugh) [LB229]

SENATOR LANGEMEIER: ...less your salary though, but that's...it's still there for you. You have \$7 million to dispense out, there's this discussion out there that there won't be anything for water. But in your exact thing you just talked about, as you prioritized those projects, there should be no change in how they're prioritized... [LB229]

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MARK BROHMAN: Right. [LB229]

SENATOR LANGEMEIER: So they should still be 47 percent of the new \$7 million that you still have, theoretically, will go back to water. [LB229]

MARK BROHMAN: Theoretically, we'll have half as many water projects. [LB229]

SENATOR LANGEMEIER: So it'll still be for projects for wetland restoration that Ducks Unlimited wants, Pheasants Forever. As long as they qualify with the same level of merits that they qualified before... [LB229]

MARK BROHMAN: Right. [LB229]

SENATOR LANGEMEIER: ...because they're going to be in the same ranking system. It's just going to be \$7 million to distribute... [LB229]

MARK BROHMAN: Disperse instead of \$14 million or \$15 million, right. [LB229]

SENATOR LANGEMEIER: ...since \$14 million or \$15 million. So in your 2010 report... [LB229]

MARK BROHMAN: Um-hum. [LB229]

SENATOR LANGEMEIER: ...you had nearly \$55 million of requests. [LB229]

MARK BROHMAN: Yes. [LB229]

SENATOR LANGEMEIER: Near as I can tell by your nice graphs, some \$54 million. [LB229]

MARK BROHMAN: Fifty-four million dollars, right. Fifty-four million dollars is what the number was. Yes. [LB229]

SENATOR LANGEMEIER: And you had \$15 million total. So there's a lot of projects out there that got ranked in a long list but didn't get funded. [LB229]

MARK BROHMAN: Correct, and some not fully funded. You know, that's...you know, some projects just don't get fully funded, right. [LB229]

SENATOR LANGEMEIER: Correct. Correct. Some don't get fully funded. So when we look to say if this bill were to go forward and you're down to \$7 million... [LB229]

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MARK BROHMAN: Um-hum. [LB229]

SENATOR LANGEMEIER: ...you probably have a number of the water projects that were applying that are in this \$54 million that might not come knocking on your door again, that won't be in that array of mix which might help somebody that was just underfunded get to move up even though there's less money. [LB229]

MARK BROHMAN: Potentially. Right. Yeah, there's... [LB229]

SENATOR LANGEMEIER: You may get funded this year at \$7 million in your pot than \$14 million just because some of those bigger projects, Central Platte doesn't come knock on your door because they're going to go knock on DNR's. [LB229]

MARK BROHMAN: Sure. Or they could come to both doors. That's one of my worries. [LB229]

SENATOR LANGEMEIER: Ducks Unlimited. Ducks Unlimited go knock on both doors and maybe get funded both ways. So I just want to talk a little bit about how that structure is working because I think there's an undertow out there saying that if this goes to water, there will be absolutely no funding for water, which according to your own ranking system isn't true. [LB229]

MARK BROHMAN: No that's...that's right. I've had some of the NRDs that are not involved in some of these over and underappropriated basins call me and say, you know, we've gotten a lot of money from the Trust. Are we going to lose out? And I said we have half as much to give out but we'll still use the same ranking criteria. But if a project gets money from the DNR, they have other matching sources, then we would look at that if they came knocking because some of those projects could come in and try to, what some people call, double dip, take \$7 million from the Trust over there, get money, and then come back and apply to the Trust for the same or related projects is one of the concerns. [LB229]

SENATOR LANGEMEIER: Right, and I would assume that if they got funding somewhere else, you would knock them down... [LB229]

MARK BROHMAN: We would hope we would be able to... [LB229]

SENATOR LANGEMEIER: ...in your ranking and that makes more room for more recycling projects, more water projects, more other projects that maybe... [LB229]

MARK BROHMAN: Yeah. The only place they would get downgraded would be in the matching funds. You know, when I looked at the rank, if someone asked me how would you down rank a project if they did that, I'd say there's only one category and that would

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be the matching funds to say that they've already got state funds. That's the only category. So they probably would rank pretty close to as high as they would have before if it's a great project. So there's a Platte River project that's a good project and we think it's good, it ranks high, they could get some million or, you know, a couple million from the DNR project and from our fund also. I would guess it would rank high. [LB229]

SENATOR LANGEMEIER: Sure. Sure. Very good. Are...oh, Senator Dubas. [LB229]

SENATOR DUBAS: Thank you, Senator Langemeier. I was going to look this up last night, Mark, and I completely forgot about it and these charts jogged my memory. What has the revenue stream been like for lottery dollars coming in to the Environmental Trust, and are you seeing any decline in that revenue with the economy the way it is? [LB229]

MARK BROHMAN: We actually had one of the worst declines the third quarter of last year which came in in September. It was as low as it had been in three years. The December came in at about where it had been the last couple of years, so we rebounded a little bit. We were fortunate. It was an upswing in the spring when that Mega Millions came on-line because it was a new game, and there was a new Larry the Cable Guy promotion over the summer. So that third...second quarter, I mean, was up compared to past years. But the third quarter was down, it was down as low as it had been in the last three, four, I guess four years. So, but overall it's been a slight increase over the years. Some states have seen huge, dramatic drops. And that's another thing that I didn't even point out, that these are gambling dollars. These aren't assured. So if you take \$7 million from the Trust and the lottery goes to heck tomorrow or casino gambling starts in two years in Nebraska and people start gambling at the casinos rather than buying Powerball tickets, our revenue drops like a rock. You know, this says \$7 million is going to come out no matter what our revenue is. So if we only get \$6 million, we're still tapped for \$7 million. [LB229]

SENATOR DUBAS: Thank you very much. [LB229]

SENATOR LANGEMEIER: Do you want to...oh, Senator Smith has a question. [LB229]

SENATOR SMITH: Yes, quick question. The operating costs in fiscal year 2009-2010 was about half a million... [LB229]

MARK BROHMAN: Uh-huh. [LB229]

SENATOR SMITH: ...is that primarily payroll or... [LB229]

MARK BROHMAN: Payroll, vehicle, you know, all our computers, our rent for our building across the street. We're located right across the street here, so. Yeah, we have

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five employees, so, yeah, about half a million, \$500,000 for the agency operation. And that's about 3 percent, under 3 percent of our total operating revenues, which is pretty good for any agency. [LB229]

SENATOR SMITH: Okay. Thank you. [LB229]

SENATOR LANGEMEIER: One statement and then one more question. First of all, I appreciate in your ads as you talk about money from the lottery and goes back to the Environmental Trust, and the lottery does those ads, and they drop you right in the heart of this Platte River as that gentleman leaves that Kwik Shop and drops out there. [LB229]

MARK BROHMAN: Uh-huh. [LB229]

SENATOR LANGEMEIER: So I appreciate that. [LB229]

MARK BROHMAN: And we don't pay for those, Senator. I'll let you know those are paid by the lottery, so we're not... [LB229]

SENATOR LANGEMEIER: I do. I had a bill not to let them advertise, (laughter) so I'm well aware of their advertising structure. [LB229]

MARK BROHMAN: Thank you. Thank you. [LB229]

SENATOR LANGEMEIER: But here's my other question and just out of curiosity and I appreciate this great list you gave me and I just ran through it all, and many of these are NRD projects. I have one on here and I'm just going to ask you. I don't want to... [LB229]

MARK BROHMAN: Uh-huh. [LB229]

SENATOR LANGEMEIER: I know quite a bit about the project, but ones with the Nebraska Land Trust Incorporated with the Schramm Bluffs Preservation, a million one was put into a conservation of some unique biological lands. [LB229]

MARK BROHMAN: Uh-huh. [LB229]

SENATOR LANGEMEIER: Are those open to the public? [LB229]

MARK BROHMAN: No, those are not. They are protecting lands between here and Omaha from development. Dave Sands will be testifying later and I'm sure if you have additional questions, but that was to preserve some of the property around Schramm, Ak-Sar-Ben Aquarium, you know, Schramm Park down there. The landowners were

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concerned. Their taxes were going up on their properties and they were basically being forced to sell, and so they were trying to find alternatives. I think there may even be some gentlemen here that were part of that that were here to testify. That's one of the good things that's been provided by the Trust. But, no, in most cases they wouldn't be open to the public but they are preserved as green space in the Schramm Bluffs. [LB229]

SENATOR LANGEMEIER: It's a neat location. I've seen it. Are there any other questions? Seeing none, thank you very much. I appreciate it. [LB229]

MARK BROHMAN: Thank you, Senator and senators. [LB229]

SENATOR LANGEMEIER: Very good. Further testimony in opposition. We're pretty nice, don't be fearful. Come on up. [LB229]

KEN WINSTON: I'm a little surprised that I'm the first person to jump up, but I guess... [LB229]

SENATOR LANGEMEIER: Good afternoon. [LB229]

KEN WINSTON: (Exhibit 20) Good afternoon. Good afternoon, Chairman Langemeier, members of the Natural Resources Committee. My name is Ken Winston. I'm appearing on behalf of the Nebraska Chapter of the Sierra Club. My name is spelled K-e-n-n-e-t-h W-i-n-s-t-o-n, appearing on behalf of the Nebraska Chapter of the Sierra Club in opposition to LB229. Basically three things that I wanted to mention. There are several principles that the Nebraska Legislature has operated under recently in guiding its decision-making process. The first principle, and I think Mark referred to this, is the idea of head of a consensus building process. And then the second one is promotion of innovation and entrepreneurship. And then the third is reducing government operations and making it more businesslike. The Natural Resources Committee has a strong legacy in the area of consensus building. And I guess I want to give kudos to this committee and to your leadership, Senator Langemeier, in a couple of different areas that I mentioned in my testimony, and particularly the development of the resolution of the issues in LB701. I can't remember exactly what year that was, but I recall the process and the fact that that was resolved and that all the parties came together and worked out an agreement on how that was going to be done. And so there was consensus that this was the way to do it. And I know there was quite a bit of division early on in the session about how that was going to be resolved, but people came together and worked that out. And I commend your leadership and the leadership of Senator Carlson and some of the other people who worked on that issue. I also feel like I need to mention the wind development issue that was dealt with in 2009 and 2010. There was an interim study, LR83, that was introduced in 2009, and then in 2010 LB1048 was introduced. And as a number of us know, that took a lot of time and effort

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and a lot of...there were lots of people that came together to work all that out. And the upshot of it was that the bill that was introduced had unanimous support in the Legislature. And that, I guess, is a very important principle from where we're coming from. We would like to work in a process of resolving the issues that are involved here today. We believe that...I mean, I guess I was...I wrote down every time anyone said that water is the issue of either the decade or the issue of our lifetime. And it's like I want to...I'm with you and we're with you and we have been there. I'm mean, we've...I know it's music to our ears, to my ears to hear people talk that way and say, that's something we ought to protect. We need to protect our resources. We need to fund them appropriately. But we have a big concern about this becoming a divisive issue where you have, as Mark indicated, where you have urban versus rural, where you have people that are going to be fighting over something as opposed to having everyone coming together and resolving this together. And I guess the other thing that is kind of the top of our list is the idea that this is kind of an innovation incubator, that people come in to the...I mean, it's the way businesses operate. They come in to the Environmental Trust Board and they say, this is what we'd like to do; here's our idea. And it encourages that kind of innovation, that kind of entrepreneurship. And I'm a big fan of the Department of Natural Resources. We think they do great work. But I don't see how as a state agency they have the same kind of leeway to operate with that kind of promotion of innovation. So I guess I see my time is about to run out. So I guess the main points that I would like to make is we'd like to encourage the committee to work to find a solution that everybody can be on board with, and we'd like to find a way that protects the Environmental Trust. And frankly, a number of these projects can be funded through applications through the Environmental Trust. And we believe that LB229 in its present form is not the way to get to those solutions. So we'd ask that LB229 be held and this issue be studied and enable all the interested parties to get together and work out solutions. Thank you. [LB229]

SENATOR LANGEMEIER: Very good. Are there any questions? Senator Dubas. [LB229]

SENATOR DUBAS: Thank you, Senator Langemeier. Thank you, Ken. You and I have had some conversations about this previously too. And I know probably up until now, many of the groups that you work with have thought, you know, these dollars should come from the General Fund. [LB229]

KEN WINSTON: Sure. [LB229]

SENATOR DUBAS: But we all know, for right now anyway, that's just not going to happen. [LB229]

KEN WINSTON: I'm probably more optimistic than you are, Senator, on that issue. [LB229]

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SENATOR DUBAS: Well, I'm glad someone is. (Laughter) And we know that the ag groups have been talking about water issues. I can't imagine that you and the other groups that you work with haven't talked about water issues. So have you started to collectively talk about other options outside of General Fund dollars? Have you started to talk about, in an informal fashion, other ways to approach dealing with our water issues? [LB229]

KEN WINSTON: Well, I haven't been part of those discussions personally, but I know that some of the conservation organizations, some of the hunter/angler groups, some of the other conservation organizations have been involved in those conversations. And it's my understanding at least one person will be up here to testify about the work that they've been doing, the meetings they've been having in looking at trying to find some other funding options. So, and I'd be glad to participate in any of those meetings, any of those discussions. I guess right off the top of my head I feel like it would be improper for me to say, well just take it here. I mean, obviously everyone always says the best tax is the one you don't have to pay, the one that somebody else has to pay. And so I think it's one of the these things where we have to balance all of the interests, and we recognize that there's a lot of different interests here. I mean, there's local interests, there are state interests. And there's lots of different ways to skin this particular...well, to deal with this particular issue. [LB229]

SENATOR DUBAS: Well, I've appreciated in our conversations your willingness to say, okay, we have to be at the table. We, too, have to be a part of this solution, and we have to not be...we have to recognize the fact that the tax dollars that we may think should be a part of this funding solution just aren't there, and so needing to be looking at other ways. So I appreciate your willingness to take that perspective. [LB229]

KEN WINSTON: Sure, and I don't have a magic wand either, but I'd be glad to... [LB229]

SENATOR DUBAS: I wish. (Laugh) I wish we did. [LB229]

SENATOR LANGEMEIER: Senator Carlson. [LB229]

SENATOR CARLSON: Thank you, Senator Langemeier. Ken, what are a couple of the essentials of life for Nebraskans? [LB229]

KEN WINSTON: Water is right up there. [LB229]

SENATOR CARLSON: Okay. What else? [LB229]

KEN WINSTON: Air. [LB229]

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SENATOR CARLSON: What else? [LB229]

KEN WINSTON: Food. [LB229]

SENATOR CARLSON: Food. Okay. Water and food. [LB229]

KEN WINSTON: You bet. [LB229]

SENATOR CARLSON: And when push comes to shove, we have to channel dollars in the direction of those two. Would you agree? [LB229]

KEN WINSTON: I guess I'm thinking back to my days when I was on a school board, and there's some things that you don't have to put...I mean, money helps lots of things but there's some things that can be creatively resolved without putting more money into them. I mean, sometimes the solution isn't more money. But certainly I believe the Water Resources Cash Fund should be funded, if that's the question. [LB229]

SENATOR CARLSON: Well, because it's a serious issue whether we're talking about dollars into the Water Resources Cash Fund, but just across the board. And when times are tough, we got to have fresh water and we got to have food. And we're both agreeable with that. [LB229]

KEN WINSTON: Yeah, and I believe there's...well, we can have a further conversation about this off at another time, but go ahead with your question. [LB229]

SENATOR CARLSON: I think another thing that may enter in here, and I'm just going to bring this up briefly because there's another bill that will come up later on. We'll have a good crowd at that hearing. But there's some degree of not being comfortable with some decisions that the Environmental Trust Board has made in the past that end up taking land out of production that is for food, and affecting the amount of taxes that come off that land that are important to the communities involved. That's going to come up in another bill. Because you've kind of alluded to, in your opinion, there's a right way of doing things, and in the past you've appreciated the procedure that the Natural Resources Committee and the Legislature has undertaken to try and solve problems. Some of us would believe there's also a right way of doing things when it comes to the Environmental Trust in some decisions that are made as well. You heard me tell Mark how much I appreciate, for things that I'm interested in, what the Environmental Trust has done. But it goes the other way too. I think there's some things that the Environmental Trust ought to rethink and that will come up in another bill. You'll be back and we can talk again. There's a little balancing here that needs to be discussed as well. [LB229]

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KEN WINSTON: Sure. Did you want me to respond or did you just want to make a statement? I'm sorry, Senator. [LB229]

SENATOR CARLSON: You can respond if you want to, but I'm just trying to make a point that you're sort of hinting we need to be careful in the way we do things, be careful in making changes, and I'm turning that back around to the Environmental Trust as well. [LB229]

KEN WINSTON: And I guess I don't know exactly what you're referring to. I need to make it clear, the Sierra Club has never received money from the Environmental Trust, so I'm not familiar with all the decisions that have been made by the Environmental Trust Board. But what I do appreciate about the Environmental Trust is some of the things that I was talking about before, the opportunities for people to apply and use innovative thinking. And I think...well, I'm older than I look, but I was around when the Environmental Trust was enacted, and so the...I recall the discussion at that time, and it was all about the idea of doing things that wouldn't be done through General Funds. It was about things that would required innovation and would stimulate entrepreneurship. And so I think those are important values as well. [LB229]

