

Transcript Prepared By the Clerk of the Legislature
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Floor Debate
January 21, 2016

[LB136 LB176 LB467 LB695 LB702 LB749 LB790 LR405 LR407 LR408 LR409 LR410
LR411 LR418]

PRESIDENT FOLEY PRESIDING

PRESIDENT FOLEY: GOOD MORNING, LADIES AND GENTLEMEN, AND WELCOME TO THE GEORGE W. NORRIS LEGISLATIVE CHAMBER FOR THE ELEVENTH DAY OF THE ONE HUNDRED FOURTH LEGISLATURE, SECOND SESSION. OUR CHAPLAIN FOR TODAY IS PASTOR JIM HAACK OF THE BEAUTIFUL SAVIOR LUTHERAN CHURCH IN LA VISTA, NEBRASKA, SENATOR SMITH'S DISTRICT. PLEASE RISE.

PASTOR HAACK: (PRAYER OFFERED.)

PRESIDENT FOLEY: THANK YOU, PASTOR. I CALL TO ORDER THE ELEVENTH DAY OF THE ONE HUNDRED FOURTH LEGISLATURE, SECOND SESSION. SENATORS, PLEASE RECORD YOUR PRESENCE. ROLL CALL. MR. CLERK, PLEASE RECORD.

ASSISTANT CLERK: THERE IS A QUORUM PRESENT, MR. PRESIDENT.

PRESIDENT FOLEY: THANK YOU, MR. CLERK. ARE THERE ANY CORRECTIONS FOR THE JOURNAL?

ASSISTANT CLERK: I HAVE NO CORRECTIONS THIS MORNING.

PRESIDENT FOLEY: THANK YOU, MR. CLERK. ARE THERE ANY MESSAGES, REPORTS, OR ANNOUNCEMENTS?

ASSISTANT CLERK: THERE ARE, MR. PRESIDENT. I HAVE A REFERENCE REPORT FOR LB1011 THROUGH LB1038. YOUR COMMITTEE ON ENROLLMENT AND REVIEW REPORTS LB136 TO SELECT FILE WITH AMENDMENTS. A NOTICE OF COMMITTEE HEARING FROM NATURAL RESOURCES, AND TWO CONFIRMATION REPORTS FROM NATURAL RESOURCES. THAT'S ALL I HAVE THIS MORNING, MR. PRESIDENT. (LEGISLATIVE JOURNAL PAGES 377-379.) [LB136]

PRESIDENT FOLEY: THANK YOU, MR. CLERK. WHILE THE LEGISLATURE IS IN SESSION AND CAPABLE OF TRANSACTING BUSINESS, I PROPOSE TO SIGN AND DO HEREBY SIGN LR405, LR407, LR408, LR409, LB410, AND LR411. THANK YOU. WE'LL

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NOW PROCEED TO THE FIRST ITEM ON TODAY'S AGENDA, SELECT FILE, 2016 SENATOR PRIORITY BILLS. LB176. MR. CLERK. [LR405 LR407 LR408 LR409 LR410 LR411 LB176]

ASSISTANT CLERK: MR. PRESIDENT, LB176 WAS CONSIDERED BY THE BODY LAST YEAR. THE BILL IS ON SELECT FILE. WHEN IT WAS PREVIOUSLY CONSIDERED ON SELECT FILE, THE E&R AMENDMENTS WERE ADOPTED, AS WAS AN AMENDMENT BY SENATOR GROENE. [LB176]

PRESIDENT FOLEY: (DOCTOR OF THE DAY INTRODUCED.) SENATOR SCHILZ, MAYBE YOU COULD TAKE A HALF MINUTE OR SO OR A MINUTE TO GIVE US JUST A QUICK UPDATE ON THE BILL. [LB176]

SENATOR SCHILZ: THANK YOU, MR. PRESIDENT. I WOULD HOPE THAT I COULD HAVE A LITTLE LONGER SINCE IT'S BEEN SO LONG AND WE ACTUALLY HAVE NEW PEOPLE IN THE BODY THAT HAVE NOT HEARD THIS BILL BEFORE. I WAS HOPING TO HAVE A LITTLE LONGER OPENING. [LB176]

PRESIDENT FOLEY: SENATOR, WHY DON'T WE JUST TREAT THIS AS A NEW OPENING ON THE BILL BECAUSE, YOU'RE RIGHT, IT HAS BEEN QUITE A WHILE. [LB176]

SENATOR SCHILZ: YES. [LB176]

PRESIDENT FOLEY: THANK YOU. [LB176]

SENATOR SCHILZ: THANK YOU, MR. PRESIDENT, VERY MUCH APPRECIATED. MEMBERS OF THE LEGISLATURE, GOOD MORNING. AND THANK YOU ONCE AGAIN FOR THE OPPORTUNITY TO BRING BEFORE YOU LB176. AND I REALLY DO APPRECIATE THE OPPORTUNITY TO DISCUSS THIS BILL AGAIN AND HOPEFULLY CONTINUE TO MOVE IT THROUGH THE SYSTEM. HERE IS THE ISSUE. CURRENTLY TODAY IN NEBRASKA--AND I SHOULD SAY THAT NEBRASKA IS NOW THE ONLY STATE, BECAUSE OF A LAW THAT GOT PASSED I BELIEVE IT WAS IN NORTH DAKOTA--IT'S CURRENTLY UNLAWFUL FOR A PACKER TO DIRECTLY OR INDIRECTLY BE ENGAGED IN THE OWNERSHIP, KEEPING, OR FEEDING OF LIVESTOCK FOR THE PRODUCTION OF LIVESTOCK OR LIVESTOCK PRODUCTS. AND A PACKER IS DEFINED AS A PERSON ENGAGED IN THE BUSINESS OF SLAUGHTERING LIVESTOCK IN NEBRASKA. ONLY NEBRASKA PACKERS ARE

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PROHIBITED FROM OWNING HOGS. OUT-OF-STATE PACKERS DON'T HAVE THAT RESTRICTION. IF NEBRASKA PACKERS CLOSE THEIR FACILITIES IN NEBRASKA AND MOVE TO KANSAS OR IOWA, THEY COULD THEN OWN HOGS HERE IN THE STATE. AND WE DO HAVE AN EXAMPLE OF THAT THAT GOES ON, AND I'LL GET INTO THAT LATER. CURRENTLY, THE LAW MAKES NEBRASKA DISCRIMINATE AGAINST BUSINESSES LOCATED HERE TO THEIR DISADVANTAGE. AND THIS WAS ALL CONFIRMED IN THE LAST PARAGRAPH OF THE SECOND PAGE OF THE AG'S OPINION THAT I BELIEVE EVERYBODY SHOULD HAVE RECEIVED. THE LAW WAS ENACTED IN 1998 TO CODIFY ELEMENTS OF INITIATIVE 300. AND AS EVERYONE KNOWS, INITIATIVE 300 WAS KICKED OUT IN THE COURTS BECAUSE IT WAS UNCONSTITUTIONAL. SO WE NEED TO UPDATE OUR LAWS TO COMPETE IN TODAY'S ECONOMY AND TO GET INTO THE SPIRIT OF THAT OVERTURN OF I-300. SOME ADDITIONAL ISSUES: TODAY NEBRASKA TRANSPORTS 1.2 MILLION FEEDER PIGS TO OTHER STATES TO BE FED FOR SLAUGHTER BECAUSE OF THE BAN. MOST ARE TRANSPORTED BACK TO NEBRASKA SLAUGHTER FACILITIES, RESULTING IN WEAR AND TEAR ON NEBRASKA HIGHWAYS AND LESS OF AN OPPORTUNITY FOR NEBRASKA PRODUCERS TO GET THEIR HOGS IN TO THEIR PLANTS. WHEN WE TRANSPORT PIGS OUT OF THE STATE, WE PREVENT LOCAL FARMERS FROM RAISING THEM. AND WE LET OTHER STATE CORN GROWERS BENEFIT FROM THE SALE OF CORN AS FEED FOR THE CONTRACTS. NEBRASKA IS THE ONLY SURROUNDING STATE, AS I SAID BEFORE, WITH A PACKER BAN REMAINING, WHICH PUTS US AT A DISADVANTAGE. THE CURRENT LAW PREVENTS INDIVIDUAL PORK PRODUCERS FROM CONTRACTING WITH PACKERS AND FROM COMPETING WITH PRODUCERS IN SURROUNDING STATES THAT ALREADY HAVE THIS ABILITY. THE CURRENT BAN HAS FAILED TO HELP GROW THOSE SMALL HOG FARMS. FROM 1997 TO 2007, NEBRASKA LOST 63 PERCENT OF ITS HOG FARMS, LISTEN, 63 PERCENT. OKAY? FROM 2007 TO 2012, WE LOST ANOTHER 25 PERCENT OF ITS HOG FARMS, ALL OF THEM LESS THAN 5,000-HEAD CAPACITY FARMS. WE'RE NOT HELPING THE SMALL FARMER TODAY, FOLKS. THE ATTRITION IS CONTINUING. STATES WITH NO PACKER BANS ARE GROWING IN HOG PRODUCTION. IOWA, RIGHT NEXT DOOR, IS NUMBER ONE IN HOG PRODUCTION WITH NEARLY TEN TIMES THE HOG PRODUCTION OF NEBRASKA. AND SOUTH DAKOTA'S HOG PRODUCTION GREW 5 PERCENT LAST YEAR. THE PACKER BAN IS NOT SAVING SMALL FARMS AND NEBRASKA IS LOSING TO OUR NEIGHBORING STATES WHO DON'T HAVE THE BANS. THE TREND TOWARD FEWER, LARGER, MORE PRODUCTIVE HOG OPERATIONS WILL LIKELY CONTINUE IN THE FORESEEABLE FUTURE. SO THE BILL WOULD ALLOW INDIVIDUAL PORK PRODUCERS TO SIGN CONTRACTS WITH PACKERS FOR HOG PRODUCTION. PACKERS COULD OWN HOGS, BUT COULD NOT OWN THE LAND OR THE FACILITIES IN WHICH THE HOGS ARE RAISED. THE BILL DOES NOT REQUIRE

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ANYONE TO ENTER INTO A CONTRACT. AND OBVIOUSLY, AS WE'VE SEEN IN IOWA AND OTHER PLACES, INDEPENDENT PRODUCTION WILL CONTINUE TO EXIST BECAUSE THEY'LL BE ABLE TO SELL THEIR HOGS TO PACKERS. IN IOWA, EVEN WHERE THE BAN ISN'T IN PLACE, PACKERS STILL BUY NEARLY 50 PERCENT OF THEIR HOGS FROM INDEPENDENT PRODUCERS. SO THERE'S STILL AN OPEN MARKET, FOLKS. SO WITH THAT, AND I WOULD LIKE TO SAY, WE TALK A LOT ABOUT HOG PRODUCERS HERE, BUT WE ALSO NEED TO REMEMBER THAT IT'S ALSO ABOUT THESE 10,000 EMPLOYEES THAT ARE WORKING AT THESE PACKING PLANTS. FOLKS, THAT'S THE REAL ECONOMY OF THE STATE OF NEBRASKA. YOU ASK, HEY, WHAT CAN WE DO TO PREVENT THE NEXT CONAGRA OR WHAT CAN WE DO TO PREVENT RISKING SOMETHING LIKE A BUSINESS LIKE CABELA'S OUT THERE? WELL, WE'VE GOT TYSON, WE'VE GOT SMITHFIELD, WE'VE GOT HORMEL THAT ARE ALL DOING THIS TODAY. MIGHT IN THE FUTURE, IF WE'RE THE ONLY STATE WITH A BAN, THOSE COMPANIES DECIDE YOU KNOW WHAT, HERE'S THE THING, THAT LAW CAN STAY IN PLACE IN NEBRASKA. WE MOVE ALL OF OUR PLANTS OUTSIDE OF THE STATE. WE CAN STILL FEED AS MANY HOGS IN NEBRASKA AS WE WANT TODAY. WE JUST DON'T HAVE THE PACKING PLANTS THERE. AND LOOK AND SEE HOW OLD EACH ONE OF THOSE PACKING PLANTS IS. THE USEFUL LIFE OF A PACKING PLANT IS BETWEEN SOMEWHERE 30 TO 50 YEARS. WE'RE GETTING CLOSE. AND REMEMBER, FOLKS, REMEMBER, AND I KEEP HEARING THIS ARGUMENT AND IT REALLY CAUSES ME CONSTERNATION, SMITHFIELD IS A NEBRASKA COMPANY. SMITHFIELD WAS HERE WAY BEFORE, EVEN WHEN IT WAS FARMLAND, IF ANYBODY REMEMBERS FARMLAND, OKAY? SMITHFIELD HAS A FACILITY HERE IN NEBRASKA IN CRETE. THEY EMPLOY THOUSANDS OF PEOPLE. I LOOK AT THAT AS A NEBRASKA COMPANY. NOW IF WE WANT TO START DISCRIMINATING AGAINST CHINESE BUSINESS, WELL, BETTER START TAKING OFF YOUR JACKETS AND GETTING RID OF YOUR CELL PHONES AND, OH YEAH, I BET THOSE COMPUTERS WERE PROBABLY ASSEMBLED IN CHINA. HMM. YOU MIGHT HAVE TO THINK ABOUT YOUR CARS TOO. THE BAILOUT OF GE, PROBABLY CHINA'S BACKING. FOLKS, IT'S THE LARGEST ECONOMY IN THE WORLD. NEBRASKA AGRICULTURE NEEDS TO BE TRADING WITH THEM. NEBRASKA AGRICULTURE CAN DO THIS AND PROTECT BOTH ITS USERS, PRODUCERS, AS WELL AS THOSE THAT WE HAVE TO PARTNER WITH AND WHO ARE OUR PARTNERS IN THIS BUSINESS--THE PACKERS AND PROCESSORS-- BECAUSE WITHOUT THEM, NEITHER ONE OF THOSE TWO GROUPS CAN DO MUCH AT ALL. I WANT TO GET INTO A LITTLE BIT OF MY HISTORY OF HOW I GOT TO THIS POINT AND HOW I CAME TO KNOW ABOUT THIS ISSUE AND WHAT HAPPENED. BUT I WILL WAIT UNTIL MY NEXT TIME ON THE MIKE. I WANT TO SAY THAT WE DO HAVE SOME AMENDMENTS THAT ARE THERE. ONE OF THEM SAYS THAT WE'RE NOT GOING TO...WE'RE GOING TO MAKE SURE THAT THERE'S NO