SENATOR CARLSON: Okay. Thank you. [LB229]

SENATOR LANGEMEIER: I just want to say I want to ask one question. And you brought up...you kind of hit a note, and I like it. But you said, everybody wants something that someone else has to pay, has to pay. And I like that statement. [LB229]

KEN WINSTON: It's not original with me. [LB229]

SENATOR LANGEMEIER: I know, but you just brought it up. As we look to funding this, you know, agriculture says it's not our responsibility, environmental says it's not our responsibility. You and the previous testifier said this is...urban says they don't have to pay for it, rural says they don't have to pay for it. Nobody has to buy a lottery ticket. Isn't this the ultimate somebody else has got to pay? [LB229]

KEN WINSTON: (Laugh) [LB229]

SENATOR LANGEMEIER: Because you didn't buy a lottery ticket because of the odds that you're going to win because they're really slim, and you bought one to help that guy zip out of that Kwik Shop in Lincoln and drop next to his house out in rural Nebraska for the environment, correct? [LB229]

KEN WINSTON: I think most people buy the ticket because they think that they're going to be able to retire with the winnings, but that's (laughter)... [LB229]

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SENATOR LANGEMEIER: They also think Council Bluffs is going to help them with that too, but. (Laughter) [LB229]

KEN WINSTON: Well, I think it's a good point that, you know, it is not a direct tax. On the other hand, when I made that comment, I guess I think that conversely to the extent that something is a state benefit, everyone should be involved in providing; everyone should be involved in helping find the solution; everyone should be involved in helping finance the solution. [LB229]

SENATOR LANGEMEIER: Do we not sell lottery tickets in just about city in the state? [LB229]

KEN WINSTON: Well, I suppose the people in Lincoln and Omaha would say they buy more of the lottery tickets so they should have more reasons, more basis in making the decision, so. [LB229]

SENATOR LANGEMEIER: I've heard that before. (Laughter) Thank you very much. [LB229]

KEN WINSTON: You bet. Thank you, Senator. [LB229]

SENATOR LANGEMEIER: Good job. Further testimony in opposition. Now we had a lot of people raise their hand. Come on up. Don't be hesitant. There's a couple of extra seats if you want to come up while you're waiting. We want to hear from you. Good afternoon. Welcome. [LB229]

JOHN KNAPP: Good afternoon, senators. Thank you for the opportunity to testify. My name is John Knapp, J-o-h-n K-n-a-p-p. I'm a farmer from Sarpy County. And I think the things the proponents have said about this situation, the problem we have, I couldn't disagree with them. But I do disagree with this funding, taking the money from the Environmental Trust. And the reason I do is, as has just previously mentioned, I was around when the constitutional amendment was passed. And there had been several attempts by pro-gambling, different groups trying to get gambling approved in the state of Nebraska, and they all failed. Well, when they come around with the Environmental Trust for the lottery proposal, it was to support the environmental issues. And I thought it was a ratio...I might be wrong, I was thinking it was like 75 percent was supposed to go for environmental projects and 25 percent for education, but I could be wrong on that. But, anyway, and the voters passed it. And as mentioned previously, there's always been the ability to do environmental projects before this fund was passed. And one of the pluses for it was the fact that, well, we can do some...you know, we haven't been able to fund all these projects and now we'll have the revenue to do these projects. And I think it's really a violation of the public trust for people to go in and say, well, if you let us collect this money, we're going to take this money...you know, we'll do these

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projects. And then come around and say, well, you know, this project is kind of an environmental project, and we don't like the way the guys that are set up to manage the program are doing it. We've got a better idea of what we think is best. And I think there is a committee set up to manage these funds. I think it's been working. And I'm not...I don't know all the projects. I've heard a few in the past that didn't really sound that great to me, but I figured they went through the process, the application process and had their fair hearing, same way with the education end of it. And so I think the Environmental Trust should be left alone and for their funding to be managed as it has been. And if there's a project in these irrigation districts or through the DNR that need to...that they think would merit funding, which obviously there have been, that they should apply and go through the process with everybody else. And I just think it's wrong for a government to promise people, especially when you do a constitutional amendment for an issue that has been really fought, was fought hard for a long time and turned down, and then say, well, we'll do this if you'll approve it. We'll do this. And then turn around and say, well, we don't like the way it's going and we think this is a better project. And so, anyway, that's basically my testimony. And, oh, I guess if the general public felt that this should replace General Funds money for education, why would they have been fighting the gambling previously? I mean, if you think that the DNR or the Department of Education or whatever group, environmental control is doing an adequate job of promoting environmental projects or educational programs, why would you wait to get the special commitment before you approve it? I guess that's my final comment. [LB229]

SENATOR LANGEMEIER: Very good. Are there any questions for Mr. Knapp? Seeing none, thank you very much for your testimony. [LB229]

JOHN KNAPP: Thank you. [LB229]

SENATOR LANGEMEIER: Appreciate it. Further testimony in opposition. Good afternoon. [LB229]

BRUCE KENNEDY: Mr. Chairman, members of the committee, my name is Bruce Kennedy, K-e-n-n-e-d-y. I am representing the Wachiska Audubon Society. We are a local chapter of the National Audubon Society. Basically, our chapter area is 16 counties in the southeastern part of the state. And one of our missions is to preserve the remaining little plots of tall grass prairie in our chapter area. We have been a recipient of the Environmental Trust Funds to help us do that. We are talking about...and I've heard a lot of talk about water and, yes, water is important, but we all have things that we think are important. For instance, tall grass prairie, we have about 1 percent of the remaining tall grass prairie in the eastern part of the state. So we think that our mission is terribly, terribly pressing and terribly, terribly important. That is why our board, seeing all of the good things that the Environmental Trust has done, our board voted unanimously to oppose any changing of the funding scenario of the Environmental Trust. We had our little project and we cast our lot with the board going with the merit system and saying if

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our project stacks up, is worthy of funding, they have a board, they have a very elaborate funding system, a very elaborate merit system by which the project has got to be good or you don't get the money, we just simply cast our lot and hope for the best. And we believe that probably every other project should do the same. That concludes my testimony. I'll take any questions. [LB229]

SENATOR LANGEMEIER: Very good. Are there any questions for Mr. Kennedy? Seeing none, thank you very much. [LB229]

BRUCE KENNEDY: Thank you very much. [LB229]

SENATOR LANGEMEIER: Well done. Further testimony in opposition. Good afternoon. Welcome. [LB229]

STANFORD MARK OLSON: (Exhibit 21) Good afternoon. (Cough) Excuse me. My throat is a little parched, so hopefully it won't go out. My name is Stanford Mark Olson, S-t-a-n-f-o-r-d M-a-r-k O-l-s-o-n. I am the president of the Nebraska Chapter of Trout Unlimited. I've passed around a paper that we've typed up and you may read at your leisure. But I basically summarized some points that I would like to make so I can be brief and we can get on and get more testimony in. I do want to point out that Trout Unlimited is dedicated to conservation and stewardship of cold-water fisheries in Nebraska, and we have 300 members statewide. I would like to make the argument that we should keep the status quo. The Nebraska Environmental Trust has money right now that can be dedicated to water projects as well as habitat projects, as well as the other areas that are identified by the Nebraska Environmental Trust. As several of the people who have testified have pointed out, the money may not grow. The source is tenuous. But each individual in this room has the opportunity to apply for funds. A great deal of the money that has been dedicated, or a great deal of that money so far has been dedicated to water projects as several people have testified. In my little report, I've identified about \$3.4 million that was dedicated just to NRDs in 2010. We all agree that water is probably an area of greatest need right now, but what is to say that habitat, water quality, air quality may not be the area of greatest need in five years? If we take \$7.5 million, \$7 million, out of the Nebraska Environmental Trust and dedicate it exclusively to water, we could be shortchanging these areas and we could ultimately be shortchanging the water area as well. That's the summary of the paper I presented to you. Are there any questions that I may answer? [LB229]

SENATOR LANGEMEIER: Well done. Senator Carlson, did you have a question? [LB229]

SENATOR CARLSON: No. [LB229]

SENATOR LANGEMEIER: Are there any questions? Seeing none, we're going to let

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you off the hook. [LB229]

STANFORD MARK OLSON: Very good. Thank you for your time. I appreciate it. [LB229]

SENATOR LANGEMEIER: Thank you very much. We appreciate it. Further testimony in opposition. Welcome. [LB229]

CARA BRENNER: Sorry. I was a little excited to testify, I guess. [LB229]

SENATOR LANGEMEIER: No, we'd like... [LB229]

CARA BRENNER: Senator Langemeier and members of the Natural Resources Committee, my name is Cara Brenner and I'm here to testify on behalf...oh. [LB229]

SENATOR LANGEMEIER: I got to stop you. You need to say it and spell your name. [LB229]

CARA BRENNER: Oh, sorry. Cara Brenner, and it's C-a-r-a B-r-e-n-n-e-r. [LB229]

SENATOR LANGEMEIER: Okay. Go ahead. [LB229]

CARA BRENNER: Okay. I'm here on behalf of the Nebraska League of Conservation Voters to oppose LB229. The gist of it, I have a lot listed on my sheet, but the gist of it is that the NET has already proven that they have the ability and the oversight to provide for projects through their grant process. It encourages entrepreneurship, ingenuity, and collaboration, things that I think we all understand are important if we want to do anything to protect our water and other resources in the state. And one of the...there's a few repercussions that I do want to mention that I think are pretty important. LB229 removes the oversight of expenditure of public Trust funds by allowing the Legislature to earmark these funds for pet projects. The highly competitive grant process that encouraged entrepreneurship and ingenuity by way of a finely honed, successful review process established over 17 years would no longer be able to decide how this money is being used. And over half of the NET's yearly funding resources will be used solely to fix problems in one part of the state rather than being shared equally among projects in all counties. This bill is not good for Nebraskans; it's not good for the environment; and it is simply a violation of the voters' trust. Thank you. Questions? [LB229]

SENATOR LANGEMEIER: Very good. Are there any questions? I'm going to ask one because the League of Women Voters here is...or Conservation Voters is very into these environmental issues. Would it be the league's position that we should get out of the Platte River Recovery? [LB229]

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CARA BRENNER: No, definitely not. That's actually one of our priorities. [LB229]

SENATOR LANGEMEIER: That's what I was thinking. [LB229]

CARA BRENNER: We just think that it's up to the NET to decide whether or not the projects should be funded. They've obviously given lots of money to them in the past based on them being approved, based on their ingenuity and their merit system. [LB229]

SENATOR LANGEMEIER: So it's there's no other funding in the next two years and it's time to commit, do we relook at this in two years to do this transfer or do we back out at that point? [LB229]

CARA BRENNER: I say we start looking at it right now. I'm sure there are some other organizations that are willing to testify to this, but quite a few conservation organizations have already been meeting to discuss some of the problems that have to deal with an integrative water management strategy across the state of Nebraska. However, we haven't had an opportunity to meet with you guys to talk about this, and all of a sudden LB229 shows up and just says that NET is no longer going to have the money for it. So we would like to have an opportunity to come to the table and talk about some of the ideas that we have had as well. And I've attended some of those meetings, but I feel like there are other people who would probably do a better job of answering some of the questions on that than I would. [LB229]

SENATOR LANGEMEIER: I'm going to throw one idea at you. In LB701, we put in the corn checkoff for two years with the idea we were going to take it off because we were going to come up with a better solution. Wouldn't it be merit to do this and push the funding start to 2012, and that gives you two years to come up with a better solution? [LB229]

CARA BRENNER: Yes, I think that at least holding off. Yeah, like you said, the corn checkoff, that was supposed to start in two years from now. So why do we have this immediate rush, this urge to push to do it right now this year? Give us some time to actually look at this and actually research it a little bit more and see what other options are available. [LB229]

SENATOR LANGEMEIER: Senator Carlson. [LB229]

SENATOR CARLSON: Thank you, Senator Langemeier. I think in your statement you said this is not good for Nebraska. Would you repeat how you phrased that? [LB229]

CARA BRENNER: Well, it's not good for Nebraskans as far as we voted it into legislation. We said we wanted the lottery funds to go to education, the gamblers

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assistance association or whatever that is, and the Nebraska Environmental Trust. We voted on that, and I feel like it's a violation of Nebraskans' trust to say, you know what, we're just going to go ahead and tell you what that money goes to. [LB229]

SENATOR CARLSON: But what did you say? You said this is not good for Nebraskans. [LB229]

CARA BRENNER: The bill is not good for Nebraskans, it's not good for Nebraskans' environment, and simply a violation of our trust. [LB229]

SENATOR CARLSON: But then you told Senator Langemeier that you're not against the Platte River Recovery Project. [LB229]

CARA BRENNER: No. [LB229]

SENATOR CARLSON: So that's good for Nebraskans. [LB229]

CARA BRENNER: Yes. I'm just saying that it's not good to earmark \$7 million from the NET to fund the Platte River Recovery Project. [LB229]

SENATOR CARLSON: Okay. Thank you. [LB229]

CARA BRENNER: I'm saying that possibly put that in as one of their options that they could fund it on their own and let them use their merit-based process to determine if that needs to be funded. [LB229]

SENATOR CARLSON: Okay. Thank you. [LB229]

SENATOR LANGEMEIER: Senator Schilz. [LB229]

SENATOR SCHILZ: Thank you, Senator Langemeier. Thanks for coming in today. It's been a long afternoon. And I'd just like to...as you talked to Senator Carlson and Senator Langemeier about holding off for a couple of years and doing that, I mean, the league understands that we are under a time constraint with the Platte River Recovery Program? Do they understand the implications of not meeting those goals that are set out by Fish and Wildlife Service? [LB229]

CARA BRENNER: Yes. I mean, we do take the Platte Recovery Project very seriously and we would like to have it...I mean, we need to meet the goals of that project... [LB229]

SENATOR SCHILZ: Right. [LB229]

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CARA BRENNER: ...in a timely fashion. [LB229]

SENATOR SCHILZ: Yeah. Right. Do you know how much it costs to get those licenses renegotiated in the first place? [LB229]

CARA BRENNER: I do not, no. [LB229]

SENATOR SCHILZ: It's about \$40 million over ten years. If we'd reopen that...and that price tag is probably still going because of all the stuff that we're still going on with. I venture to guess that if we'd have to go back through that same process again, it would not be as beneficial for us as far as our reservoirs, like Lake McConaughy... [LB229]

CARA BRENNER: Um-hum. [LB229]

SENATOR SCHILZ: ...could be severely impacted if we have to go to the fallback positions that are there and other things such as that. So I think it's very important that when we go out and we look at this, that we understand that there are consequences for our nonaction. And as Ron Bishop said before, we have been sitting here since 2004 when LB962 was put into place. If there's a better funding opportunity, I'm all for it. I know that when that funding was put in place for the water cash fund as the corn board, there was...or, yeah, the corn checkoff, there was much...(laugh) a lot of people that were very, very concerned about where that's going to come from. [LB229]

CARA BRENNER: Just as I can imagine that... [LB229]

SENATOR SCHILZ: Welcome to their shoes. (Laugh) [LB229]

CARA BRENNER: Yeah, I get...I mean, I'm saying that it's the same thing. Just as they were concerned at that point, other organizations are afraid that it's coming from ours now. [LB229]

SENATOR SCHILZ: Except...right, except that that was one organization that is one subset of the population. [LB229]

CARA BRENNER: Um-hum. [LB229]

SENATOR SCHILZ: These dollars are coming from anybody willing to participate within the state of Nebraska and out of the state of Nebraska. [LB229]

CARA BRENNER: And one of the things that, I mean, that brings up a very good point. The NET funds projects and has funded projects in every single county of the state. And, I mean, (laugh)... [LB229]

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SENATOR SCHILZ: Hey, nobody is...I don't think we've heard anybody here disparaging what... [LB229]

CARA BRENNER: But we're saying that half of their funds are going to be taken to fix projects solely in one part of the state. [LB229]

SENATOR SCHILZ: According to the folks that were up here before, they're using half of their funds on water right now. [LB229]

CARA BRENNER: Yeah, based on merit, I mean, based on application, an application process. [LB229]

SENATOR SCHILZ: And that's exactly right. And so if a project is not deemed to have merit... [LB229]

CARA BRENNER: Um-hum. [LB229]

SENATOR SCHILZ: ...then they can't move it that way. [LB229]

CARA BRENNER: Yeah. [LB229]

SENATOR SCHILZ: Do you see that as a problem in the future if you need to go forward with the funding mechanism if you're going to use the Trust dollars to do this? [LB229]

CARA BRENNER: I mean, I'm not a representative of the Trust. [LB229]

SENATOR SCHILZ: I understand. I'm just... [LB229]

CARA BRENNER: But I would say that, I mean, they've done a good job of funding projects in that area in the past. [LB229]

SENATOR SCHILZ: Okay. [LB229]

CARA BRENNER: I can't imagine why they wouldn't continue to do so. I'm sure that Mark is very much aware of the problems in that area, the Platte River Recovery... [LB229]

SENATOR SCHILZ: But it's not up to Mark, is it? [LB229]

CARA BRENNER: Well, the board. [LB229]

SENATOR SCHILZ: Thank you. Thank. [LB229]

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SENATOR LANGEMEIER: One more question. You're doing a good job, and this might not be something you want to answer right today. I want you to think about it. But as we talked about an option of funding this or the secondary option is getting out, we could throw a third option in. What if we turned over the Platte River Recovery and made Game and Parks fund it and come up with the solutions? It's an environmental project. (Laughter) You said we were violating the trust of the people, and if the people want Game and Parks to be our environmental arm with federal wildlife, why not mandate they solve this problem? [LB229]

CARA BRENNER: Is that the case? [LB229]

SENATOR LANGEMEIER: You don't have to answer that, but. [LB229]

CARA BRENNER: Oh. Is that the case that that's what the people of the state of Nebraska want? [LB229]

SENATOR LANGEMEIER: Your testimony. [LB229]

CARA BRENNER: If it is...if it was, they wanted it to go to the Game and Parks, I mean, that's something that obviously would have to be voted on, I would assume, by the people in order to make that sort of a claim. So I'm just saying that when this passed in 1992, it was designated to go to the NET, and now we're trying to say that what we designated the money to go to is going to go someplace else under the oversight of a different organization. [LB229]

SENATOR LANGEMEIER: So maybe the constitutional amendment that was introduced today might be a better option to put it up to the vote of the people. [LB229]

CARA BRENNER: I don't think that it is, but that's why I'm sitting here in opposition to it. [LB229]

SENATOR LANGEMEIER: Okay. Thank you. I don't see any other questions. Thank you. Very good, very good job. Further testimony in opposition. [LB229]

LAURA TEGTMEIER: Good afternoon. Thank you for allowing me to speak. Senator Langemeier, members of the committee, I'm Laura Tegtmeier, L-a-u-r-a T-e-g-t-m-e-i-e-r. I'm a retired teacher. I actually spoke before the committee in '91 or early '92 when this Environmental Trust was first proposed as a proponent for it, more from the education standpoint and the benefit it would provide to education. But as I became a science teacher and worked with students in learning about environmental education, this became a very important area for me. I am here mainly to oppose this because it's taking half of the Trust for 11 years, and I think that the Trust has been

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supporting some of these issues over the last 19 years very well. I'm just, what do I want to say, an ordinary citizen, not representing a certain group especially, just to say that I play bridge, I read. In book clubs, we talk about these things, and there are a lot of people out there who don't have the opportunity to come speak. And I appreciate you allowing me to come today and say that there are people out there like me who would probably take the same position too. Not sure if a vote is the way to go or not, like you were asking Cara. But thank you very much for the time and appreciate it. [LB229]

SENATOR LANGEMEIER: We appreciate you coming in. [LB229]

LAURA TEGTMEIER: Okay. [LB229]

SENATOR LANGEMEIER: Any questions? Seeing none, very good. [LB229]

LAURA TEGTMEIER: And thank you for your time. [LB229]

SENATOR LANGEMEIER: You guys did... [LB229]

LAURA TEGTMEIER: You have a lot on your plates. [LB229]

DALE GUBBELS: Good afternoon, senators. My name is Dale Gubbels, D-a-l-e G-u-b-b-e-l-s. I'm the president of the Nebraska League of Conservation Voters. I'm also the CEO of Firstar Fiber. We are a family-owned business based in Omaha. We got our start at 1997, and we received some Environmental Trust Fund money early on to help in our development for which we are extremely grateful. Today, we employ about a hundred employees. We recycle about 100,000 tons of all types of material, everything from plastics to paper to even car bumpers and clothing. And it's from Omaha and throughout the entire state of Nebraska, although I do western Nebraska also. The Trust fund has also helped us launch a paper converting operation which, though we're no longer involved in it, it still operates and it employes blind people in Omaha. Let me add that I'm not opposed to the intent of LB299 (sic). I think anyone who grew up on a farm like I did would have to agree that water is one of our most precious resources. But I'd like to talk to something that I've not heard discussed yet, and that is potential unintended consequences of passing this bill. And by that I refer to the fact that I wonder if it might have some adverse effect on lottery sales. We've talked about how the Trust fund was one of the things that was put out there. Actually I believe it was put out there as helping the environment to get the initial lottery program passed constitutionally. But, and I only know this from anecdotal experience, a lot of people that I've talked to over the years about the Trust fund both within Nebraska and across the country, even some people who were opposed to gambling, once they realize, well, this Environmental Trust Fund is unique in that the money is going to environmental causes that aren't necessarily supported through other measures, most of them turned their thoughts around and actually...and I speak for myself. I'm not a big gambler, but I buy

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lottery tickets mainly because it goes to something like the Environmental Trust. Again, I don't know if that is going to have any effect, but it is a competitive process now. And if Nebraskans come to believe that, well, why are we doing this through another approach where it can be decided on by the Legislature when they've got the ability, gentlemen and ladies, you have the ability to raise taxes. I'm not suggesting that by any stretch of the imagination. But the lottery is a voluntary purchase and it was set up with the idea that it was going to go for something that would go through a competitive process by merit. And as a businessman, all I'm suggesting here is that before we rush into something, there are things like public opinion polls, there's...we don't move into new areas unless we do some market research (laugh) ourselves, that might be called for in this situation. Because the last thing I think anyone wants here in this room, no matter what side of the aisle you're on, how you feel about this, is for our lotteries, which has gone up and down, as Mark testified, to actually decrease over time here because people think, well, this isn't the process that I voted for and I'm no longer going to vote for it with my hard-earned money. Thank you, senators. [LB229]

SENATOR LANGEMEIER: Very good. Are there any questions? Senator Carlson. [LB229]

SENATOR CARLSON: Thank you, Senator Langemeier. Is the purchase of a lottery ticket a voluntary tax, voluntary purchase, or a voluntary investment, in your mind? [LB229]

DALE GUBBELS: I think in my mind it's always voluntary (laugh) purchase. You know, I know that it's going for services that are often benefiting a wide range of things, so that's why I buy it. Now as I said, I don't know why other people buy it. I'm just throwing it out there that we think about this so that we don't have the unintended consequence of reduced sales. And I'm not sure if anyone from the lottery group is going to be here to testify, and maybe they know some of these answers. What is the patrons or the customers of lottery tickets? What goes through their mind? I do believe, Senator, as you mentioned or Mr. Winston, that a lot of people buy it because they think they're going to become rich overnight. (Laugh) But yet is that the majority? Is that, you know, 10 percent, 20 percent? I don't know, but I would hate to see us take what has gotten a lot of good attention across the country. I used to live in Connecticut, and when...I would brag to people about what Nebraska did because...and this was several years ago, but I was also involved with the National Recycling Coalition and president of that group for a number of years. And no one from...and we had about 20 different states represented, had anything like the Environmental Trust. So I think Nebraskans could be very proud of the fact that our lottery money has worked that way, so. Thank you for your time. [LB229]

SENATOR CARLSON: I think with your response, I left out an alternative. I think with you it's a voluntary contribution, voluntary gift. That's what it is. I think you're in the

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minority... [LB229]

DALE GUBBELS: I don't expect to get rich. (Laugh) [LB229]

SENATOR CARLSON: ...but I think with you that's what it is. [LB229]

DALE GUBBELS: Yes. [LB229]

SENATOR CARLSON: Thank you. [LB229]

SENATOR LANGEMEIER: Senator Christensen. [LB229]

SENATOR CHRISTENSEN: Thank you, Mr. Chairman. Thank you, Dale, for coming in today. You know, we as senators have had the opportunity this last summer to go through the LR542 process to try and look at every department, to go all the way down to see where we could save money, see what we could do, and I guess that's why this bill excites me is the fact it's a process on the other side to evaluate. And I'm just very thankful a lot of people came in to testify today, that we can look at because I think that's our duty as senators to evaluate where money is spent or allowed to go and where it comes from. And don't really have anything for you to respond to, but I appreciate you coming in and the look at it as you have from the business side, and we have another business side to look at. And I just have enjoyed everybody's testimony. Thank you. [LB229]

DALE GUBBELS: Thank you, Senator. [LB229]

SENATOR LANGEMEIER: Very good. Are there any other questions? Seeing none, thank you. Very good. Good job. [LB229]

DALE GUBBELS: Thank you, Senator. [LB229]

SENATOR LANGEMEIER: Especially for agreeing with me with somebody wants to buy a ticket to help the environment, so (laughter) appreciate that, until you said about raising taxes, then you scared me again. (Laughter) Welcome. Good afternoon. [LB229]

CARRIE HAKENKAMP: Good afternoon. Thank you for having me. My name is Carrie Hakenkamp, it's spelled C-a-r-r-i-e H-a-k-e-n-k-a-m-p, and I'm here in opposition of this bill. I'm the executive director of WasteCap Nebraska. We are a nonprofit organization based in Lincoln surveying all of Nebraska with assistance on recycling, waste reduction, and waste prevention programs. I'd like to talk more about the impacts of what this bill would do to some non-water-specific projects that are also a priority of the Trust. And these projects that we are particularly involved with directly impact the quality of our water in the state, not our water flows, but the quality, in keeping pollutants and

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hazardous materials out of our waterways by properly managing materials that would damage that. Since the recycling is one of the Trust priorities, they do fund more than just water projects. And, today, all I've heard is water projects. I'm an environmental studies major with a sociology emphasis, so I look at behavior change in the environment. And I did research on the Platte River and flows on the Platte River as a grad student, so I absolutely support the purpose of why we are wanting to do this, just maybe not taking it from the Environmental Trust, exploring some other options. The other thing I'd like to mention, too, is, again, these programs that are funded for recycling and waste management, last year, the other grant fund that funds these programs and offsets costs to our communities is the Waste Reduction and Recycling Grant Fund, which was also taken, half of those funds were taken last year to be put back into the General Fund. The result of that has been tremendous throughout all of our communities here in the state on all the household hazardous waste collection events, electronics waste collection events. And I know I've been here and testified several times on product stewardship legislation that would help us to offset \$13.5 million that our communities are having to pay annually to manage hazardous consumer products. So last year with that, it's really impacted quite a bit of that. The litter grant as a result, which came around in September and funds grants in January, took a huge hit because everyone who wasn't funded in February applied in September. I just laid off three employees because of the loss of that funding, and I've had to cut five programs because of the loss of that funding. Currently, the Environmental Trust is funding some projects where WasteCap has managed some programs. And we've utilized the Trust money in 2009 and '10 to host electronic scrap collection events in 11 communities throughout the state. We've collected over 109,000 pounds of electronics materials that are not in our ditches; they're not in our landfills; they're being properly managed; those resources are being able to be used again. But we've also developed a program to collect compact fluorescent lamps and linear fluorescent lamps throughout the state. We have 43 locations in 15 communities that are collecting the lamps. As of the end of third quarter 2010, we've collected 2,900 lamps throughout the state. This is keeping mercury, which is a bioaccumulative toxin, out of our waterways, because once the mercury vapor in a lamp is broken, that gets into our air and precipitates into our water resources. Being a bioaccumulative toxin makes that a horrible waste that we need to manage. And so that's one of the projects that the Trust has funded. And in my math, I'm thinking that the 50 percent of the water projects that are being funded now are still going to come for that funding. So we're not cutting all the other projects by 50 percent; we're cutting them by 75 percent leaving us with 25 percent of the funds available for all non-water-related projects. And I think there's five or six different categories that the Trusts look at in addition to water resources. It looks like I'm also running out of time. But, again, I think that evaluating this program a little bit further and looking at some alternatives of how we can come up with the money elsewhere, looking at maybe a shorter term arrangement to see if we can get those General Fund dollars, and how we can do that. So I'm out of time. I'm going to go ahead and stop and open up for questions if anyone has those. [LB229]

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SENATOR LANGEMEIER: Very good. Are there any questions? I do have one a little off subject. But you talked about all the electronic recycles that you've collected. Where are they actually being taken apart and recycled? [LB229]

CARRIE HAKENKAMP: Most of it is processed in Omaha. We have a number of electronics recyclers in Omaha that have participated in those events, some in Lincoln. [LB229]

SENATOR LANGEMEIER: But completely broke down or are they just then shipping them out from there? [LB229]

CARRIE HAKENKAMP: No, they break them down into component parts. And then all of the component parts are either shipped for scrap or some parts, like motherboards where there's no confidential information, can be sold on eBay as a reusable product for new computer equipment. Some of the glass from the CRT monitors, then, is reused in the manufacturing of CRT monitors. [LB229]

SENATOR LANGEMEIER: Very good. We're going to have a couple of more bills on that today before we're done this year. Senator Carlson. [LB229]

SENATOR CARLSON: Thank you, Senator Langemeier. This isn't to zero in on you because you aren't the only one that's said it, but you used the terminology you should look at other alternatives. And that's easy to say because what does that mean? I think, obviously, we don't have any alternatives that we know about or we would study those. So whether it's you or anyone else that has a specific on what an alternative is, we'd like to hear it. [LB229]

CARRIE HAKENKAMP: Well, I guess in my situation, an alternative would be to look at a product stewardship model that would offset all of the projects that we work on so that we're not so dependant on the Trust money to do that. You know, I don't want to see the Trust lose all of their funding. But as for my organization and what our mission is, we would look at other alternatives for funding our mission, and it wouldn't be as bad, then, if the money from the Trust were going away. Does that make sense? (laugh) [LB229]

SENATOR CARLSON: Well, it does. I was asking for an alternative for us, for this money, and that's hard, but. [LB229]

CARRIE HAKENKAMP: Yeah, and I have no answer for that. [LB229]

SENATOR CARLSON: It's easy to say that and yet it's hard to come up with an answer. But thank you. [LB229]

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CARRIE HAKENKAMP: Correct. [LB229]

SENATOR LANGEMEIER: Senator Schilz. [LB229]

SENATOR SCHILZ: Thank you, Senator Langemeier. Welcome and good afternoon. [LB229]

CARRIE HAKENKAMP: Thank you. [LB229]

SENATOR SCHILZ: Almost good evening. As you sat here and was answering Senator Carlson's question, it brought me to a question myself. Do you know how many applications you've made to the Environmental Trust over time? [LB229]

CARRIE HAKENKAMP: We have made four applications to the Environmental Trust. [LB229]

SENATOR SCHILZ: Were all of those granted? [LB229]

CARRIE HAKENKAMP: No. [LB229]

SENATOR SCHILZ: How many were granted? [LB229]

CARRIE HAKENKAMP: There's one application in right now, so I don't know about that but the other three were granted. Some were not fully funded, some were partially funded. [LB229]

SENATOR SCHILZ: I see, I see. And so that certainty isn't there like you'd like to see it either, is it? [LB229]

CARRIE HAKENKAMP: No, no. [LB229]

SENATOR SCHILZ: I mean, it's a craps game. I mean, you're throwing the dice and hoping that it comes out. [LB229]

CARRIE HAKENKAMP: Right. [LB229]

SENATOR SCHILZ: Okay. Thank you. [LB229]

CARRIE HAKENKAMP: Um-hum. [LB229]

SENATOR LANGEMEIER: Are there any other questions? Seeing none, thank you very much. [LB229]

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CARRIE HAKENKAMP: Okay. Thank you. [LB229]

SENATOR LANGEMEIER: Look forward to seeing you again. Further testimony in opposition. Just a rough idea, how many more are going to testify, like to testify? Okay. That's fine. Oh, did you have a green sign-in sheet? [LB229]

ROB SCHUPBACH: Yes. I didn't have a green sign-in sheet. I just signed it at the... [LB229]

SENATOR LANGEMEIER: We'll get you one when you're done. [LB229]

ROB SCHUPBACH: Okay. All right. Thank you. [LB229]

SENATOR LANGEMEIER: Go ahead. Welcome. [LB229]

ROB SCHUPBACH: (Exhibits 22-24) I have a handout. Senator Langemeier, members of the committee, my name is Rob Schupbach, R-o-b S-c-h-u-p-b-a-c-h. I'm speaking today as a long-term supporter of the Environmental Trust. And when I voted in 1992 and again in 2004 for the constitutional amendments that allowed the charitable gaming and the state lottery, it was with the understanding that the funds generated by the gaming activity would be used for the higher purposes of education, environmental improvement, and financial support of the Nebraska State Fair. Upon reading LB229, it's very important to me that this bill will use gaming proceeds for state General Fund purposes. I feel that this is breaking the trust that the people of Nebraska put in the Legislature when they voted in LR24CA and LR209CA into the state constitution. LB229 will take \$7.5 million from the Nebraska Environmental Trust's funding for 11 years. Eleven years is a permanent take, not a one-time emergency event. This is a fundamental change that should be voted on by the people just as the funding percentages in the Nebraska Constitution, section (3)(a)(i), (ii), (iii), (iv), and (v) were voted on by the people. I have a copy of that as exhibit 3. Paragraph (3)(a), second sentence says, and I quote, The proceeds of the lottery shall be appropriated by the Legislature for the costs of establishing and maintaining the lottery and for the following purposes, as directed by the Legislature: See Article III of the state constitution. (3)(a)(i), (ii), (iii), (iv), and (v). This paragraph says "as directed" not...it says "as directed, period" not "as directed." This paragraph ends with a punctuation mark called a colon. It's a punctuation mark used when a list follows. The list is the only things that the Legislature can use the money for. It has not been given the discretion that would come from the phrase "or as directed." The Legislature can only follow the directions that it gave itself when it says, "as directed by the Legislature," and followed up with a colon in the five-point list. If the Legislature said, "as directed by the Legislature, period," ending the sentence with a period, it would have the authority to use the lottery proceeds at the discretion of the Legislature, but it did not. So the list that follows the colon is the only thing that the Legislature can use the lottery money for without a vote of the Legislature