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CONFIDENTIALITY STATEMENTS IN THESE, THAT YOU CAN SHOW THEM TO ANYBODY YOU WANT. AND SO THAT WILL BE OUT THERE. AND THEN WE'LL TALK ABOUT THOSE AS WE GET TO THEM. SO THANK YOU, MR. PRESIDENT. AND THANK YOU VERY MUCH, FOLKS, FOR TAKING THE TIME TO CONSIDER THIS BILL THIS YEAR. [LB176]

PRESIDENT FOLEY: THANK YOU, SENATOR SCHILZ. MR. CLERK. [LB176]

ASSISTANT CLERK: MR. PRESIDENT, THERE ARE AMENDMENTS. THE FIRST AMENDMENT I HAVE IS FROM SENATOR DAVIS, AM1608. BUT I HAVE A NOTE THAT HE WISHES TO WITHDRAW THAT AND SUBSTITUTE AM1848. (LEGISLATIVE JOURNAL PAGE 364.) [LB176]

PRESIDENT FOLEY: WITHOUT OBJECTION, THE SUBSTITUTION IS MADE. SENATOR DAVIS, DO YOU CARE TO OPEN ON YOUR AMENDMENT? [LB176]

SENATOR DAVIS: THANK YOU, MR. CHAIRMAN. MEMBERS, WELCOME THIS MORNING. WE'RE BACK VISITING LB176 AGAIN, A BILL THAT SHOULD BE PUT QUIETLY TO DEATH, IN MY OPINION, FOR A NUMBER OF REASONS. THE AMENDMENT, HOWEVER, WAS PUT IN PLACE ESSENTIALLY TO GIVE US SOME DISCUSSION POINTS, TO LOOK AT MAYBE SOME PROTECTIONS DOWN THE ROAD IF THAT WAS SOMETHING THAT WAS NECESSARY. BUT I WOULD HOPE THAT THE BODY WOULD JUST KILL THE BILL OUTRIGHT BECAUSE I THINK I'M STILL FIRMLY OPPOSED TO IT. I WANT TO TALK A LITTLE BIT ABOUT SOME OF THE REASONS WHY THAT IS. NEBRASKA IS THE LAST, AS SENATOR SCHILZ SAID, THE LAST STATE WITH AN OPEN MARKET SYSTEM STILL IN PLACE. NOW WHY IS THAT IMPORTANT? ONE REASON IS THE REST OF THE NATION LOOKS TO US IN MANY RESPECTS TO SET PRICES. SO IF YOU LOOK AT WHAT HAPPENED IN IOWA AFTER THAT BAN WAS REPEALED BY A COURT CASE, BY SMITHFIELD...YOU KNOW, IF YOU CAN'T GET WHAT YOU WANT THROUGH THE LEGISLATIVE PROCESS THEN YOU DO IT THROUGH THE COURT SYSTEM. THAT SEEMS TO BE THE WAY CORPORATIONS WORK IN THIS COUNTRY ANYMORE. AND OUR RIGHTS AND OUR POSITIONS ARE ALWAYS SECOND PLACE TO CORPORATE LAW IT SEEMS. BUT IF YOU LOOK AT WHAT HAPPENED IN IOWA, YOU SAW A SIGNIFICANT REDUCTION IN THE NUMBER OF OPEN MARKET SALES, SO SIGNIFICANT THAT BASICALLY THERE'S VERY LITTLE MARKET LEFT THERE. SO WE HAVE THE MARKET, AND OTHER PEOPLE IN OUR NATION LOOK TO US AND THAT'S ONE GOOD REASON TO KEEP IT. I THINK IF A PERSON LOOKS BACK AT WHAT'S HAPPENED TO THE HOG INDUSTRY OVER TIME AND REALLY DWELLS ON THAT AND SORTS OUT THE

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FACTS, WHAT YOU SEE IS A COMPLETE TAKEOVER OF THE INDUSTRY BY CORPORATIONS AND ESSENTIALLY THE PRODUCERS BECOME PRICE TAKERS. THEY HAVE ALL THE RISK, ALL THESE PRODUCERS HAVE THE RISK. THEY HAVE TO GO OUT AND BORROW MONEY AT THE BANK. THEY BUILD THE BUILDING. THEY'VE GOT A DEBT THEY HAVE TO SERVICE. THEY HAVE TO MEET THE REQUIREMENTS OF THE PRODUCER...OR OF THE CORPORATION. THEY HAVE TO DO ALL THESE THINGS, AND IF THEY DON'T, THEY LOSE THEIR CONTRACT. AND IF THEY LOSE THEIR CONTRACT, THERE'S REALLY NO PLACE ELSE FOR THEM TO GO, SO THEY'RE OUT OF BUSINESS. SO YOU BUILD THAT ALONG FOR A NUMBER OF YEARS AND PRETTY SOON YOU DO HAVE ESSENTIALLY A SERF APPROACH. YEAH. THEY'VE GOT THE BARN, THEY'VE GOT THE FARM. THEY'VE ALSO GOT ALL THE LIABILITY. IF THERE'S A MANURE SPILL, THEY'VE GOT TO CLEAN THAT UP. THAT'S THEIR PROBLEM. OTHER THINGS THAT COULD HAPPEN ALL FALLS TO THE OWNER OF THAT PROPERTY. SO THE LIVESTOCK PRODUCER, THE SMITHFIELDS OF THE WORLD, THEY GET THE PROFIT. THE OTHER GUY JUST TAKES THE PRICE. AND OVER TIME, THAT'S NOT GOOD FOR ANYONE. SO WE'VE HEARD THAT THIS IS A DIRE SITUATION FOR NEBRASKA, THAT WE'RE GOING DOWN THE WRONG ROAD AND WE'RE GOING TO PUT OUR PORK PRODUCERS OUT OF BUSINESS, AND WE ARE IF WE ADOPT THIS BILL. WE WILL PUT OUR PORK PRODUCERS OUT OF BUSINESS. YEAH, WE'LL HAVE A FEW MONSTER PORK PRODUCERS, BUT WE'RE NOT GOING TO HAVE THE FAMILY FARMS THAT RELIED HEAVILY ON PORK PRODUCTION IN THE EARLY DAYS TO HELP THEM MAKE THEIR MORTGAGE PAYMENTS. AND WE'VE ALL HEARD THE TERM MORTGAGE LIFTER. THAT'S WHAT HOGS WERE ALWAYS CALLED IN THE EARLY DAYS. BUT I THINK THE REALLY SIGNIFICANT THING TO SAY IS THIS. NEBRASKA IS--AND YOU'VE HEARD GOVERNOR HEINEMAN SAY THIS MANY, MANY TIMES-- NEBRASKA IS THE NUMBER ONE CATTLE PRODUCING STATE, THE NUMBER ONE CATTLE FEEDING STATE IN THE COUNTRY. SO HOW DID WE GET THERE IF WE HAVE A BAN ON PACKER OWNERSHIP? HOW IN THE WORLD DID WE GET THERE? HOW COULD WE BE THE NUMBER ONE CATTLE FEEDING STATE? BECAUSE WE'VE GOT A LOT OF ADVANTAGES FOR THAT INDUSTRY, THAT'S WHY, AND PARTLY BECAUSE I THINK WE HAVE OUR OPEN MARKET. WE'VE GOT A LOT OF FARMER FEEDERS THAT ARE STILL IN THE BUSINESS OUT THERE THAT CAN GO OUT AND BUY CATTLE, GO OUT AND BUY THOSE ANIMALS, FEED THEM FROM THE RANCHES IN THE WESTERN PART OF THE STATE AND DO QUITE WELL. LAST YEAR, IF YOU REMEMBER WHEN THE VOTE WAS TAKEN, ONE OF OUR FELLOW SENATORS, WHO IS AN URBAN SENATOR, TOLD ME HE HAD TO VOTE FOR THE BILL BECAUSE HIS PACKERS ASKED HIM TO DO SO. HIS PACKERS ARE NOT PORK PRODUCING ENTITIES. THEY'RE CATTLE FEEDING, YOUR CATTLE KILLERS. SO TO ME, THAT IS OF GRAVE CONCERN BECAUSE OUR CATTLE INDUSTRY IS WHAT

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DRIVES THIS STATE'S ECONOMY. WE NEED TO KEEP OUR PROFITS HERE. WE DON'T NEED TO SHIP THEM OVER TO CHINA. THAT'S REALLY WHAT WE'RE GOING TO DO. I MET WITH SMITHFIELD THIS SUMMER. I VISITED WITH THEM. I WASN'T CONVINCED BY THEIR ARGUMENTS. THE ARGUMENT THEY GAVE ME WAS, WELL, WE REALLY HAVE TO DO THIS BECAUSE WE'RE GETTING DEMANDS FROM THE PEOPLE THAT ARE BUYING OUR PRODUCT, FROM McDONALD'S, FROM WALMART. THEY INSIST THAT WE HAVE THESE RULES AND REGULATIONS IN PLACE. YOU KNOW, CONSTITUENTS OF MINE AND MYSELF HAVE FED CATTLE FOR DIFFERENT ENTITIES IN THE PAST. WE MEET CERTAIN CRITERIA, WE HAVE TO DO CERTAIN THINGS. I FED FOR THE EUROPEAN UNION AND THE REQUIREMENT FOR THAT WAS A NONHORMONE-TREATED PRODUCT, VERIFICATION, LOTS OF DATA THAT HAD TO BE SUBMITTED TO THEM. BUT THEY DIDN'T HAVE TO OWN THOSE CATTLE RIGHT THERE AT MY RANCH. I JUST HAD TO MEET THEIR CRITERIA. AND THE FARMERS IN NEBRASKA CAN MEET THE CRITERIA THAT SMITHFIELD SETS. BUT SMITHFIELD DOESN'T WANT TO PLAY BY THOSE RULES BECAUSE THEY WANT VERTICAL INTEGRATION, ALL THE WAY FROM TOP TO BOTTOM. THAT'S THE WAY YOU SECURE THE MOST MONEY. YOU LOOK BACK IN THE HISTORY OF THIS COUNTRY AT THE VERTICAL INTEGRATION THAT HAS TAKEN PLACE IN THE EARLY DAYS, WE HAD IT IN THE OIL INDUSTRY, WE HAD IT IN THE STEEL INDUSTRY. A LOT OF THE ROCKEFELLER MONEY WAS MADE THROUGH VERTICAL INTEGRATION AND AT THE EXPENSE OF OTHER FOLKS. IN THIS PARTICULAR CASE, WE'RE HELPING OUT A CHINESE COMPANY OWNED BY THE CHINESE GOVERNMENT, THE COMMUNIST CHINESE GOVERNMENT. I'VE SAID THAT BEFORE. FOLKS, I DON'T THINK THIS IS WHAT WE WANT TO DO. IF YOU LOOK AT WHAT HAPPENED IN THE CHICKEN INDUSTRY, YOU CAN SEE WHERE THE HOG INDUSTRY IS GOING. AND A FEW YEARS BEHIND THAT, IT WILL BE THE CATTLE INDUSTRY THAT GOES THAT WAY. SO VIRTUALLY NO CHICKENS ARE RAISED INDEPENDENTLY ANYMORE, JUST FOR THE NICHE MARKETS. THAT'S THE ONLY PLACE. THE CHICKEN PEOPLE ARE LOCKED INTO LONG-TERM CONTRACTS. THEY HAVE CONFIDENTIALITY CLAUSES. IN SOME CASES THEY CAN'T SHARE THINGS WITH ANYONE, WITH THEIR BANKER, WITH THEIR SPOUSE, WITH OTHER FOLKS. AND THAT IS REALLY CHAINING THOSE FARMERS TO A CORPORATION. THIS COUNTRY WAS BUILT ON THE BACKS OF AGRICULTURE. IT WAS BUILT ON THE BACKS OF FREE FARMERS EXERCISING THEIR RIGHTS. WE'RE TAKING A BIG DETOUR AWAY FROM THAT IF WE PASS THIS BILL. NEBRASKA CAN BE THE SHINING STAR IN THE COUNTRY. WE HAVE THE OPPORTUNITY TO DO THAT. WE CAN SAY NO TO CORPORATE AGRICULTURE. IF THEY WANT TO SUE, LET THEM SUE. BUT I DON'T THINK THIS LEGISLATURE SHOULD BOW DOWN TO THE PRESSURES FROM AN ENTITY LIKE SMITHFIELD. THERE'S NO REASON FOR US TO DO THAT WHEN THE DATA THAT'S OUT THERE

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DEMONSTRATES THAT WHAT WE'RE DOING IN NEBRASKA IS A GOOD THING.
THANK YOU, MR. PRESIDENT. [LB176]

PRESIDENT FOLEY: THANK YOU, SENATOR DAVIS. (VISITORS INTRODUCED.)
SENATORS, YOU'VE HEARD THE OPENING ON AM1848 AND THE UNDERLYING
BILL, LB176. SENATOR KRIST, YOU'RE RECOGNIZED. [LB176]

SENATOR KRIST: GOOD MORNING, MR. PRESIDENT. AND GOOD MORNING,
COLLEAGUES, AND GOOD MORNING, NEBRASKA. I'M GOING TO CHANGE THE
DYNAMICS A LITTLE BIT TODAY, HAVING GONE THROUGH THE EXPERIENCE
THAT WE WENT THROUGH THE LAST COUPLE OF DAYS. I'M GOING TO STAND UP
HERE ON THE FLOOR AND GIVE MY WORD, ONE VOTE TOWARDS CLOTURE. IF 33
OF US STAND UP AND SAY THAT, WE CAN END THIS NONSENSE AND VOTE ON
THE BILL, UP OR DOWN. WHAT DO YOU THINK OF THAT? MY WORD, SENATOR
SCHILZ, IS WORTH MORE THAN SEVERAL PEOPLE IN THIS BODY YESTERDAY. MY
WORD IS I'M VOTING FOR CLOTURE SO WE CAN GO UP OR DOWN ON THIS BILL.
THIRTY-TWO OTHER OF YOU STAND UP AND SAY THE SAME THING. WE'VE
DEBATED THIS ISSUE FOR EIGHT HOURS AND NOW WE'RE GOING TO SAY THE
SAME THING OVER AND OVER AGAIN FOR FOUR. YOU'VE ALL GOT YOUR MIND
MADE UP. YOU'VE GOTTEN THE HATE MAIL. THIRTY-TWO OTHERS, THAT'S MY
CHALLENGE, STAND UP AND SAY, I'M GOING TO VOTE FOR CLOTURE, AND WE'RE
DONE WITH THIS, BECAUSE THE PEOPLE WHO ARE FILIBUSTERING THIS WON'T
HAVE THE NUMBER THAT THEY NEED. IF WE'RE GOING TO DO LEGISLATION BY
MATH, THEN WE START RIGHT NOW. THANK YOU, MR. PRESIDENT. [LB176]