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and a vote of the people to change the constitution for this new purpose. Any questions? [LB229]

SENATOR LANGEMEIER: Very good. Are there any questions for Mr. Schupbach? Seeing none, thank you very much. [LB229]

ROB SCHUPBACH: I have a second thing that I'd like to bring up. I've heard many people say, gosh, it sounds great, what can we do when we don't have any money? And I feel very strongly that the state should be looking at broadening the state's tax base. And the first place that the state should be looking...what the state of Iowa does, this is a report, I only made one copy and this is my statement. Should be handing that out. LB229...I'm speaking regarding the need for Nebraska to broaden the state's economy and the state's tax base. Attached to this letter that's being handed out to you is a cover letter from the Iowa Racing and Gaming Commission's annual report. I feel the letter and the report may be of some use for the state of Nebraska as it faces the financial challenges of the future. Please be aware that the report indicates that the gaming industry contributed over \$1 billion to Iowa's economy and over \$300 million in gaming taxes. That's the second paragraph of the cover letter from the chairman of the Iowa Racing and Gaming Commission to the governor of Iowa reporting on their 2009 year. It becomes very interesting to me when I go to the report that I gave Barb, and I only had one copy of it. In 2009, the gross take from the slot machines at the Horseshoe Casino in Las Vegas (sic) took in \$1,568,294,000. In 2009, the slot machines at Ameristar in Council Bluffs took in \$1,544,885,000. The combined total of the gross of the two slot machines from two casinos in Council Bluffs was \$3,113,180,000. Did the slot machine take from those two casinos exceed the Nebraska's budget? Interstate 80 goes all the way across Nebraska, from Omaha through Lincoln, that crosses a new...there's a new interstate turnoff that's being proposed at the Platte River archway near Grand Island. It goes through Grand Island and North Platte. Why aren't we doing more to generate I-80 traffic to get tourists to spend money and pay our taxes for us? Iowa is doing it. I'm submitting this report for further study. Any other questions? [LB229]

SENATOR LANGEMEIER: Very good. Are there any other questions? Seeing none, thank you very much. [LB229]

ROB SCHUPBACH: Thank you for your time. [LB229]

SENATOR LANGEMEIER: Appreciate that. Further testimony in opposition. Good afternoon. [LB229]

STEVE DONOVAN: (Exhibits 25-26) Senator Langemeier, members of the committee, my name is Steve Donovan, S-t-e-v-e D-o-n-o-v-a-n. I'm here today representing Ducks Unlimited. I was going to say, "phragmites unlimited" for Senator Carlson's benefit, but I decided that would be a poor joke. So we do applaud Senator Carlson's efforts to deal

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with the phragmites issues on the Platte River. I want to personally thank him for that. The Nebraska Environmental Trust was established to conserve, enhance, and restore the natural environments of Nebraska. Almost 20 years ago, Nebraskans voted to create the trust. Through a highly competitive grant process managed by a board that represents all of Nebraska, funds are allocated to public/private partnerships to restore and protect our precious natural resources, benefitting the citizens of Nebraska today and long into the future. Ducks Unlimited and numerous other conservation groups have been very fortunate to receive grants from the NET. On average, DU is able to leverage 2 additional dollars for every dollar granted from NET, stretching limited dollars for maximum conservation benefits. We support the allocation of NET dollars through this competitive and transparent process. LB229 would violate the trust placed in the Unicameral by the voters when the Nebraska Environmental Trust was created. LB229 would earmark \$7 million per year for the next 11 years to a particular natural resource issue. Approximately one-half of NET's annual funding would disappear, depriving other important resource concerns of a critical source of funding. Nebraska does indeed face serious water issues. It will take a dedicated and determined effort to address our looming water concerns on the Platte River and elsewhere. The Platte River is important to Ducks Unlimited. We want to be a part of the solution and we already dedicate considerable resources to this effort. For example, we have completed many augmentation projects in Colorado. These projects are essentially wetlands that not only provide habitat to wildlife, but also put more water back into the Platte River during critical periods for endangered species and other wildlife. As one example of our work here in Nebraska, we have partnered with natural resource districts, the Nebraska Environmental Trust, and landowners to remove invasive species along the Platte River in order to improve wildlife habitat and increase river flows. Our concern about the Platte River is exactly why Ducks Unlimited has been meeting with other groups for over a year. This group had representation from many stakeholders, including agricultural groups and water users. The group had a common goal: identifying a new funding mechanism to deal with Nebraska's pressing and urgent water issues. We need to look at the example set last November by our neighbors to the east. Despite being in the midst of a severe economic downturn, the voters in Iowa overwhelmingly approved a constitutional amendment to create a Natural Resources and Outdoor Recreation Trust Fund. Minnesota voters passed something similar in 2008. We have seen this repeated in many states throughout the country. The voters are concerned about natural resources and, when given the opportunity, they vote to create new funding sources for natural resources for wildlife habitat and for recreation. We believe Nebraskans are also concerned about water issues. We believe that if provided the opportunity, Nebraskans would also approve a measure to create a funding mechanism to deal with our serious water issues. LB229 in its current form is not the answer. LB229 would take money away from a proven, effective, and citizen-led conservation program, the Nebraska Environmental Trust, and earmark those funds to one specific cause. While some may see this as a way to fund Platte River issues, it would come at the expense of every other conservation effort in the state. Instead of adopting a bill that creates division

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among conservation stakeholders, we respectfully ask this body to endorse a solution that unites all stakeholders together with a common purpose. It is our suggestion that this committee create a task force, which would include representation from the private sector, the Legislature, and state agencies, and charge that task force with the responsibility to identify funding sources to deal with our urgent water issues. This is the model that Iowa successfully followed. Ducks Unlimited would be honored to serve on such a task force and would pledge our full cooperation in dealing with this issue. We understand the urgency of this situation. On behalf of over 9,000 members of DU in Nebraska, I respectfully ask this committee to not support LB229, which would earmark funds away from its voter-intended purposes. Instead, we ask this committee to form this task force and charge that committee with the responsibility of developing solutions and consensus among all stakeholders. We do commend Senator Fischer for her sincere and passionate interest in dealing with our pressing water issues, and we would look forward to working with her and the Natural Resources Committee on this compelling and urgent need. I would be happy to answer any questions. [LB229]

SENATOR LANGEMEIER: Questions? Senator Schilz. [LB229]

SENATOR SCHILZ: Thank you, Senator Langemeier. Mr. Donovan, right? [LB229]

STEVE DONOVAN: Yes. [LB229]

SENATOR SCHILZ: Thank you for coming in today. You mentioned some of the activities that are going on in Colorado and I suppose some of those augmentation projects...have you worked any on the Tamarac project and any of those things that are going on there? [LB229]

STEVE DONOVAN: Yep, I recognize that name. [LB229]

SENATOR SCHILZ: Do you know how...do you know how those were funded? [LB229]

STEVE DONOVAN: I can get you that information. A lot of it is local. Trying to remember. There is a state source of dollars in Colorado. I'm not in charge of Colorado, my counterpart is. [LB229]

SENATOR SCHILZ: I understand. [LB229]

STEVE DONOVAN: But there are also federal dollars that they can...they leverage the state dollars to get additional federal grants to pay for many of those projects. [LB229]

SENATOR SCHILZ: Right. So as you sit here, if tomorrow...if tomorrow everything was different and there was \$7 million that was directed to go towards water projects in Nebraska, which are...which I would see would be very similar to what's going on in

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Colorado, what would be the difference if you would apply with the Nebraska Environmental Trust, and this is hypothetically speaking, or to apply with an NRD or partner up with the state to do that? Is there really much difference there or is it just that you're comfortable doing it this way? [LB229]

STEVE DONOVAN: Well, there's two issues and I think the first one is the intent of the voters when the Nebraska Environmental Trust was created. [LB229]

SENATOR SCHILZ: Right. Right. [LB229]

STEVE DONOVAN: I think there's some honor there that should be respected. But the other is it's also a question of quantity of money. This group that has been meeting for over a year, I mean we weren't looking for a source of \$7 million a year. All of the groups that were at the table who represented the Platte River groups, they...I don't remember the exact number, but they knew they needed something in the magnitude of \$20 million to \$30 million to \$40 million a year and that's the numbers that we were playing with. Those were sort of the parameters that we were starting to develop. And so I would suggest that...I understand this idea of \$7 million a year but over 11 years, that's \$77 million, and I think with this other process, if it were successful, would result in much more than \$77 million over 11 years for...just for the Platte River issues. [LB229]

SENATOR SCHILZ: Right, and understanding and thank you for that. Now the next thing is, in having invested all this in Colorado, with the idea that you're augmenting projects for the Platte River Recovery Program necessarily, isn't it also then in your interest to make sure that we don't screw it up here in Nebraska so that your dollars that you invested there are actually doing what they're supposed to be doing in Nebraska? [LB229]

STEVE DONOVAN: Oh, absolutely. I give my counterpart in Colorado a hard time all the time about making sure he's sending us enough water and... [LB229]

SENATOR SCHILZ: Well, I appreciate that very much. [LB229]

STEVE DONOVAN: (Laugh) [LB229]

SENATOR SCHILZ: And I just look at this as an issue that, I think you're exactly right, I think we all agree here today that water issues on the Platte River, in the Republican Basin, on the Niobrara, for the state of Nebraska, wherever it is, are important for us to address and find some way to solve these issues. And I appreciate you coming in today. Thank you. [LB229]

SENATOR LANGEMEIER: Other questions? I do have one more. You talked about you've been looking at this a year. What are some of the ideas you've thrown out for

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funding? [LB229]

STEVE DONOVAN: Well, from Ducks...strictly speaking from Ducks Unlimited's perspective... [LB229]

SENATOR LANGEMEIER: No, this group you've been working with... [LB229]

STEVE DONOVAN: Right. Right. [LB229]

SENATOR LANGEMEIER: ...that you testified that has been working for a year, because we've been asked to now look at this for another year. [LB229]

STEVE DONOVAN: Yep. [LB229]

SENATOR LANGEMEIER: So what suggestions have you come up with so far? [LB229]

STEVE DONOVAN: Well, what the group was wanting to do as a next step was to specifically look at what every other state around the country has used to fund these sorts of programs. Most of those states have used an incremental increase in a state sales tax but not all. There were other states that used a different mechanism. And as a group, we had collectively decided that we would want to study that issue and look at how other states have done it. Now strictly speaking from Ducks Unlimited's perspective, Iowa and Minnesota both...the voters in those states both passed an incremental increase in a state sales tax, a little bit differently in each state, but that's what those voters, the voters in those two states agreed to do and that is the...the majority of the states around the country that have adopted something similar through a voter referendum, that is what most of the states have used. I wouldn't want to suggest that this task force, if it were created, that that's a foregone conclusion that that's what they would recommend, because I think they would need to examine many other different possible scenarios. Some people have thrown out expanded gambling. I'm not suggesting I'm for or against that, but there are other considerations that such a committee could consider. [LB229]

SENATOR LANGEMEIER: In those other states that Ducks Unlimited is represented, what was their role in that vote? Did they put money up to advertise for the... [LB229]

STEVE DONOVAN: Yes, in... [LB229]

SENATOR LANGEMEIER: I mean, what did they put a million bucks up for advertising? [LB229]

STEVE DONOVAN: It's possible. We have, in Minnesota and Iowa we were very

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involved, both at the grass-roots level and in participating in the groups that help to do this. We have many, many supporters in all of those states. Some of those supporters are wealthy individuals who thought that this was an extremely worthwhile endeavor and contributed pretty significant sources of dollars to support that effort. We have similar supporters in Nebraska and I would suspect that we would contribute a significant amount of financial resources to such an effort, absolutely. [LB229]

SENATOR LANGEMEIER: Very good. Any other questions? Senator Schilz. [LB229]

SENATOR SCHILZ: Thank you. Just one more question. As you talked about this, Iowa and Minnesota, how long have those programs been in place, the new taxes? [LB229]

STEVE DONOVAN: Well, Iowa, I had to learn some more about this last night. [LB229]

SENATOR SCHILZ: Sure. [LB229]

STEVE DONOVAN: In Iowa, it's about a five-step process and they just passed step four. [LB229]

SENATOR SCHILZ: Uh-huh. Okay. So... [LB229]

STEVE DONOVAN: The voters approved of the Trust account, but the way they worded it and the way it's set up is that the next time there's a sales tax increase in Iowa, a certain percentage would automatically go into this Trust account. In Minnesota, they've already gone through all of the steps and it's already in place and I think that final vote was about two years ago, perhaps three, something like that. [LB229]

SENATOR SCHILZ: Okay. So relatively new but... [LB229]

STEVE DONOVAN: Oh yes, yes. [LB229]

SENATOR SCHILZ: ...but moving. But in Iowa, we're waiting for somebody to be brave enough to step up and offer a tax increase, right? Okay. Thank you. [LB229]

SENATOR LANGEMEIER: And I might add Minnesota two years ago, is they did pass that and this last election over 75 percent of their representatives were replaced by the voters. Just saying maybe that wasn't such a brilliant idea. [LB229]

STEVE DONOVAN: Well, I'm not sure the two are related. (Laugh) [LB229]

SENATOR LANGEMEIER: Without term limits, I might add. [LB229]

SENATOR SCHILZ: (Laugh) Well, we're not sure they're not. [LB229]

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SENATOR LANGEMEIER: I know you so I got to give you a hard time. Thank you very much. [LB229]

STEVE DONOVAN: You bet. [LB229]

SENATOR LANGEMEIER: Well done. [LB229]

STEVE DONOVAN: Thank you. [LB229]

SENATOR LANGEMEIER: Further testimony in opposition? [LB229]

MARTY GRATE: (Exhibit 27) Good afternoon, Senator Langemeier, members of the committee. My name is Marty Grate, M-a-r-t-y G-r-a-t-e, and I'm the city of Omaha's environmental services manager, here today speaking on behalf of the city of Omaha. We oppose LB229. I provide you my testimony in writing so I'm not going to read it to you, but I do want to tell you, listening to the conversation back and forth, it harkens me to some of the conversation from the proponents and I heard several times a statement that, yeah, we need this \$7 million but that's just the tip of the iceberg; this is a big problem that needs to be addressed with urgency. And I happen to be involved with a couple of similar water sort of issues. I manage the combined sewer overflow program in Omaha, which is a \$1.7 billion program. I've also worked with the Papio NRD on flood control issues in the metropolitan area and we've developed a \$650 million plan to address that. We're not getting any significant state or federal money to do those things. Those are all local projects. And so I'm trying to use my experience, well, how did we get this done? And really, I think the key to it is that, yeah, we're going to have to see some tax increases, some fee increases. I think it should be on a local level. But I think really to accomplish what needs to be done in the water resources arena, you're going to have to provide those NRDs with bonding authority so that they can finance these programs and spread those costs forward. You can do \$7 million studies and you can chip away at it, but you're not going to get where you need to be until you invest some big dollars, and it's an important issue. So again, I'm not trying to talk down to you or tell you what you should do. I'm just telling you that's the way we're approaching it and I don't know how we could do it otherwise. So with that, if you've got any questions, I'd answer them. [LB229]

SENATOR LANGEMEIER: Are there any questions? I do have one. How long have you been with the city? You've been testifying my seven years in the Legislature. [LB229]

MARTY GRATE: I've been with the city for 30 years. [LB229]

SENATOR LANGEMEIER: Okay. That's what I thought. Thank you very much. Appreciate your testimony. Further testimony in opposition? Wes, good afternoon.

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[LB229]

WES SHEETS: (Exhibit 28) Good afternoon, Senator Langemeier, members of the Natural Resources Committee. My name is Wes Sheets, that's spelled S-h-e-e-t-s. I do appreciate the opportunity to appear before you in behalf of the Nebraska Division of the Izaak Walton League. And I'll just second my comments for Nebraska Sportsmen's Foundation. The Schuyler executive director had to go move his car, had another dinner engagement or something, so what I say on behalf of the Ike's is...as a board member of the Sportsmen's Foundation, would go for them as well. We appear to oppose LB229. A lot has been said about the disenfranchised, the trust of the people, and I'm not going to make a comment in that regard. I just offer that it's my belief that the Environmental Trust, over its nearly 20 years, has been very instrumental in continuing the good life of Nebraska. The things that the Environmental Trust has done have been largely a function of improving the environment and I don't think there's any question that economically to have a quality environment entices young people to stay in our state. It also entices people to come to our state with their entrepreneurship. And so there is great environmental or economic benefit to doing environmental type projects to improve our environment. I only offer that the \$7 million annually seems to be a locked-in number. And as Senator Schilz would remember, you know, I was involved in the early days of the tristate agreement. There's been a lot of water under the bridge since I bailed out and a lot of things have happened that I'm not really particularly fond of. But nevertheless, we have it and I think it's probably the best compromise that we could have engaged in over the years it's been under development. My only concern is that the \$7 million annually, I would much rather see an annual appropriation, and emergency crash if that's the case, because my vision would be that that \$7 million quickly will become supplanting money to take care of existing budgets and existing projects that they're doing currently. And if it was to be allocated, I would ask that it be earmarked so that we know that we're going to improve on our situation with the three-state agreement, improve on our situation in the Republican River and all the other resource issues that we apparently are falling behind on. I know that's a tough problem given the deficit situation of the budget right now, but I don't have a magic wand and I don't have a suggested answer other than study the thing to death maybe, Senator. But an interim study committee or resolution may be appropriate to try and find those unique places. You heard from Mr. Donovan just previously and our organization, the Izaak Walton League, was very involved in the Minnesota project and, as far as I can tell, it's been very instrumental in moving that state ahead with all the challenges they face funding water resource projects. Minnesota is largely a water state, so very similar to us. I'd certainly pledge our organization to come to the table and work with whoever wants to try and work on that thing, and if there is an initiative, why, I'm sure we would be wishing to be a party to it. I guess with that, I passed out a one-page, and it basically says we don't like LB229 in its present form, and I promised Barb she couldn't turn on the yellow light. So with that, I'll close so she... (Laughter) Sorry, Barb. And would attempt to answer any questions that you might have for myself. [LB229]

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SENATOR LANGEMEIER: Very good. Are there any questions for Mr. Sheets. Seeing none, thank you very much. [LB229]

WES SHEETS: Thank you very much, committee. [LB229]

SENATOR LANGEMEIER: Further testimony in opposition? Welcome. [LB229]

BRIAN BASHORE: Good afternoon, Chairman Langemeier and members of the Natural Resources Committee. Name is Brian Bashore, B-r-i-a-n, Bashore is B-a-s-h-o-r-e. I'm here on behalf of the Nebraska Wildlife Federation to testify in opposition of LB229. Don't need to get in the details of the bill. We understand what that is by now. Our message to you today is this is a problem, however, it is the wrong solution. Our organization has been involved in the Platte River Cooperative Agreement negotiations that created the Platte River Recovery Program, and today we are represented on the Water Advisory Committee of that program. We were also representative, for a time, on the Governor's Water Policy Task Force that crafted LB962. In all those deliberations, we have been consistent in urging for adequate state funding to carry out the state's obligations to reduce water use. We supported the work of the Governor's Water Policy Task Force to develop funding options for LB962 and still support alternatives discussed. We supported that task force in its specific request to the Legislature that it not pass LB962 without identifying a clear funding source to deal with the obligations in the bill for research, water management, and incentives contemplated in the bill. Since at least 2006, when Governor Johanns and then Heineman were considering whether to approve the Platte River Recovery Program, we have called the legislation to begin appropriate, adequate state funding to meet state obligations to carry out depletions plans that were identified in the recovery program. We have supported discussions more recently between conservation groups, natural resources districts, water users, and other to identify or develop long-term funding sources to carry out the depletion plan, the state obligations under LB962, and other water resource needs in our state, such as water quality. During all that time, diverting funds from the Nebraska Environmental Trust was never an option that was seriously contemplated. The parties that are at the table recognize the value of the Environmental Trust throughout Nebraska. In short, Senators, we strongly support funding to implement the Platte River Recovery Program, to implement LB962, and to meet our obligations under the Republican River Compact. We think funding for incentive-based programs is better than the alternative, which is increased state and local regulation of water use to meet those obligations, but we strongly oppose this massive diversion of funds from the Nebraska Environmental Trust Fund. The committee's very successful effort to craft legislation to deal with wind export facilities, one model you should consider. Rather than rush through a bill that would earmark funds from the Environmental Trust, we urge you to use the interim study process to bring together a broad range of interest groups to find reasonable sources for long-term funding. With that, do you have any questions?

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[LB229]

SENATOR LANGEMEIER: Very good. Are there...Senator Christensen. [LB229]

SENATOR CHRISTENSEN: Thank you, Chairman. Brian, I appreciate you testifying. You and I are on opposite sides. I never did like the Cooperative Agreement and, besides that, I knew there would never be funding for it. We've had that history of problems in this state. And I know you suggest have an interim study on doing it, but everybody that was involved in the Cooperative Agreement could have been studying this and presenting options and no one has. And we're about to get down to where we've got to get more done to meet the time lines. I guess I'm a little frustrated on the sideline here that we never have good options come in. I could throw this question at anybody. But the delaying it another year or two doing a study, because I don't see anything ever going to come up out of it other than taxes, which anyone that votes for a tax here is going to be gone, and anybody that ran on the idea of a tax is going to be...not get elected. It's an extremely difficult. I'd like to see the players, as you mentioned you was one of the players, the reason I threw this out, the players of the Cooperative Agreement come up with a funding solution and how we're going to be able to do it, because I guess I'm tired of unfunded mandates and the state is good at doing that, and we signed this unfunded mandate. The Water Task Force was an unfunded mandate before we was done. And I'd like to see some players that are involved in it. You know, I've had the difficult task the last four years stepping up in the Republican, taxing my own district very hard to work on issues. And my fear all along was no one wanted to help me on the Platte...or on the Republican but then the Platte would want the state to do it, and I guess I do not feel that's fair, don't feel it's right. So I'd like to see somebody come up, that supported this cooperative agreement, come up with the funding of it because I guess I feel like we were forced to in the Republican. So I'd love to see an organized group getting working on it because I feel like we got left alone in the Republican. [LB229]

BRIAN BASHORE: Uh-huh. Yeah, and I understand, Senator, and we do agree on many of those same aspects of a lot of studies and things that take place and nothing seems to get done and there isn't a very timely fashion on a majority of those type of issues. We recommend here's a...that the task force, that there's possibly a resolution put in place that there needs to be a deadline, a time. You have six months, one year, whatever. A year or two may be entirely too long. There is a sense of urgency, depending on what your...how you interpret urgency. A year or two, that could be a long time. Studies do take a long time and cost money unfortunately. A lot of it has been done. You've heard from other organizations, things are in place, they're moving forward. What I recommend is a little more time and maybe the committee could put together a time line and deadline that those resolutions need to be in and everybody understands what the alternative is with this bill being introduced. Therefore, if they can come to the table, our organizations, others, there should be very little argument at that

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point with knowing what the outcomes could be. [LB229]

SENATOR CHRISTENSEN: Okay. Thank you. [LB229]

SENATOR LANGEMEIER: I have one question. You talked about the Water Policy Task Force and the Wildlife Federation had a seat at that table. Were you the member at that time? [LB229]

BRIAN BASHORE: No, sir. [LB229]

SENATOR LANGEMEIER: Somebody else was? [LB229]

BRIAN BASHORE: That would have been Duane Hovorka, I believe. [LB229]

SENATOR LANGEMEIER: Duane was? Okay. [LB229]

BRIAN BASHORE: Duane Hovorka I believe is the member of that. He's unable to attend today so these are actually most of his notes. [LB229]

SENATOR LANGEMEIER: Well, I appreciate you coming in. But to follow on Senator Christensen and since I've been here, that was...LB962 was passed in 2004 and everybody that has testified over my seven years now in the Legislature has always said we thought there was going to be funding with it when we supported LB962. However, there was never an A bill introduced, there was never an attempt for funding, there's never been anybody come forward with an idea to try and get funding for it since 2004, and so here we are stuck and we've got to fund it. So I'm inclined to make this transfer and put somebody on the hook and then maybe some suggestions will come forward. You have till 2013, January of 2013 to come up with a solution. Maybe that's what we need. Before it goes into effect, you have one more session. I'll be here to help you with that. [LB229]

BRIAN BASHORE: That would be well. [LB229]

SENATOR LANGEMEIER: So anyway, thank you very much. [LB229]

BRIAN BASHORE: Thank you. [LB229]

SENATOR LANGEMEIER: Very good. Good fill-in, pinch-hit. You did good and you were patient enough to wait. Further testimony in opposition? [LB229]

ROSINA PAOLINI: Good now evening. [LB229]

SENATOR LANGEMEIER: Yes. Welcome. [LB229]

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ROSINA PAOLINI: I am Rosina Paolini, R-o-s-i-n-a, last name P-a-o-l-i-n-i. No, I am not Italian. Thank you for being here today. I'm a member of four groups that have benefited from the Environmental Trust: Friends of Wilderness Park, Friends of the Pioneer Park Nature Center; Wachiska Audubon; and Great Plains Trails Network. These groups do fabulous things for the state, as we well know, and great things for the city. Two basic points, I'll keep it short. Water is a valuable commodity; fiscal constraints. I'm used to talking to the city council, quite honestly, so this is quite new to me. We have not had a property tax raise in Lincoln, Nebraska, since the '90s? I think this city and state really need to invest in their life here and I challenge all of you and all of the senators to say, what is the real cost of environmental sustainability? That real cost is paying for our gas and paying for our property, and those price...those need to go up. They've been flat. We had a 3 percent from the county board for Lancaster increase in property tax, but it's a challenge. It's education, it's taking a chance. But at the town hall meeting last year, last year 72 percent of Lincolnites said they'd pay more property tax rather than to continue to have services cut. So those kinds of discussions need to start happening because the cost of living is increasing so we've got to pay for it. On the water value, it is the most valuable commodity we have, more than gas. I'd say increase the gas tax. Let's pay the real price for gas. It will make us much more mindful of when we drive, myself included, and I ride a bicycle a lot of places. But on the water value quality or water value as a valuable resource, we need to conserve it. Cisterns collecting water on a mass of volume, educating our farmers about more sustainable farming, dryland farming, are we choosing the right crops, do we need to go back to some of our old ways of letting things go fallow? I am not a farmer but I do a lot of research with environmental sustainability. I think those are certainly good directions to go and directions we will need to go if we want to continue our lifestyle as it is. And then limiting the type of irrigation we have, being able to actually know how much irrigation is going on, metering it, and then regulating it. So I know you're looking for answers and options. This is a little outside of the box, but I do challenge you to challenge our people, what is really important, please. Any questions you might have, I hope I can answer them. [LB229]

SENATOR LANGEMEIER: Very good. Are there any questions? Senator Dubas. [LB229]

ROSINA PAOLINI: Yes. [LB229]

SENATOR DUBAS: Thank you, Senator Langemeier, and thank you for attending. It's very rare that we have people come forward and say would you please raise my taxes so...but I understand where you're coming from. And I think many of us have had this conversation with our constituents back in our district as we went through what we call the LR542 process last year where all of the standing committees met with our state agencies to evaluate the programs that they have, what's working, what's not, the

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employees that they have. And I know I took that message back to my district saying we are at that crossroads and, if we want to continue having these are services, are we willing to pay more, are we willing to look at less services? And I think that's a question that we as policymakers are already looking at, but we do need to ask that same question to our constituency as to what are your priorities. But also as I talked to my constituents, I represent a very rural area so we have farmers and ranchers who are paying a lot in property tax and we as farmers and ranchers don't have the ability to raise our prices to cover our taxes. And so it is becoming much more difficult for us to pay those taxes. Or I have senior citizens who are on fixed incomes and may not always qualify for a homestead exemption or those types of things. We don't have a lot of other things to tax in the state of Nebraska outside of our property and our land so we are challenged to either eliminate programs, find better ways to fund them, or have the types of conversations that we're having today. So I don't know that I necessarily have a question for you. I've appreciated the out-of-box thinking that you have raised today. But from where I'm coming at with my constituency and the challenges we have just to make a living and pay those taxes, those aren't ideas that would probably be embraced with a lot of enthusiasm back in my district. But again, I appreciate what you've brought forward to us. [LB229]

ROSINA PAOLINI: Thank you. Anybody else? [LB229]

SENATOR LANGEMEIER: Senator Christensen. [LB229]

ROSINA PAOLINI: Yes. [LB229]

SENATOR CHRISTENSEN: Thank you, Mr. Chairman. Thank you for coming in. You mentioned, if I heard you correctly, there was a poll or something, about 72 percent of the people in Lincoln would vote for higher property tax. [LB229]

ROSINA PAOLINI: Correct. [LB229]

SENATOR CHRISTENSEN: Where was that? [LB229]

ROSINA PAOLINI: It was at a town hall meeting for...it was at the city budget time and there was...they had town hall meetings and 72 percent of the population suggested that rather than cutting services, they would rather see their property tax increased. [LB229]

SENATOR CHRISTENSEN: Was that like a paper poll or in newspapers that... [LB229]

ROSINA PAOLINI: No, that was actually a clicker. [LB229]

SENATOR CHRISTENSEN: Oh, clicker. [LB229]

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ROSINA PAOLINI: Uh-huh. [LB229]

SENATOR CHRISTENSEN: Just the people attending. [LB229]

ROSINA PAOLINI: Uh-huh. [LB229]

SENATOR CHRISTENSEN: Okay. I was just curious where it come from... [LB229]

ROSINA PAOLINI: Yes. [LB229]

SENATOR CHRISTENSEN: ...because property taxes, I would say if you ask the senators, is the number one hated tax and probably the easiest way to get voted out, so that's why I was... [LB229]

ROSINA PAOLINI: The gas tax is another option, sir,... [LB229]

SENATOR SCHILZ: That's second. [LB229]

ROSINA PAOLINI: ...and we all drive... [LB229]

SENATOR CHRISTENSEN: Yeah. [LB229]

ROSINA PAOLINI: ...and we all need to pay the real price for oil. Yeah. [LB229]

SENATOR CHRISTENSEN: So, no, I'd rather do that than some other things but thank you. [LB229]

ROSINA PAOLINI: Thank you. [LB229]

SENATOR LANGEMEIER: Are there any other questions? Seeing none, thank you very much for your testimony. [LB229]

ROSINA PAOLINI: Thank you kindly. [LB229]

SENATOR LANGEMEIER: Well done. Good afternoon. Welcome. [LB229]

JERRY McDONALD: Good afternoon. My name is Jerry McDonald, J-e-r-r-y M-c-D-o-n-a-l-d. Thank you very much for having me here. I really appreciate it, Senators. This is my first time here. I'm kind of nervous but, like I said, my name is Jerry McDonald and I'm the Nebraska representative with Pheasants Forever. I'm here today to represent 61 Pheasants Forever chapters and 4 Quail Forever chapters. In the state of Nebraska that number is really close to about 11,000 members and I just wanted to

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go on record with Pheasants Forever, Quail Forever to oppose this bill. I'll keep it short, but when the Nebraska Lottery started in the early '90s, and I am old enough to remember that, it did pass and the benefit was education and environment. And when the ballot was passed, I know there was a lot of debate on it but the people of Nebraska approved the lottery and it was somewhat like a contract with the state on how the money would be spent for mostly education and environment. I know there's a couple other things in there too. But the funds actually provide crucial environmental benefits to the state and the grants that successfully go through Nebraska Investment (sic) Trust really go through a rigorous approval process and they're merit based, as we heard today, and only the best are accepted. Most grants are matched at the two-to-one level, public funding and federal dollars are required for that federal match, and we feel this program is working very effectively and we ask that you not take any money away from that fund and just wanted to know that we're in opposition of this. And thank you for letting me talk, and if you have any questions I'd love to attempt to answer them. [LB229]

SENATOR LANGEMEIER: Any questions? Senator Carlson. [LB229]

SENATOR CARLSON: Thank you, Senator Langemeier. Of the 11,000 members, you got any idea of the makeup? Where do they come from? [LB229]

JERRY McDONALD: We are in about 80 counties of the pheasant and quail counties of Nebraska. They're spread out through all of Nebraska. On our Web site, [NebraskaPF.com](http://NebraskaPF.com), shows you exactly where all our chapters are located. [LB229]

SENATOR CARLSON: Would the majority of members come from Lancaster and Douglas? [LB229]

JERRY McDONALD: Well, no, I'm not sure of the exact breakdown but Douglas County, Sarpy County, Lancaster County all have 1 chapter, and then we have 60...59 more chapters in the state of Nebraska. So it's hard to say if they would encompass. It wouldn't be an urban/rural type of split. I could try to get those numbers for you. I'm not for sure. [LB229]

SENATOR CARLSON: Well, you indicated the Web site and it would be on there. [LB229]

JERRY McDONALD: It shows where each chapter is located, in what county, and the chapter name: [NebraskaPF.com](http://NebraskaPF.com). [LB229]

SENATOR CARLSON: Okay. All right. Thank you. [LB229]

JERRY McDONALD: Yes. That's good information there. [LB229]

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SENATOR LANGEMEIER: It is. Are there any other questions? Seeing none, thank you very much for your testimony. [LB229]

JERRY McDONALD: Thank you. [LB229]

SENATOR LANGEMEIER: Further testimony in opposition? Go ahead. [LB229]