PRESIDENT FOLEY: THANK YOU, SENATOR KRIST. SENATOR HUGHES, YOU'RE
RECOGNIZED. [LB176]

SENATOR HUGHES: THANK YOU, MR. PRESIDENT. I WILL YIELD MY TIME TO
SENATOR LARSON AND PUNCH MY LIGHT AGAIN. [LB176]

PRESIDENT FOLEY: SENATOR LARSON, 5:00. [LB176]

SENATOR LARSON: THANK YOU, MR. PRESIDENT. WELL, SENATOR KRIST, I WILL
VOTE FOR CLOTURE AS WELL, SO YOU'RE UP TO TWO. LISTENING TO THE
DEBATE TO START OFF THE MORNING, AND THE PAST 8 HOURS OR 12 THAT WE
WENT IN 2015, YOU HEAR A LOT ABOUT CHINA OR OTHER COUNTRIES THAT ARE
GOING TO BE DOMINATING THIS MARKET. WELL, IF ANYBODY IN THE ROOM
WANTS TO HAVE A GEOPOLITICAL DEBATE, WHETHER IT BE ABOUT CHINA, OR, IF

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ANY OF THE FEMALES IN HERE ARE WEARING ANY RED GEM CALLED A RUBY, MYANMAR, OR YOU WANT TO GO INTO TURKEY AND HOW THEY'RE TREATING THE KURDS, AND HOW THIS LEGISLATURE PASSED A RESOLUTION SUPPORTING TURKEY TWO YEARS AGO, IF ANYBODY WANTS TO HAVE A TRUE GEOPOLITICAL DEBATE INSTEAD OF JUST RHETORICAL NONSENSE THAT I HEAR, I'M HAPPY TO ACTUALLY HAVE THAT. BUT THAT'S NOT WHAT THIS IS ABOUT. THIS ISN'T ABOUT CHINA OR ONE COMPANY. THAT CAN BE A SCARE TACTIC AND THAT'S WHAT IT'S BEING USED AS. BUT THIS IS WHAT WE HAVE TO UNDERSTAND IS THAT THIS IS A DEBATE ABOUT TRUE FREE-MARKET CAPITALISM AND BEING COMPETITIVE IN RURAL NEBRASKA. LB176 HELPS THAT. SO LET'S GET OFF OF THIS COUNTRY OR THAT COUNTRY, BECAUSE BEFORE YOU START SPOUTING OFF YOU BETTER BE READY TO DEFEND ALL OF OUR ACTIONS IN EVERY COMPANY THAT DOES BUSINESS IN THE STATE OF NEBRASKA AND WHO OWNS THEM. BUT WE DON'T DO THAT. WE DON'T TAKE COMPANY BY COMPANY. THEY'RE OWNED BY SHAREHOLDERS. LB176 LOOKS TO GIVE PRODUCERS ANOTHER TOOL IN ORDER TO GROW, SPECIFICALLY YOUNG PRODUCERS, PRODUCERS THAT DON'T YET HAVE THE CAPITAL BUT WANT TO GET INVOLVED IN AGRICULTURE. SENATOR DAVIS SAYS THIS WILL GO THE WAY OF THE CHICKEN INDUSTRY, THEN THE HOG INDUSTRY, AND THEN THE BEEF INDUSTRY WILL FOLLOW. WELL, SENATOR DAVIS, I DISAGREE. AND I ALSO SEE YOUNG FARMERS AND RANCHERS IN MY DISTRICT THAT ARE ALREADY USING THIS, USING THIS TOOL. THEY ARE CONTRACTING WITH PACKERS ALREADY. THE ONLY DIFFERENCE IS THOSE PACKERS AREN'T IN NEBRASKA. THOSE PACKERS ARE IN IOWA, MISSOURI, OTHER PLACES. SO WHAT WE'RE DOING IS WE'RE TAKING PIGS THAT ARE OWNED BY OTHER PACKERS IN DIFFERENT STATES, FEEDING THEM, RAISING THEM, AND THEN SENDING THEM ACROSS STATE LINES TO BE PROCESSED. WHAT'S THE DIFFERENCE? ARE WE THAT WORRIED THAT BY US HOLDING OUT ON THIS THEORETICAL CONCEPT THAT HAS BEEN CREATED THAT WE'RE GOING TO SAVE, IN YOUR MIND, THE ENTIRE HOG INDUSTRY? IT'S NONSENSE,... [LB176]

PRESIDENT FOLEY: ONE MINUTE. [LB176]

SENATOR LARSON: ...PURE AND UTTER NONSENSE. LET'S MOVE FORWARD, GIVE OUR AGRICULTURAL PRODUCERS WHO, AS I SAID, ALREADY CAN DO THIS, JUST WITH PACKERS IN OTHER STATES, BUT LET'S GIVE THE PACKERS IN OUR STATE THE ABILITY TO CONTRACT WITH NEBRASKANS. WHY DO WE WANT TO PUNISH OUR PACKERS WHEN EVERY OTHER PACKING STATE DOES THIS? GIVE NEBRASKA PRODUCERS THE OPPORTUNITY TO WORK WITH NEBRASKA PACKERS. OTHERWISE, OUR PACKERS ARE GOING TO GO DOWNHILL, WE'LL LOSE THOSE JOBS. SENATOR MELLO'S DISTRICT COULD LOSE A FACILITY. THAT'S A HIT TO

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OMAHA OR GRAND ISLAND, WHEREVER THESE FACILITIES ARE. LET'S THINK ABOUT OUR LOCAL ECONOMIES, WHAT THIS IS GOING TO DO TO THEM WHEN THOSE PACKING FACILITIES CLOSE, BECAUSE THEY'RE ALL BUILDING IN OTHER PLACES THAT HAVE THAT. THERE IS MORE THAN ONE... [LB176]

PRESIDENT FOLEY: TIME, SENATOR. [LB176]

SENATOR LARSON: ...MORE THAN JUST THE PRODUCER...THANK YOU, MR. PRESIDENT. [LB176]

PRESIDENT FOLEY: THANK YOU, SENATOR LARSON. SENATOR SCHNOOR, YOU'RE RECOGNIZED. [LB176]