JASON SKOLD: (Exhibit 29) Evening. My name is Jason Skold, J-a-s-o-n S-k-o-l-d. I'm the director of conservation programs for the Nature Conservancy here in Nebraska. Mr. Chairman, members of the Natural Resources Committee, the Conservancy has been in Nebraska since 1971. We work to conserve ecologically important lands and waters, in partnership with private landowners, government agencies, and other nonprofits. We have about 4,000 members in Nebraska, 26 trustees from across the state. A hundred percent of our financial support comes from Nebraska and Nebraskans. The Conservancy worked hard in the 1990s to help establish the Nebraska Environmental Trust. Since then, the Trust has catalyzed millions in important conservation works around the state and emerged as the single, most important source of funding by far for preserving our state's wildlife, wild places, and natural heritage. The Conservancy generally opposed legislative earmarks of Environmental Trust Funds, as this bill would do. The amount of money earmarked and its duration especially threaten the continued good work of the Trust. We do, however, strongly support the Platte River Recovery and Implementation Program and recognize the state has a critical, unfilled obligation to the Platte's recovery. It has been reported in the press and mentioned here several times, this bill is intended to fulfill the state's obligation to the Platte Recovery Program, yet as written, funds taken away from the Environmental Trust could be used for a much wider variety of water projects than just the Platte Recovery Program. Moreover, once Environmental Trust Funds are earmarked to the Water Resources Cash Fund, as directed in this bill, they could then be transferred by the Legislature to the General Fund and not be applied at all to the water, to water or other environmental needs. Surely the voters that went to the polls twice to establish the Trust did not intend for this to happen. The Environmental Trust already uses a competitive, transparent process guided by a broadly representative citizen and agency board to award grants to our state's most important environmental needs, including the Platte River, \$27 million to the Platte River in recent years. Why not use the Trust's existing structure to fund Platte River Recovery projects preapproved by their governance committee on an as-needed rather than earmarked basis? Thank you for the opportunity to testify and attention to our comments. I'd take any questions. And I'd note I'm just, you know, I'm encouraged by the questions surrounding, you know, looking for innovative approaches and hearing a lot about that today. We've worked on the ground for several years on the Platte River and other rivers trying to come up with those innovative approaches. We were part of the group that it's been discussed about finding some new funding source for these water needs, so we've been there in the past. Hopefully, we're there in the future to do

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the same as an organization. [LB229]

SENATOR LANGEMEIER: Are there any questions? I'm glad you brought that up at the end about being part of that group. [LB229]

JASON SKOLD: Uh-huh. [LB229]

SENATOR LANGEMEIER: What are your suggestions to this point? What ideas have you thrown out. [LB229]

JASON SKOLD: I... [LB229]

SENATOR LANGEMEIER: I'm not going to hold you to them, but what...you obviously...there's something that was thrown at the wall to see if it'd stick. [LB229]

JASON SKOLD: Yeah, I think Steve Donovan with Ducks Unlimited gave a pretty good... [LB229]

SENATOR LANGEMEIER: He didn't have any. I'm asking you. [LB229]

JASON SKOLD: Well, but...I mean the example that we worked through, I think, with that collaborative group that was trying this over the past year, and I was not the representative from the organization on that, Mace Hack, our state director, was... [LB229]

SENATOR LANGEMEIER: Okay. [LB229]

JASON SKOLD: ...basically looked at, yeah, the incremental tax increase that has been done in other states. Possibly the unique thing that the Conservancy brought to that group, in other states there was at some point a large charitable foundation that was funding nongovernmental organizations to help them establish that tax increment financing for environmental purposes in states, sustainable funding for states. And so a large charitable trust used TNC as an organization, and other organizations, to in a sense provide funds to help jump-start those processes at the grass-roots level. So that may be one interesting or innovative approach that, you know, the Conservancy has played in other states. I'm not sure if that was exactly discussed here in Nebraska, but a unique role NGOs can play in that arena. [LB229]

SENATOR LANGEMEIER: Very good. I put you on the spot; you did well. Are there any other questions? Seeing none, thank you very much. Good job. [LB229]

JASON SKOLD: Thank you. [LB229]

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SENATOR LANGEMEIER: Further testimony in opposition? Don't be shy; come on up. Good afternoon. [LB229]

BRAD MELLEMA: (Exhibit 30) Good afternoon. My name is Brad Mellema, B-r-a-d M-e-l-l-e-m-a, from Axtell, Nebraska. I'm executive director of the Nebraska Nature and Visitor Center, located at the Alda exit on Interstate 80 right between Hastings, Grand Island, and Kearney. And I'm speaking as a private citizen today. I've not had time to contact my board to get feedback from them regarding today's conversation about the legislative bill before us. A couple of things that I wanted to bring out, the letter that's being handed out to you is from a friend and colleague, you may recognize the name, Joel Sartore, a National Geographic photographer and conservationist, lives here in Lincoln, currently could not be here today, would have been but he's preparing to go out of the country on assignment. But he's worked tirelessly in Nebraska on a number of topics and a lot of the work that he's done has been done on grounds that have been affected by the work of the Environmental Trust. And so he, the letter, I'll let you read that at your leisure, is in opposition to it and I wanted to point that out to you. The thing that I'm a little bit disturbed by, I think there's great projects that the \$7 million a year, 10, 11, 11 years I believe it is, would go out. I'm not in opposition to those projects. The water resources and so forth that would be conserved through them are good projects, so I think what's happening is we're kind of pitting people against each other. What we're going after here really isn't water. It's kind of about money. I'll get back to that in just a second. I have the greatest job in the world as director of the Nature Center. I get to go out with people from around the world. Last year we had over 40 countries represented at the center, all 50 states. Right now people are making reservations to come to Nebraska. One of the viewing blinds that we have is up on a rise. There was a gravel pit that created about a 30- or 40-foot mound 30, 40 years ago and we put a viewing observation deck up there. And I take literally hundreds of people in tours up there and from there I can see the Platte River Valley. I can see all up and down there. And I get the opportunity to talk to them about conservation on the Platte and I say, you get out here and you can see the river, but what you don't see is what I call a patchwork quilt of conservation. There's private landowners; they own most of the ground that you see. There's some nongovernment organizations that see what that is and how all that fits together into this quilt work. Sometimes it works great and sometimes it doesn't work very well for conservation. But the result is we get to watch the wildlife that come in, in the evenings, roost there, use the river and leave. Okay? And I get to see that firsthand and that's really an awesome experience. The Environmental Trust has played a key role in my ability to be there, in the funding that they've provided to us as an organization, and they've provided a lot of money for things within eyeshot of that blind that have worked very well. I don't buy a lot of lottery tickets. I've probably bought half a dozen of them since it was established. What I do, sometimes I'll buy that just on a whim, again maybe one every two years, and I'll get gas and I'll get in the car with my wife, and it allows us to dream up until those numbers are called, at which point it's a loser, and I've lost every time. Okay? I then make that into a donation. I say it's going to

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a cause. The voters of Nebraska established the lottery, and I think we do need to respect that it was established by the voters. I think what we're trying to do is to solve a water problem. We say the water problem is important. What's more important, the highway that I drove here from Axtell today that was well maintained? The snow will probably be removed by the time I go back tomorrow and those types of things, very important. What's more important, that or that cup of water that's in front of you right now? Water is important. But choosing the battles and choosing the political hay that you need to make in order to choose these water decisions, so it's really redefining it, and that's the thing that I wanted to bring up today, is where the priority is. So I stand in opposition to it. The Environmental Trust works. It works very well. I've had opportunity to witness that firsthand through the educational opportunities that I've been able to present in my capacity at the Nature Center. That's my presentation today. I'd be open to any questions that you might have. [LB229]

SENATOR LANGEMEIER: Very good. Are there any questions for Brad? Seeing none, thank you very much. [LB229]

BRAD MELLEMA: Thank you. [LB229]

SENATOR LANGEMEIER: Well done, and have a safe trip back in the snow. Good afternoon or I'm not sure when... [LB229]

STEVE MORAN: Good evening. [LB229]

SENATOR LANGEMEIER: I should say good evening. [LB229]

SENATOR DUBAS: Yeah, it's evening now. [LB229]

STEVE MORAN: Most of my points have been made but I'm from Grand Island. My name is Steve Moran,... [LB229]

SENATOR LANGEMEIER: Thank you. [LB229]

STEVE MORAN: ...S-t-e-v-e M-o-r-a-n. Most of my points have been made but I've got to go back to Grand Island in a snowstorm so I might as well make it worth the trip. [LB229]

SENATOR LANGEMEIER: (Laughter) And we're here and...we're here; we want to hear it. [LB229]

STEVE MORAN: I oppose the LB229 proposal to divert \$77 million from the Nebraska Environmental Trust to the Department of Natural Resources Water Resources Cash Fund. I'll focus on three points. One, as Mr. Schupbach stated, I really wonder if the

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Legislature has the authority to access funds that are not tax revenues or fees. The dollars the NET receives are gambling losses, not taxes. A constitutional amendment established the Nebraska Environmental Trust to distribute lottery gambling losses through a competitive grant process to educational and habitat protection projects. The constitutional amendment did not list state programs and agencies as the recipients of these gambling losses. The 11-year diversion of the Nebraska Environmental Trust Funds illustrates that this is not part of a plan to address the 2-year budget dilemma but an 11-year, \$77 million, what I consider, raid on the Nebraska Environmental Trust. This is at the expense of projects more germane to the goals and missions of the Nebraska Environmental Trust. Three, the Nebraska Environmental Trust portion of the lottery ticket purchasers' losses revenue are the cornerstone of citizen-led conservation in Nebraska. The gambling losses allocated through a competitive grant process are very often used as matching funds for other federal or private conservation grants. This multiplies the economic benefit to Nebraska, and the economy will likewise take a hit if these matching opportunities go away. Diversion of the funds will reduce the Nebraska citizens' involvement in conservation of habitat in order to fund a government agency, and I just don't think that the Nebraska Environmental Trust Funds should be used to fund a state agency's objectives. Thank you. [LB229]

SENATOR LANGEMEIER: Very good. Are there any questions? Seeing none, thank you very much. Well done. Further testimony in opposition? Good evening. [LB229]

LYNN JOHNSON: (Exhibit 31) Good evening. My name is Lynn Johnson, L-y-n-n J-o-h-n-s-o-n, and I'm with the city of Lincoln Parks and Recreation Department, and I'm going to very brief this evening because I think the points have essentially all been made, but I want to reiterate a couple of them. We, with the city of Lincoln, support the management of Nebraska's precious water resources and I think that we also understand the limited funding resources and the challenges that that creates. I think we've heard multiple times today that the Nebraska Environmental Trust is working, that the system that's in place to evaluate grants in an objective manner is working in this state and it's having an impact. I think we've also heard today that the NET is having an impact on addressing the water management issues in this state. It's probably part of the solution. I don't know that it's the entire solution. We don't think that directing the funds from the Environmental Trust to the Department of Natural Resources is the right solution. And I think the other thing that we should reiterate today is that these funds are unique in this state; that the fact that you see this year that there are 72 applications totalling \$54 million, that means 1 in 4 or so of those applications is going to get funded. So that means that we are taking a very limited resource that is available statewide and we're directing it to one area. And so I think we would stand with the others who have spoken in opposition today. We think that there is a solution out there. We think the Environmental Trust can be part of that solution but we don't think that diverting the funds is the appropriate tool to move forward with at this point. I'd be happy to answer any questions you may have. [LB229]

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SENATOR LANGEMEIER: Are there any questions? So your testimony is on behalf of the city of Lincoln? [LB229]

LYNN JOHNSON: On behalf of the city of Lincoln, yes. [LB229]

SENATOR LANGEMEIER: So if...we've heard all about "not transfer these funds," "not transfer these funds," and I keep hitting on where are we going to get the funds. Would it be your same position to support if we took out of the budget, say, \$7 million, \$25 million out of the university here in Lincoln and put it over there? [LB229]

LYNN JOHNSON: I know... [LB229]

SENATOR LANGEMEIER: There's a big pocket there, \$25 million for Innovation Campus. That would be a nice chunk. [LB229]

LYNN JOHNSON: There is and obviously that's a different challenge in this state. [LB229]

SENATOR LANGEMEIER: So would you support that? [LB229]

LYNN JOHNSON: I don't know that I can speak to that, to be perfectly honest. What I think is being asked of us today is we're changing a tool, we're modifying a tool that was developed for one method. It's a part of the strategy. One of the things I heard Mr. Brohman say today and that I heard several other individuals say today is let's get some of the best minds in the state together, let's look at this issue and let's put together a strategy that works. And certainly the Environmental Trust is part of that solution. It's not the entire solution. [LB229]

SENATOR LANGEMEIER: Are there any other questions? Seeing none, thank you very much. [LB229]

LYNN JOHNSON: Thank you. [LB229]

SENATOR LANGEMEIER: Well done. Further testimony in opposition? I like the eagerness, but no fighting. Good evening. [LB229]

LARRY HUTCHINSON: (Exhibit 32) Good evening, sir. My name is Larry Hutchinson, L-a-r-r-y H-u-t-c-h-i-n-s-o-n. I'm here to represent the Nebraska Chapter of the American Fisheries Society, which is a group of aquatic professionals from across the state, at the state level, and we're basically opposed to the transfer of the money from the Environmental Trust. We support the Trust when it was established and have ever since. The chapter has never applied for or received any grant from the Environmental

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Trust, but we've certainly seen the benefits from it. Therefore, basically our statement is leave it alone, it isn't broke. We represent a lot of different organizations or people who work for different organizations, whether from universities, aquatic educators, or people in private industry that are professional ecologists, and state and local agencies as well. So that basically concludes my testimony and with the written part submitted for that purpose. [LB229]

SENATOR LANGEMEIER: Very good. [LB229]

LARRY HUTCHINSON: Before I...as I recall in a past life with my Game and Parks Commission job, as a personal interest in following what the Water Task Force has done, I attended most of the meetings, and I recall, as Ron Bishop brought up earlier, there was a subcommittee established to seek funding alternatives to do things with water issues. I don't have that...I haven't read that report for a long time but I remember one of the first ideas was to take a small percentage of the, I believe, the state sales tax and allocate it for water projects. And we're told that's a sacred sales tax, that you can't do that. I think there were some other alternatives suggested by that committee. I don't recall all what they were. But that would be one place that people could start looking at a little bit again and as alternative sources. And apparently the sales tax for roads isn't quite as sacred maybe because a bill has been introduced to divert some of it for roads, so you've got choices about what is more important, water or roads. Somewhere along the line maybe one of those will come out on top and we hope it won't be from the Environmental Trust. [LB229]

SENATOR LANGEMEIER: Very good. Are there any questions? You're fortunate Senator Fischer is an equal opportunity senator. She is touching this sacred spot and the sales tax sacred spot. (Laughter) [LB229]

SENATOR SCHILZ: Yeah, she wants it all. (Laugh) [LB229]

LARRY HUTCHINSON: Yeah. [LB229]

SENATOR LANGEMEIER: So it's equal opportunity. And now that she's not on my committee, I can say stuff like that. (Laughter) Thank you very much for your testimony. You did a great job. Further opportunity to testify in opposition of LB229. Welcome. Good evening. [LB229]

DAN KING: Thank you. My name is Dan King, D-a-n K-i-n-g, and I live here in Lincoln, Nebraska, and I'm representing our Boy Scout Troop 61, although I do represent also my family who has homesteaded here in Nebraska several generations from across the state from Gering to Hastings to North Platte and other spots as well. Like it's been said, I think many of the points have already been brought up and some great suggestions. I'm opposed to LB229 for many reasons and I won't go into those because I think we've

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covered most of those. But I will say, it was brought up, I think actually by Senator Fischer herself, that water is not a priority in the Chamber and it needs to be. It's long overdue and I think this is just a wash, if you will, to put that off a little bit longer. And water is our critical resource here in the state. I think it's just been within the last two decades that some of our professionals and other organizations have come to the determination that surface and groundwater are actually connected. So maybe Nebraska is a little bit slow in the race to understand the water resource and exactly what it means to our population and to our future. What I would like to ask is that we do an interim study, that we do bring together additional stakeholders that weren't involved in the process in the beginning so that we can find consensus. And I, like some of the other folks in the room here, would be willing to pay higher taxes for water quality and that's a fact. My family depends on water, good water, and I think this is really a quantity issue and not a quality issue. And so I would challenge this committee and other leaders in the state to make water a priority. It's long overdue. And that concludes my statement. [LB229]

SENATOR LANGEMEIER: Very good. Are there any questions? Senator Christensen. [LB229]

SENATOR CHRISTENSEN: Just thinking out of the box, you come up at the wrong time possibly but, you know, I've sat here and I have taxed my own irrigators to provide more water. Would you be willing to see taxes put on conservation projects so that we can have more conservation projects? [LB229]

DAN KING: If that's the solution that's put forth and has...and it's legitimate and based in reality, yes, sure. [LB229]

SENATOR CHRISTENSEN: Because I guess some people might wonder about that but every time that we no-till farm or plant grass along streams or anything else to reduce the amount of runoff, more likely to soak in, even farmers themselves, "drylanders," have reduced streamflow because they leave standing wheat stubble, which is good for birds, it's good for a number of things,... [LB229]

DAN KING: Uh-huh. [LB229]

SENATOR CHRISTENSEN: ...the less water runs off. My terraces don't wash out no more because I do that. Water doesn't run off. Every time that I do another conservation project I take water out of the stream and that's been part of my frustration all the time is the fact that we keep increasing conservation projects which take water out of the stream and turn around and retire irrigated areas to put more water in the stream. And the only people not getting taxed and hit here are the conservationists. And so, you know, I just wanted to say it out loud just for people to hear it and think about it. [LB229]

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DAN KING: Sure. Sure, Senator. So when you take your water out of the stream where do you put it? I mean what is it? [LB229]

SENATOR CHRISTENSEN: Well, when you take...you put it on an irrigated crop if you are taking it out as irrigation, but if you hold it in a...my dad is the ultimate conservationist. He went out and terraced every acre of grass, put in dams, no runoff. We can hold 1,000 acre-feet of water on 300 acres, you know, them type of things through conservationists, but he's took a lot of water out of the stream and that type of thing. Dryland farmer, they always say, well, I've taken no water out of the stream, don't tax me, but he took his yields up when he quit summer fallowing, black dirt summer fallow, because that seals over. University studies will show you certain soils will only take 20 points to 50 points an hour if it's black dirt versus one to two inches an hour if it's got all this stubble on it, you know, conservation again. Everybody...we're getting too good at conservation and it's affecting the stream and that's one of the reasons why I struggle with meeting water flows in a stream... [LB229]

DAN KING: Uh-huh. [LB229]

SENATOR CHRISTENSEN: ...because we're not stopping what is causing the problem. [LB229]

DAN KING: So that's a water quantity issue. [LB229]

SENATOR CHRISTENSEN: That's water quantity, but everybody, whether you like to see CRP, CREP, terraces, no-till farming affect that stream. [LB229]

DAN KING: Sure. [LB229]

SENATOR CHRISTENSEN: And that's the tough part, is we typically pinpoint an irrigator, well, to meet this Cooperative Agreement, we're going to shut off 140,000 acres the first go, another 300,000, 400,000 in the second phase, and that kills your economy too. And that's why I love we're having this hearing and I hope there's people get together and meet and come up with a funding source because... [LB229]

DAN KING: What's the price of business for Monsanto or Cargill to business in Nebraska? [LB229]

SENATOR LANGEMEIER: You don't get to ask questions. [LB229]

DAN KING: I'm sorry. [LB229]

SENATOR LANGEMEIER: We'd be here all night. Senator Carlson has a question. [LB229]

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SENATOR CARLSON: Thank you, Senator Langemeier. Next to me, you're a young man. [LB229]

DAN KING: Yes, sir. [LB229]

SENATOR CARLSON: What do you do for a living? [LB229]

DAN KING: I work here in the city as a scientist and educator. [LB229]

SENATOR CARLSON: You work for the city or you're a teacher? [LB229]

DAN KING: I work for the city as an educator and scientist, yes. [LB229]

SENATOR CARLSON: Do you feel like you stay abreast on what's happening in the Legislature? [LB229]

DAN KING: I try to. [LB229]

SENATOR CARLSON: Now Senator Fischer made a comment about...that you took as indicating that the bulk of our senators don't know anything about water? [LB229]

DAN KING: I'm sorry? What was that? [LB229]

SENATOR CARLSON: What did you say that Senator Fischer said about... [LB229]

DAN KING: She said that water had not been a priority on the Chamber floor, or something like that, to quote her. [LB229]

SENATOR CARLSON: And she was making a point with that. Those of us that have been here for a few years and spend a good portion of our time trying to solve the water issues of the state don't take kindly to that kind of comment. Now I appreciate you being here because is this your first testimony in front of committee? [LB229]

DAN KING: Yes, sir. [LB229]

SENATOR CARLSON: Okay. And so don't stop just because I'm jumping on you a little bit, but I respond to things that are said. And we are spending a lot of time on water. Water is serious and we understand it. It's the most valuable resource in the state and we're busting our tails trying to encourage management of the water resource we have so that we not only have it today, but we have it 50 and 100 years from now across the state for all the people in Nebraska and particularly those in agriculture that need it to irrigate, because it is the lifeblood of agriculture. So I'm venting a little bit on you but

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I...and in your position you probably can't watch what happens on the floor. If you have an opportunity, tune in on Nebraska Educational TV and listen to some of the debate that takes place, as well as perhaps coming to some other Natural Resources hearings, and we spend a lot of time on water. [LB229]

DAN KING: And I'm sure you do. [LB229]

SENATOR CARLSON: Okay. [LB229]

DAN KING: And I appreciate your time and efforts there, especially here in the most recent past. [LB229]

SENATOR CARLSON: Okay. Thank you. [LB229]

DAN KING: Thank you. [LB229]

SENATOR LANGEMEIER: Seeing no other questions, thank you very much. [LB229]

DAN KING: Thank you, Senator Langemeier. [LB229]

SENATOR LANGEMEIER: Thanks for what you do for Boy Scouts. Further testimony in opposition? Anyone else in opposition? [LB229]

RON PATTERSON: (Exhibit 33) Good evening. My name is Ron, R-o-n, Patterson, P-a-t-t-e-r-s-o-n. I'm from Gretna, Nebraska, which is Sarpy County. I'm a lifetime farmer. I don't know how it happened but I turned past 70 years old and I'm still farming. I rented my first piece of ground in 1957, borrowed my dad's machinery, and never really looked back. No one ever gave me anything. If I wanted land, I had to buy it. And the '80s damn near wiped us out. I don't know if any of you people are farmers or not, maybe some of you are. That was worse than 1929. Now I don't have a lot of time. It's just me and my wife, 700 acres in Sarpy County, 500 acres in Gage County ranch, and 200 head of cattle year-round. I had to get rid of the hired man because they just break everything. Okay? (Laughter) Now I realize I'm wasting my time here and it's late so I need to get to the point here. I do try to follow stuff. I don't get down to the Legislature very often. I was down years ago to Natural Resources Committee because we had serious problems with the Ash Grove Cement Plant burning hazardous waste. Luckily we got that stopped and at least we have some clean air to breathe, you know, today in that Platte Valley. It may not have affected you but it was running us out of there. Now I follow water issues because I farm. Now I'm not an irrigator. Sarpy County is blessed, Douglas County was blessed but it's gone, Washington County is pretty good, but there's different soil types in this state. Out west some of that stuff is pure sand. You got to get water on it, you can't raise nothing. Some of it should not probably be irrigated. But it always goes with, I don't want to call it greed, it's just the...you know, it's farming.

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You try to do better and, you know, you try to expand. I'm an advocate for land protection. We've got to preserve it. If you're not paying attention in the world, China is buying up everything. Corn today, you know, is pushing \$7, beans are \$14, wheat is \$8, cattle are at historic highs. I have cattle. I can get \$1,000 for a feeder animal. Fat cattle are bringing \$1,500. The agriculture economy in this state is so huge right now, if you had the statistics you could put a little, tiny usage tax on it. If the farmers knew the truth behind all this water problems and stuff that has gone through the Legislature through years, and regrettably senators inherit past problems. They didn't create the problems and then they're asked to fix the problems. The Republican mess, you know, the Attorney General Stenberg, you know, in court for years, millions and million in dollars fighting with Kansas, then we lose. I don't know that problem is not fixed. We got the...right, it's probably not fixed. I think the Legislature tried to fix it, near as I could tell, and I'm not trying to be accurate on this stuff so if you question me, I just kind of...I try to read the paper, I try to pick up stuff to see what's going on because I'm concerned about agriculture. There's a bigger picture in this agriculture. It's the most important economy in the whole United States. It's the only thing we got to sell. We don't build anything. It's the only thing that China is buying. (Laugh) It's raised our market. It's John Deere is up, Caterpillar is up, this ag economy is just bustling in this state. Now I'm opposed to this bill because it seems to me like all the time something should have come up, you know, better here than just say--I hate to say the word--robbing a fund. You know, like we're just going to take money out of this fund. I saw some of it last year where we're going to take some money out of the fund but it didn't happen. Then I saw where we're going to grab checkoff funds. I thought, man, that's not going to go over because the cattle...you know, the corn, you know, the corn people, the bean people, the cattle people, I pay them all. We all pay checkoff funds. It's the same way with the lottery. The lottery funds and all these checkoff funds, I call it the people's money. They voted it in. Not all the taxpayers are paying it. And then we have over here the state. What have we got? Sales tax, income tax. Property tax is out there to run our schools. State doesn't have property tax anymore that I'm aware of. So you got two separate deals here. I realize there's serious problems in the Platte. It's probably caused by too many wells. We got too many wells pumping. And this \$7 million and the \$77 million to rob a good agency that's working is not going to solve it. I think it's going to have to think out of the box, bring in new funds. But you may not have anything, you know, in front of you. I'm pointing out that the agriculture economy is just huge. If we raise 4 billion bushels of corn in this state, that's \$24 billion in the corn. Let's add the beans and the corn and the cattle in there, and if there was a little, tiny, small usage tax on everything connected with agriculture right down to Kellogg's cereal, you'd have money to clean up everything and you'd have money to protect farmland and you'd have some money. And I think if the truth was brought out, it would support it because it would clean up a mess. I don't view as what's happening in this bill as anything. It's just like I didn't have anything to do...I mean I was busy vacationing all summer or something and I just came in and I threw a bill in to take some money out of somebody else's account and that's going to fix it. And the only thing I read in the paper is we're going to build a

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dam up here in the hills someplace, we're going to take a canal and run the water in there, and then in the summertime, when the Platte River is dry, when the pivots are running, we'll run some water in there. Well, that's a noble idea. That will keep those farmers in business. Yeah, I'm sorry. [LB229]

SENATOR LANGEMEIER: We're at our time. We need to... [LB229]

RON PATTERSON: Okay. I'm going to... [LB229]

SENATOR LANGEMEIER: You got a final comment you want to make, a final thought? [LB229]

RON PATTERSON: Great. Well, the only thing I'd make is I handed out an article out of the World-Herald. Not everybody reads it. It's just really about protecting farm ground. I didn't make copies but, you know, we have a wonderful magazine called NEBRASKAland. There's a lady wrote an article in there about corn. It's an amazing article. I'd like to have you take a look at it. I'd like to put this in but I can't, I don't have 12 copies. She states, and it's not me, all our wars were fought over corn land, every one of them in this United States. So you read it. It's really going to pique your curiosity because that's what she says. And then she goes into the value of this corn. [LB229]

SENATOR LANGEMEIER: I got to stop you there. [LB229]

RON PATTERSON: Okay. [LB229]

SENATOR LANGEMEIER: If you want to leave your magazine, we'll make copies and pass it out, if you're willing to give us your magazine. [LB229]

RON PATTERSON: Okay. I appreciate it. Okay. [LB229]

SENATOR LANGEMEIER: I did read it. It is a pretty good article. Are there any questions for Ron? Seeing none, thank you very much. You did a good job. [LB229]

RON PATTERSON: Okay. I appreciate your time. [LB229]

SENATOR LANGEMEIER: You bet. Further testimony in opposition? Are we done with opposition? Okay. Yeah, I know, I have a whole bunch of letters. (Exhibits 34-38) Mr. Langan with the Audubon Society, Jon Thomas with the Rocky Mountain Elk Foundation, Cindy Smilley with Keep Omaha Beautiful; Dr. Sud from Michigan, and John Royster with the Nebraska Statewide Arboretum all have submitted letters in opposition. Now we'll move on to neutral testimony. Is there anyone that wishes to testify, neutral testimony? I see three. Are there others, just out of curiosity? Three more? Mr. Sands, welcome. [LB229]

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DAVE SANDS: (Exhibit 39) Good evening, Senator, committee. I guess I was the only fly in the ointment to extend this long hearing a little longer but looks like there's more. I'm speaking in a neutral... [LB229]

SENATOR LANGEMEIER: Oh, name. [LB229]

DAVE SANDS: Oh, I'm sorry. [LB229]

SENATOR LANGEMEIER: Yeah. [LB229]

DAVE SANDS: My name is David Sands, D-a-v-i-d S-a-n-d-s, and I'm the executive director of the Nebraska Land Trust. Whatever people may think of this bill, Senator Fischer and supporters do deserve credit for recognizing a valid problem. There may be nothing more important in this state than water and there should be dedicated funding for better management, preservation of this precious resource. On that I think we can all agree. The million-dollar question has always been where does it come from. When the Water Policy Task Force was formed in 2003, 49 diverse members were charged with reaching consensus on a major overhaul of our water law. When I heard that bit of news, I thought to myself, good luck with that. Remarkably, what seemed to be an impossible task actually came to pass when the task force's recommendations were adopted in LB962; that is, all the recommendations except for one that was most critical to achieving consensus. All agreed that without a source of funding, LB962 was an unfunded mandate that should not go forward. When LB962 did pass without a funding mechanism, those on the task force were sufficiently concerned to form a funding subcommittee to make recommendations on funding mechanisms to the Governor and the Legislature. When nothing resulted from those recommendations, the task force formed a second subcommittee to study the matter further. While there were many good ideas and suggestions from both subcommittees, there was one suggestion that never made the list--earmarking funds from the Nebraska Environmental Trust. As I recall, there were several good reasons for this that you may also want to consider. For one, the economics are not as attractive as they may seem. The NET is already very generous in funding grants, as we've heard. In the last year alone, grants for the Platte and the Republican Basins total about \$3.5 million. This is half of the proposed earmark from the NET, so the net gain for water is not as attractive as it may seem. There was also recognized value in having oversight on how funds were spent, so the best projects rise to the top, and it was felt that the NET was doing a good job of exercising that oversight. Another economic consideration is that if funds are removed from the NET, the dollar loss to Nebraska in conservation will be much greater. This is because the NET has historically received matching funds in a 2:1 ratio to their grants. So if \$70 million is removed over ten years, the actual loss in conservation may approach \$210 million. Even if matching funds are required for water projects, they will likely not be from the same sources or at the same level, so this is just a reality you should factor

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into your decision. I can speak from experience on this issue. Since 2008, the NLT, the Nebraska Land Trust, has matched NET funds with \$2.4 million in federal funds from the NRCS Farm and Ranch Protection Program. Without NET grants as a match, those funds would have simply gone to other states. Another reason that the task force shied away from the NET was the realization that we are all in this together. Farmers, ranchers, cities, sportsmen, wildlife watchers, and others all have a stake in water. For this reason, it was felt that we all need to work together on the issue and it was predicted correctly, as we've seen today, that taking money from the NET would drive a huge wedge between the very parties that should be cooperating. It was also not lost on the task force that we need support from every corner of the state for water policy, especially urban constituents who appreciate what the NET does. So this does beg the question, if not the NET, then what? A place to start would be to determine if an emergency truly exists. If not, perhaps we should show down, take another stab at consensus on water funding. This was the process followed in Iowa where a commission was appointed to determine overall conservation funding needs and the best means to meet those needs. Nebraskans are no less committed to conservation, including both sides in this room today. On the one hand, we all recognize that long term, if we do nothing to fund water needs on a regular basis, a true emergency will exist sooner or later. On the other hand, this state has achieved much by striving for consensus when important water issues are made, and it has served us well by avoiding the urban/rural fight that has occurred over water in other states. While some may think that consensus on this issue is unlikely, I thought the same thing when the water task force was formed in 2003. I was wrong and it taught me that consensus is a wonderful thing and well worth the effort when it can be achieved. With this in mind, perhaps it is time to slow down, bring parties together one more time, and see if we can achieve a consensus on water. And with that, I'd be happy to answer any questions. [LB229]

SENATOR LANGEMEIER: Are there any questions? Senator Carlson. [LB229]

SENATOR CARLSON: Thank you, Senator Langemeier. Thanks for your report. When I see a discrepancy, though, I have to tell you. [LB229]

DAVE SANDS: Sure. [LB229]

SENATOR CARLSON: You've put in here that last year the Republican Basin received \$500,000. They received over \$1 million. [LB229]

DAVE SANDS: Oh, I'm sorry. [LB229]

SENATOR CARLSON: So wanted to make that correction. [LB229]

DAVE SANDS: I apologize for that. I try to get my fact straight. [LB229]

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SENATOR LANGEMEIER: I'll ask one question. As you sat on the Water Policy Task Force and you talk about forming another group, would you be willing to sit on another group? [LB229]

DAVE SANDS: Absolutely. [LB229]

SENATOR LANGEMEIER: And how much time do you think you'd need? [LB229]

DAVE SANDS: Hard to say, but I think... [LB229]

SENATOR LANGEMEIER: Could you do it in a year? [LB229]

DAVE SANDS: ...it would take time. [LB229]

SENATOR LANGEMEIER: Could you do it in a year? [LB229]

DAVE SANDS: I think a year is a fair goal. [LB229]

SENATOR LANGEMEIER: So if we pass this into law and amended it where it started January 1, 2013, that would give you a year and a half to come up with a better solution. [LB229]

DAVE SANDS: Yes. And I would go one step further, Senator. I would, with that, put a companion clause that this task force shall be formed and so that people do get together and talk. [LB229]

SENATOR LANGEMEIER: Very good. Any other questions? Seeing none, thank you. [LB229]

DAVE SANDS: Thank you. [LB229]

SENATOR LANGEMEIER: Thanks for sticking around. [LB229]

DAVE SANDS: I probably got a \$10 parking ticket. I wanted to make it worth my while. (Laughter) [LB229]

SENATOR LANGEMEIER: There's someone here from the city of Lincoln. Maybe you could talk to them. (Laughter) Further testimony in neutral? [LB229]

DEAN EDSON: (Exhibit 40) Okay. Senator Langemeier and members of the committee, thank you for your time today. I'm Dean Edson, D-e-a-n E-d-s-o-n. I'm the executive director of the Nebraska Association of Resources Districts presenting neutral testimony