SENATOR SCHNOOR: THANK YOU, MR. PRESIDENT. I GUESS I WAS UNAWARE THAT THERE WAS A HOG PACKING FACILITY IN OMAHA. BUT LET'S GO BACK TO WHAT THIS BILL IS ALL ABOUT. YOU KNOW, WE CAN TALK ABOUT THE AMENDMENT ALL WE WANT, BUT THE FACT OF THE MATTER IS WE'RE TALKING ABOUT LB176. THIS IS BROUGHT BY A BIG INDUSTRY SO THEY CAN INTEGRATE THEIR MARKET FROM BIRTH TO SLAUGHTER AND BEYOND. THE PACKERS WOULD THEN OWN EVERYTHING IN THIS PROCESS THAT MAKES MONEY. THE PRODUCERS WOULD OWN EVERYTHING THAT COSTS MONEY AND THEY WOULD STAND ALL OF THE RISK. I WAS RESEARCHING OUR CURRENT STATUTES, 54-2801, WHICH IS LIVESTOCK PRODUCTION. AND IT SAYS: THE LEGISLATURE FURTHER FINDS THAT TRENDS IN LIVESTOCK PRODUCTION SUGGEST A NEED TO IDENTIFY AND ADDRESS FACTORS THAT AFFECT THE VIABILITY AND EXPANSION OF LIVESTOCK PRODUCTION. SENATOR SCHILZ TALKED ABOUT HOW THAT HAS GONE DOWN. ACCORDING TO THE USDA NATIONAL AG STATISTICS, OUR HOG PRODUCTION HAS ACTUALLY GONE UP IN ALL CATEGORIES. SO IS THERE A NEED TO CHANGE THIS? IS THERE A NEED THAT PACKERS NEED TO OWN HOGS? WHY DOES A FARMER FARM? WE GO AROUND AND WE SAY, BECAUSE I'M A FARMER, YOU CAN SAY, YEP, WE FEED THE WORLD. WELL, TO A CERTAIN DEGREE THAT'S TRUE. BUT WHY DOES ANYBODY HAVE A JOB? YOU WANT TO MAKE A LIVING. YOU WANT TO HOPEFULLY LIVE COMFORTABLY. YOU WANT TO GIVE A BETTER LIFE FOR YOUR CHILDREN. YOU WANT TO BECOME A PRODUCTIVE MEMBER OF SOCIETY AND HOPEFULLY YOU CAN RETIRE AND NOT HAVE TO WORK WHEN YOU'RE 65. SO THESE FARMERS THAT CHOOSE TO FEED HOGS DO THAT BECAUSE THERE IS A CHANCE FOR SOME PROFIT. THERE IS ALSO A CHANCE TO LOSE A LITTLE MONEY, BUT YOU DO IT TO MAKE A LIVING. SO WHY DOES SMITHFIELD, WHICH IS THE COMPANY THAT IS PUSHING THIS, WHY IS SMITHFIELD SO

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INTERESTED IN THIS? BECAUSE THEY CAN TAKE THE PROFIT AWAY FROM THE FARMER AND THEY CAN LINE THEIR POCKETS WITH IT. THE LARGEST INDUSTRY, AS FAR AS I KNOW, THE LARGEST INDUSTRY IN THE WORLD WANTS TO GET BIGGER AND THEY WANT TO TAKE IT FROM THE NEBRASKA FARMER TO DO THAT. THEY DO NOT CARE WHETHER YOU SURVIVE OR NOT. THEY'RE IN IT FOR THEMSELVES. THAT'S WHAT BIG INDUSTRY DOES. THEY TAKE THE LITTLE GUY OUT OF THE PICTURE. THAT'S WHAT TYSON DID WHEN THEY BOUGHT IBP. THEY CLOSED THEM DOWN IN TWO YEARS. THAT'S WHAT ANOTHER COMPANY DID WHEN THEY BOUGHT WIMMER'S IN WEST POINT. THEY SHUT THEM DOWN BECAUSE THEY DON'T CARE ABOUT NEBRASKA. AND IF YOU THINK SMITHFIELD CARES ABOUT NEBRASKA, IF YOU THINK THE CHINESE CARE ABOUT NEBRASKA, YOU ARE WRONG. THEY DO NOT CARE ABOUT THE INDIVIDUAL FARMER. THEY COME HERE AND THEY CAN BLOW ALL KINDS OF SMOKE EVERYWHERE ABOUT HOW THEY'RE DOING THIS GREAT THING, BUT THEY'RE NOT. THIS BILL IS FOR BIG INDUSTRY. THIS BILL IS NOT FOR THE FARMER. THE FARMER DIDN'T COME WITH THIS; SMITHFIELD DID. WE'RE HERE TO SUPPORT THE INDIVIDUAL. WE'RE HERE TO SUPPORT, IN THIS CASE, THE FARMER. WE SHOULDN'T BE HERE...

[LB176]

PRESIDENT FOLEY: TIME, SENATOR. [LB176]

SENATOR SCHNOOR: ...SUPPORTING SMITHFIELD. THANK YOU. [LB176]

PRESIDENT FOLEY: THANK YOU, SENATOR SCHNOOR. SENATOR STINNER, YOU'RE RECOGNIZED. [LB176]

SENATOR STINNER: THANK YOU, MR. PRESIDENT AND MEMBERS OF THE LEGISLATURE. I STAND IN SUPPORT OF LB176. I WANT TO THANK SENATOR SCHILZ FOR BRINGING THIS BILL AND I THINK THAT THIS ADDS ANOTHER "ARROW" TO THE RURAL NEBRASKA ECONOMIC DEVELOPMENT "QUIVER." IT ALSO PUTS US ON EQUAL FOOTING WITH OUR SURROUNDING STATES, SO IT DOES LEVEL THAT PLAYING FIELD. LAST YEAR I ALSO SPOKE ABOUT ONE OF OUR BIGGEST CHALLENGES IN NEBRASKA, AND THAT IS OUT-MIGRATION. AND I PASSED OUT A MAP THAT DEMONSTRATED THAT RURAL NEBRASKA IS DEPOPULATING. AND WITH THAT, I ALSO COMMENTED ON THE FACT OF THE INCREDIBLE AMOUNT OF PRESSURE THAT THAT PUTS ON THE INFRASTRUCTURE OF THESE COUNTIES, TOWNS, AND CITIES. THAT MEANS THAT IT PUTS PRESSURE ON THE SCHOOLS AND THE HEALTHCARE AND THE HOSPITALS. IT PUTS PRESSURE AND CRUSHING PRESSURE ON MAIN STREET WHERE WE'RE LOSING

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RETAIL AND SERVICES. WE'RE ALSO LOSING GROCERY STORES. SO WE NEED TO REVERSE THAT TREND. AND I THINK THIS IS A CATALYST OR A PART OF A CATALYST TO STABILIZE THAT POPULATION, TO ACT AS A CATALYST TO START TO GROW SOME OF THESE JOBS THAT WE DESPERATELY NEED, AND ALSO TO ADD VALUATION TO PROPERTY TAX. SO IT IS A LITTLE BIT OF A PROPERTY TAX RELIEF SIDE. I ALSO GAVE AN EXAMPLE OF THIS IS A BEGINNING FARMER BILL AND I GAVE THE EXAMPLE OF SOMEBODY OWNING 80 ACRES AND HAD PAID IT DOWN AND USED THAT EQUITY AS A DOWN PAYMENT, SO TO SPEAK, OR CERTAINLY AS EQUITY FOR A LOAN TO BUILD A FACILITY. BECAUSE THE BEGINNING FARMER AND LOTS OF FARMERS WANT YEAR-AROUND, STABLE INCOME SO THAT THEY HAVE A SUFFICIENT AMOUNT OF MONEY TO BUY GROCERIES, TO PROVIDE FOR THEIR CHILDREN AND THEIR FAMILIES. THEY ALSO ARE LOOKING FOR A PLACE WHERE THEY CAN SELL THEIR COMMODITY-- THEIR CORN, THEIR CROP. AND THIS WOULD BE A STABLE PLACE TO DO THAT. THEY'RE ALSO LOOKING TO BUILD EQUITY AND TO MAKE SOME INCOME. I ALSO TALKED ABOUT THE FACT THAT THIS BILL REALLY PROVIDES AN OPPORTUNITY, AND I TRIED TO EQUATE THAT OPPORTUNITY WITH PROFIT, WITH JOBS. IT ALSO PROVIDES AN OPPORTUNITY--AND NOBODY IS HOLDING A GUN TO THESE PEOPLE'S HEAD--AN OPPORTUNITY TO LOOK AT ADDITIONAL OPTIONS THAT WOULD DE-RISK THEIR OPERATION BY PROVIDING A CARE AND FEED CONTRACT. MANY TIMES I LOOKED AT SOME OF MY FEEDERS AND THEY HAVE USED THIS CARE AND FEED CONTRACT TO DE-RISK THEIR OPERATIONS, TO GROW THEIR OPERATIONS. AND I GUESS I DO WANT TO, LASTLY, TALK ABOUT THE SMITHFIELD SITUATION. WE HAVE SENT ENVOY AFTER ENVOY TO CHINA TO TRY TO GROW OUR EXPORTS. WE JUST SIGNED A PACIFIC TRADE AGREEMENT SUPPORTED BY A REPUBLICAN CONGRESS. THAT WILL PROVIDE US SOME OPPORTUNITIES TO LEVEL THE PLAYING FIELD. BUT I ALSO UNDERSTAND, AND I READ THAT THE NEBRASKA CHAMBER OF COMMERCE BELIEVES THAT THIS IS A PLUS FOR AGRICULTURE. WELL, IF WE GROW THAT MARKET, THEIR NUMBER ONE NEED AND THEIR NUMBER ONE PROTEIN SOURCE IS PORK, AND THIS PROVIDES US AN OPPORTUNITY IN NEBRASKA TO EXPAND OUR SALES OF CORN, OF SOYBEANS, OF PORK, INCREASE PRODUCTION, AND THAT MEANS JOBS AS IT RELATES TO CONSTRUCTION JOBS, AS IT RELATES TO TRUCKING JOBS, AS IT RELATES TO DIRECT JOBS IN AGRICULTURE. [LB176]

PRESIDENT FOLEY: ONE MINUTE. [LB176]

SENATOR STINNER: THANK YOU, MR. PRESIDENT. I DO WANT TO CONCLUDE THAT WE TALK A LOT ABOUT REMOVING BARRIERS, GOVERNMENT BARRIERS. AND WHEN YOU LOOK AT THE SURROUNDING STATES, THEY DON'T HAVE THIS

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BARRIER. THEY UNDERSTAND WHERE THE WORLD IS AT AND WHAT THE DEMAND LOOKS LIKE. AND THIS PROVIDES AN OPPORTUNITY, OBVIOUSLY, FOR THE FAMILY FARMER TO ACTUALLY GET INVOLVED IN THE AGRICULTURE AND NOT HAVE THE RISK AND PAY FOR SOME OF THE IMPROVEMENTS AND GROWTH THAT THEY NEED TO HAVE IN ORDER TO HAVE A SUSTAINABLE INCOME. AND SUSTAINABLE INCOME MEANS PROFIT, AND PROFIT EQUALS SUSTAINABILITY AND GROWTH OF JOBS. SO IN CLOSING, I JUST WANT TO SAY THAT I DO SUPPORT THIS. I THINK IT'S AN ECONOMIC DEVELOPMENT TOOL. I THINK IT'S A WAY OF GROWING NEBRASKA. I THINK IT'S A WAY OF REVERSING SOME OF THE TRENDS, ADVERSE TRENDS THAT WE'RE SEEING IN RURAL NEBRASKA. THANK YOU.
[LB176]

PRESIDENT FOLEY: THANK YOU, SENATOR STINNER. SENATOR WILLIAMS, YOU'RE RECOGNIZED. [LB176]

SENATOR WILLIAMS: THANK YOU, MR. PRESIDENT. AND WELCOME TO EVERYONE THIS MORNING. AND FIRST OF ALL, YES, I WILL VOTE FOR CLOTURE ON LB176. AGRICULTURE, AS EVERYONE KNOWS, IS CYCLICAL IN NATURE. WE'VE HAD OUR UPS; WE'VE HAD OUR DOWNS. AND EACH ONE OF US COMES WITH SOME EXPERIENCE WITH THAT. AND I CUT MY TEETH IN AGRICULTURE AND AGRICULTURAL BANKING DURING THE '80S, DURING ONE OF THE MOST DIFFICULT TIMES AND TIME PERIODS OF AGRICULTURE. AND IT WAS BECAUSE OF THE '80S THAT WE BECAME VERY CONSERVATIVE IN OUR DECISION MAKING. IT WAS ALSO BECAUSE OF THE '80S THAT WE LOST A GENERATION OF PRODUCERS, WHICH HAS COST OUR STATE IN OUR ABILITY TO GROW AGRICULTURE INTO THE FUTURE. WE'VE BEEN WORKING TO BUILD THAT GENERATION BACK FOR A LONG TIME. EVEN THOUGH I AM CONSERVATIVE IN NATURE AND BANKERS ARE CONSERVATIVE IN NATURE, I AM EXTREMELY BULLISH ON THE LONG-TERM ROLE OF AGRICULTURE IN OUR WORLD AND THE ROLE THAT NEBRASKA CAN PLAY IN THAT. YOU KNOW, I THINK WE HAVE TO RECOGNIZE THAT, AS NEBRASKANS, WE DON'T HAVE MOUNTAINS, WE DON'T HAVE OCEANS, WE DON'T HAVE COAL. AND YET, WE HAVE HUGE AMOUNTS OF INFRASTRUCTURE TO PAY FOR WITH ONLY 1.9 MILLION PEOPLE TO SPREAD THE COST. SO WE HAVE TO CONSTANTLY LOOK FOR WAYS TO GROW OUR STATE. AND WHY WOULD WE NOT WANT TO GROW OUR STATE'S NUMBER ONE INDUSTRY-- AGRICULTURE? THE CURRENT SITUATION THAT WE ARE IN LIMITS OUR ABILITY TO GROW AGRICULTURE. YOU CAN SEE STATISTICALLY HOW WE HAVE NOT KEPT PACE WITH SURROUNDING STATES. NEBRASKA'S GROWTH HAS BEEN IN THE 12 (PERCENT) TO 14 PERCENT RANGE AS OPPOSED TO OUR NEIGHBORS: SOUTH DAKOTA AT 53 PERCENT; IOWA, 30 PERCENT; MINNESOTA, 25 PERCENT; MISSOURI,