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today on LB229. The voting delegates of the association will meet next week to discuss this bill and eventually take a position on it, so for today we're going to have to remain neutral. We appreciate the efforts of Senator Fischer and members of the committee that worked on this legislation. Senator Fischer has identified the largest environmental need facing the state of Nebraska today and I appreciate her efforts on this. I also appreciate the efforts of the committee in the past on LB862 and LB701 to help develop some local funding sources. That's crucial to get us started on addressing some of this. There's obvious needs for funding water programs. In testimony today, you've heard from various needs for water funding. You've also heard needs of other natural resource program funding. I'm not going to reiterate all that. What we need to do is address the funding programs to make sure that all funding sources work together as efficiently as possible. Together, local matching funds, along with state dollars they leverage, and a loan or revolving fund for large projects must all work together. A transfer from the Environmental Trust may be part of that solution. I also want to add a couple comments here. I've heard some things about ag and I want to...I'm a farm kid and still own some ag land. I want to point out, I think ag is contributing a lot toward financing this prop that we have in the state. The occupation tax that they're faced with is up to \$10 an acre in those fully and overappropriated areas, and that's a huge commitment from agriculture to support something like that and I want to commend them for that. The other part of this equation is a property tax. Right now we have a 3-cent levy authority that's authorized for water management. Senator Carlson has introduced a couple bills for us to extend those levy authorities. Those are set to expire in 2011-2012. So we want to make sure that that component is included into this discussion when we look at funding water programs. The other thing I want you to take in consideration, NRDs are going to undoubtedly lose state aid to NRDs. That's about \$1.4 million and that's probably just going to go away and that needs to be taken in consideration when we look at these other financing mechanism, how we finance some of these water programs. Just realize that those dollars aren't going to be there to back this up anymore. The other thing I want to point out is the development fund. That's another project or program that we have out there that's way underfunded. It receives General Fund dollars, about \$3.1 million annually. There's about a \$10 million demand on it annually. It's totally underfunded. When you take the state aid away, that's just going to make that demand even that much higher. And so what I want to get at here is another bill that Senator Carlson introduced to us that we could enter into this discussion. That's LB595 and that creates a Water Resources Revolving Fund or a loan fund and it's a new concept. Senator Christensen introduced it for us a couple years ago. We've modified it a little bit. Talked to Senator Carlson briefly about it before the session started and he agreed he wanted to introduce it. So there's another idea that can be thrown out on the table as far as financing water programs. So in closing, I just want to point out that we're willing to work with the Legislature and other interested parties to develop solutions to these budget issues and include spending cuts and fund transfers possibly from the Environmental Trust. We would ask that the local NRD funding capacity be maintained and extended to those districts involved with the voluntary IMP processes so that water

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management activities needed in Nebraska is maintained. We would ask your further consideration for creation of a Water Resources Revolving Fund as another way to finance that. And finally, just one last comment: For those people that are looking for other funding opportunities, those bill numbers again are LB526, LB527, LB595. You might want to show up at those hearings or take a look at those bills. Thank you very much, Senator, and I'll try to answer any questions you might have. [LB229]

SENATOR LANGEMEIER: Are there any questions? Senator Carlson. [LB229]

SENATOR CARLSON: Thank you, Senator Langemeier. Dean, thank you but just...you've got one thing down here I think in the next to the last paragraph, middle sentence. You're talking about LB383 and LB118 and you say in there "is not proposed." I think you mean "is now proposed" to be eliminated. [LB229]

DEAN EDSON: Yeah. Yeah. [LB229]

SENATOR CARLSON: Okay. [LB229]

DEAN EDSON: Thank you for correcting that. [LB229]

SENATOR LANGEMEIER: Senator Schilz. [LB229]

SENATOR SCHILZ: Dean, thanks for coming. Thanks, Senator Langemeier. You know we talk about the occupation tax. I mean that's just one of the things that's going on. You talk about the property tax. That's just another thing that's going on. As we look at some of the management tools that are coming out through the IMPs, many of those don't have any dollars going to ag interests to do things. A lot of it is just regulation and you've got to get to '97 levels and you need to find ways to get there. And so I think there's a lot of costs that aren't being...that right now you really can't put a dollar amount to because it's not money in, money out. It's just, hey, how can you conserve water? And people are spending money, individual farms, farmers, and NRDs are spending money to make sure that we can get there and not cost the state a whole bunch of money going forward. Is that correct? [LB229]

DEAN EDSON: That's correct, and we're working hard on that, especially both in the Platte and Republican River Basins. And one thing I might just mention to you is that we're trying to come up with innovative ways to put water back in the river but maintain productivity and maintain the economy of the area. [LB229]

SENATOR SCHILZ: Exactly, because if we don't do that, then everything that we're talking about here as far as money for programs and money for being able to do this and that falls away. And then we have an even bigger hole to fill in, don't we? [LB229]

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DEAN EDSON: Exactly. And we're...Ron Bishop with the Central Platte NRD, he's ahead of the game because he started the water banking program a few years ago and it's being developed as a template for other districts. But they need to get their financing put together and start doing some of their water banking activities to do the things like you and I have talked about. [LB229]

SENATOR SCHILZ: Yeah. I think it's important to note that, you know, everybody says, oh, maybe we can take a little longer, you know, to figure this out. Well, in my neighborhood, in my neck of the woods, we've been running scared since this comes into place because we understand the implications if it doesn't go. And I can tell you this from my experience, and you can tell me if I'm mistaken, but, you know, ag interests have been at the forefront of that moving forward, and we'd love everybody else to jump on board and come along for the ride. [LB229]

DEAN EDSON: Oh, exactly. You know, you don't...when you...all of us here have probably been to college before and you don't start studying an hour before the final, you know? [LB229]

SENATOR SCHILZ: Hmm, maybe that was the problem. (Laughter) [LB229]

DEAN EDSON: Yeah, that. You know, it... [LB229]

SENATOR SCHILZ: Thank you. [LB229]

SENATOR LANGEMEIER: I might prove some of that wrong. (Laughter) [LB229]

DEAN EDSON: Yeah, I tried that once. It didn't work. [LB229]

SENATOR LANGEMEIER: I checked out my first library book a week before I graduated. Are there any other questions? Seeing none, thank you very much. [LB229]

DEAN EDSON: Okay. Thank you. [LB229]

SENATOR LANGEMEIER: Further testimony in neutral capacity? [LB229]

SCOTT HYGSTROM: Good evening, Senators. My name is Scott Hygnstrom. I'm a professor. It's S-c-o-t-t H-y-g-n-s-t-r-o-m. I'm a professor at the University of Nebraska-Lincoln. I've served there for 22 years. I also serve as an Extension wildlife specialist and the supervisor for the Nebraska Master Naturalist Program. I've been asking myself why have I been sitting here for four hours to testify only in a neutral capacity (laugh), but the University of Nebraska has taken a neutral stance on this and, being an employee, I've done the same. I have, however, taken vacation time to be here and I am testifying as a citizen, a voting citizen of the state of Nebraska. There's two

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angles that I want to present here in my testimony today and that is the will of the public, the voting public of Nebraska, and the unintended consequences associated with actions. As far as the will of the public, in 1992 the voters of Nebraska approved of a Nebraska lottery but it was contingent upon the distribution of those funds to various places, including the Nebraska Environmental Trust at 44.5 percent. And those funds have been distributed widely through a variety of agencies, organizations, individuals across 93 counties in the state. Demand for those NET funds has been exceeding two to three times that of what's available, so they've been well used certainly. In 2004 the Nebraska Legislature, in a controversial move, chose to redirect \$5 million out of the lottery funds into the state General Fund. In November of 2004 the public voted and supported Amendment 4 which again directed the funding or the revenues associated with the Nebraska lottery to the Nebraska Environmental Trust, 44.5 percent; education, 44.5 percent; the State Fair, 10 percent; and then to those gamblers anonymous-like program at 1 percent. So the voters have spoken at least twice on this matter. Regarding the unintended consequences, I'm thinking way back, the third law of physics says for every action there is an opposite and equal reaction. And when I've looked at the interactions associated with the state Legislature and with agencies and many programs over the years, I've seen that the third law of physics doesn't always fit. I've seen that with every action, or I shouldn't say with every, but with some actions there are opposite and oftentimes exacerbated reactions that lead to these unintended consequences. An example I have for you, the Nebraska Master Naturalist Program. It was created in July of 2009 from a three-year grant from the Nebraska Environmental Trust--\$111,000. And it's also supported by the Nebraska Game and Parks Commission by a companion grant of \$123,000. The program was modeled, in part, after the Master Gardener Program which many of you are probably familiar with. The vision of the Master Naturalist Program, or the mission was to train and recognize volunteers who are involved in environmental education and natural resources conservation. The focus of the program has been on the management of natural resources, on nature interpretation, on citizen science, and also on entrepreneurship. Now the Master Naturalist Program, in its infancy, has made great strides. We've been active for only about a year and a half. We've developed an infrastructure. We've hired a program coordinator and an assistant. We've networked with 21 partners in Nebraska as well as across the Midwest region. We've developed a 16-module curriculum and we intend to or plan on training up to 100 volunteers in the state of Nebraska by the end of 2011. Now we're just in our infancy. To provide an example of what Master Naturalist Programs can do, I'll direct our attention to Texas. In Texas, they started their program 12 years ago, 1998. In that time they've established 6,000 volunteers in 42 regions. The volunteers have provided 1.25 million hours of service valued at \$21 million. They've also reached out to 2 million youth, adults, and private landowners. As you know, Nebraska can do better than Texas, so the concern that I have, though, is that there's a need for continued support. If LB229 passes, one of the likely unintended consequences will be the cutting of funding for the Nebraska Master Naturalist Program from the NET granting program. A Nebraska-based program with tremendous potential

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like this one will die on the vine. In addition, there are 88 other programs that were funded by the NET grants in 2010 that will also be in jeopardy. In conclusion, in my testimony I've tried not to argue one way or another for or against anything, but rather, provide a perspective on the will of the voters of Nebraska as well as potential unintended consequences of the actions of the Nebraska Legislature. I thank you for your time and would be willing to entertain any questions. [LB229]

SENATOR LANGEMEIER: Very good. Are there any questions? Seeing none, thank you very much for your time. [LB229]

SCOTT HYGSTROM: Thank you. [LB229]

SENATOR LANGEMEIER: Appreciate it. Are there any other testifiers in a neutral capacity? Seeing none, Senator Fischer, you're recognized to close on LB229. [LB229]

SENATOR FISCHER: Thank you, Senator Langemeier. Thank you, members of the committee. And welcome to the Natural Resources Committee, Senator Smith. (Laughter) [LB229]

SENATOR LANGEMEIER: That was going to be my comment. [LB229]

SENATOR HAAR: You won the lottery. [LB229]

SENATOR FISCHER: I would like to begin by thanking all of the testifiers who came today for the last four and a half hours, but I would especially like to thank individuals who showed up who aren't here with any organization. They're not being paid to be here and they are taking an interest in their government's processes and they took the time to be here. I know some of them have left, but I hope the message gets to them that this is what I like to see as a senator, to know that people are watching us and watching what we're doing, especially this year, because this year, as I traveled my 13 counties during the interim and spoke to I don't know how many people but a number of county boards, and I had listening sessions, and I told them to pay attention to what's going on because this year we're going to make hard decisions. This is one of the first, obviously the first for this committee. We're here to set priorities. I view it as an opportunity. We get to decide what are the priorities of government. We get to decide how we're going to fund those priorities. I'm sorry, government cannot be everything to everyone. It's our job, as elected officials, to make those decisions. You know, as we go through the process...and you'll be hearing a lot of this hopefully on the floor when I have another bill that hopefully will be coming out of Revenue Committee about setting those priorities. Highways take long-term planning and long-term financing. Water issues take long-term planning and long-term financing. Both need a dedicated revenue source. We cannot continue to piecemeal our way through this. I spoke to the Lincoln Chamber of Commerce this morning and the comment I made to them was we can't afford to keep

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shuffling our way along; we can't afford to keep responding to crisis management. To me, that's not an option. LB962 was passed in 2004. That was before Senator Langemeier and I, as senior members now, were in the Legislature. But I know both of us watched that bill because both of us, as you folks on this committee, have a passion for water issues in this state. We've been hearing that LB962 was never funded. It was. LB962 was funded--\$1 million from the Environmental Trust Fund and \$1.5 million from the leaky underground storage tanks. That's the LUST Fund. So it was funded, but the funding didn't continue. We've heard about subcommittees then that were formed to look at funding. This is since 2004. I think we've made it clear, as a former member on this committee, that funding for water is important to us. I can think of numerous times in the last four years that we've talked about it, we've asked questions at public hearings. The idea of forming a task force, another task force, to look at this issue I don't believe is being responsible. I understand conservation groups have been meeting for the last year. I haven't heard what they're bringing forward except things that you and I all know will not pass. I was never contacted about their meetings. I would also like to make it plain that I have not attended any ag meetings on this issue either. I knew ag groups were meeting. It's interesting that we're not seeing a lot of proposals coming forward that are practical, that are realistic, that we know can pass upstairs and that we know can address a problem. If you look...I would like to say, too, that I did meet with representatives of some groups. In fact, besides you folks, in visiting over the last two years with some of you about this very idea, this didn't just come up when I was on summer vacation, when I was visiting with you about this idea, you were the first ones. My constituents then this summer and fall were the second, because I talked about this in my district. All of us go out in our districts; all of us ask for input from constituents. The next people that I talked to were Mark Brohman and Sherry Vinton, who is on the board of the Environmental Trust Fund. They came out to Valentine on another issue. We spent an afternoon together and I made the comment to Mark and Sherry, and checked with Sherry to make sure that I didn't imagine this, I made the comment that, yes, I was considering taking \$7 million a year over a period of time for water issues. This wasn't a surprise. I then called in Jay Rempe with the farmers Farm Bureau, Duane with the Wildlife Federation, and Ken Winston with Sierra Club before session started. I presented to them what I was going to be introducing to get their reactions. I asked if, you know, they would let me know; you know, think about it, let me know what your ideas are, what you think. Mr. Rempe came back in; we had conversations. I did not hear from the other two gentlemen. We're elected to do a job. We don't do polling to decide how we're going to vote on an issue. You know, we don't do that. We listen and we make decisions. And as I said, this will be the first of many tough ones that we'll be seeing this year and in the future. If you look at the constitution, you know, we heard today that it's unconstitutional to take this money. Well, it's been done three other times. And if you read the constitution that deals with this part of the Environmental Trust Fund, how it's divided, etcetera, it says that the Nebraska Environmental Trust Fund, the funds to transfer to it, are to be used as provided in the Nebraska Environmental Trust Act. Let's go to that. And I'm sure you will all look at this. Legal Counsel will give

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this to you. I said this in my opening; the legislative intent, it's the intent of the Legislature to establish the Environmental Trust for the purpose of conserving, enhancing, and restoring the natural, physical, and biological environment in Nebraska, including the air, land, groundwater, and surface water, flora and fauna, prairies and forests, wildlife and wildlife habitat, and natural areas of aesthetic or scenic values. It requires...I'm skipping so you'll have to read the full on your own. It requires a dynamic, proactive approach, long-range environmental focus, and is to complement existing governmental and private efforts. I think this bill does that. It was brought out in a couple of the testifiers' comments, if you look at the bill proposal on page 2, lines 5 to 6, that's existing statute, that's not new language. It refers to the Water Resources Cash Fund where money can be transferred to the General Fund. And I would submit to you that 25 votes can transfer any fund, any monies that we have control over to the General Fund, not just this bill, but 25 votes, we all know that, will determine what that is. We also heard about voter intent when this was passed. You know, what's voter intent? Who determines that? My intent when I vote for something isn't the same as yours. We all go into a voting booth on any person or on any issue with our own beliefs, our own values, what we think is on the ballot. And I think if you remember, the State Fair at the time on one of those votes was on the ballot. That was the main issue, that was the big issue. And if you look back and speak to people who were here at that time, they can tell you that and how it came about that the Environmental Trust Fund was included in that process. I can give you names afterwards. But when you talk about voter intent, when LB1059 was passed that dealt with school funding, you know, the voter intent then, I think most people in the 3rd Congressional District will tell you that voter intent then was that we were promised that we would always keep that income tax rebate as part of the state aid to schools formula. You know, that didn't last; 25 votes, that didn't last. But at the time, again, I think if you go back and speak to people who were involved in that process and the different ag organizations that were involved in support of that at the time, that was the intent and that's how...I would submit to you that is how the support was garnered for that in the 3rd Congressional District, didn't last, 25 votes. I appreciated all of your comments as the testifiers came forward. Again, I thank them all. I will close with a comment, another comment. (Laughter) I truly believe we have to look at solutions that are viable. I spoke to a colleague last week from Omaha, a younger senator from Omaha up on the floor. He brought up this bill and is supportive, and which surprised me but he's supportive, and the reason he is supportive is he said it's time we become pragmatic environmentalists. It's time that we look at issues dealing with the environment and be pragmatic about them. We need to decide what truly is going to work to address these issues, and I think it's time that we make a commitment, as I hope you do on roads, but that we make a commitment to water, that we designate a revenue source because it takes long-term planning and long-term financing, which means, as the director said, we have to have a dedicated revenue source to move forward. So I would ask you to move this bill forward so that we can fund our most valuable resource. Thank you. [LB229]

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SENATOR LANGEMEIER: Thank you very much. That concludes the hearing on LB229. We'd like to thank everybody that came and testified. We appreciate it. (See also Exhibit 41, 42, 43, 44, 45, and 46.) [LB229]