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22 PERCENT. AND IN ADDITION IN THE HOG INDUSTRY, TO NOT GROWING THAT INDUSTRY, WE CURRENTLY ARE SHIPPING 40 PERCENT OF OUR CORN OUT OF OUR STATE, TAKING IT OUT OF THE HANDS OF THE PRODUCERS HERE THAT COULD MAKE A DIFFERENCE. YOU KNOW, I'VE WORKED IN BANKING LONG ENOUGH TO REMEMBER THAT WHEN I STARTED WE HAD 450 BANKS IN OUR STATE. TODAY WE'RE DOWN TO SOMEWHERE AROUND 200 BANKS. AND ONE OF THE THINGS WE ARE HEARING IS THIS CONSISTENT CONSOLIDATION OF THE HOG INDUSTRY. WELL, WHAT INDUSTRY IS NOT CONSOLIDATING? AND THAT'S THE DIRECTION OF MANY THINGS. WE USED TO HAVE IMPLEMENT DEALERS ON SEVERAL CORNERS IN GOTHENBURG. NOW WE HAVE ONE LARGE IMPLEMENT DEALER THAT'S ABLE TO SERVICE A WIDER AREA AND DO IT VERY EFFICIENTLY. WE USED TO HAVE A LOT OF CAR DEALERS. WE USED TO HAVE MORE BANKS THAN WE HAVE NOW. CONSOLIDATION HAPPENS AND WE HAVE TO SUPPORT GROWTH SO WE HAVE TO DEAL WITH THAT. I'VE OFTEN TOLD AG PRODUCERS AND OTHER BUSINESS PEOPLE, BUT IN PARTICULAR AG PRODUCERS, THEY WORRY ABOUT WHAT'S THE BIGGEST RISK TO THEIR INDUSTRY AND SOMETIMES THEY'LL FOCUS ON: WELL, IT'S THE ECONOMY; WELL, IT'S CORN PRICES; WELL, IT'S THE WEATHER. I WILL TELL YOU THE BIGGEST RISK TO INDUSTRY AND BUSINESS, WHETHER IT'S AGRICULTURE, BANKING, OR OTHERWISE IN OUR STATE, IS THE PEN. IT'S WHAT WE DO LEGISLATIVELY AND "REGULATORILY"... [LB176]

PRESIDENT FOLEY: ONE MINUTE. [LB176]

SENATOR WILLIAMS: ...TO BUSINESSES. THANK YOU, MR. PRESIDENT. THIS BILL HELPS US BE COMPETITIVE. IT HELPS PUT OUR PRODUCERS ON THE SAME PLAYING FIELD AS THOSE PRODUCERS IN SOUTH DAKOTA AND IOWA. THEREFORE, I STAND IN SUPPORT OF LB176 AND, AS STATED, WILL SUPPORT A CLOTURE VOTE. THANK YOU, MR. PRESIDENT. [LB176]

PRESIDENT FOLEY: THANK YOU, SENATOR WILLIAMS. SENATOR JOHNSON, YOU'RE RECOGNIZED. [LB176]

SENATOR JOHNSON: GOOD MORNING. AND THANK YOU, LIEUTENANT GOVERNOR. FIRST OF ALL, I'M GOING TO SPEAK AS CHAIRMAN OF THE AG COMMITTEE. THIS IS MY FOURTH YEAR ON THE AG COMMITTEE. IT'S MY SECOND YEAR AS CHAIRMAN OF THE AG COMMITTEE. WE HEAR A LOT OF TALK ABOUT "GROW NEBRASKA." I DEAL MOSTLY WITH GROWING RURAL NEBRASKA AND THE ECONOMIC DEVELOPMENT OPPORTUNITIES WE HAVE IN RURAL NEBRASKA,

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AND PARTICULARLY THE FOCUS HAS BEEN ON GROWING LIVESTOCK PRODUCTION. TWO, THREE YEARS AGO WE INTRODUCED A STUDY TO GROW THE DAIRY INDUSTRY. WE CONTINUE TO WORK ON THAT. I HAVE A BILL THAT WILL HELP MOVE THAT FORWARD. WE'RE TRYING TO GROW OTHER INDUSTRIES AS NEEDED. PORK INDUSTRY IS ONE THAT HAS NOT GROWN. IT'S BEEN POINTED OUT THAT IT HAS LOST IN NUMBERS, AND SO WE'RE LOOKING AT WAYS TO GROW THE PORK INDUSTRY. NOW I'M GOING TO SWITCH A LITTLE BIT TO MY PERSONAL SITUATION. I'VE HAD A DIRECT AND INDIRECT CONNECTION WITH THE PLANT AT CRETE, AND THAT SEEMS TO BE THE ONE UNDER FIRE, NOW OWNED BY SMITHFIELD. IT WAS FORMERLY OWNED BY FARMLAND FOODS, PART OF FARMLAND INDUSTRIES. TALK A LITTLE BIT MORE THEN ABOUT MY CONNECTION GOING BACK TO THAT PLANT. IN THE CO-OP INDUSTRY, I WAS THE PERSON OR THE MANAGER THAT WAS WILLING TO GO TO COMPANIES THAT WANTED TO SEE GROWTH, COMPANIES THAT NEEDED A LITTLE BIT OF A TURNAROUND IN THEIR OPERATION. AND SO I MOVED ABOUT EVERY SIX YEARS INTO A DIFFERENT COMMUNITY TO ACCOMPLISH THAT, AND SO THAT'S WHY I'VE BEEN CONNECTED WITH SEVERAL COOPERATIVES THROUGHOUT THE STATE. MY FIRST MANAGEMENT JOB WAS A MOVE TO DORCHESTER, NEBRASKA, ABOUT EIGHT MILES FROM THE CRETE PLANT. THE BOARD PRESIDENT FROM GOTHENBURG, ROGER CLARK, WAS PRESIDENT OF FARMLAND FOODS COMPANY, INCORPORATED, AND I HAD THAT CONNECTION WITH HIM WHEN I WAS AT GOTHENBURG, AND SO I'D HAD A CONNECTION WITH THE PORK PLANT, THE ECONOMIC IMPACT OF THAT PLANT IN CRETE, AND ALSO THE IMPACT OF THE PORK PRODUCERS IN THAT AREA. I LATER WENT TO SHELBY, NEBRASKA. WE HAD A HOG-BUYING STATION THERE, COLLECTING HOGS FROM PRODUCERS THAT WERE GOING TO THE CRETE PLANT. THAT WAS PICKING UP HOGS FROM SMALL FARMERS. WHY ISN'T IT THERE NOW? BECAUSE THERE WAS NO CONTRACTS AT THAT POINT WITH A PACKER. BUT THE LOCAL HOG PRODUCERS, THE SMALL ONES, DECIDED THAT WAS NOT THE INDUSTRY THEY WERE GOING TO BE IN. FROM THERE I MOVED TO PLYMOUTH AND IN... THAT WAS IN 1992 AND AGAIN CONNECTED VERY CLOSE WITH THE CRETE PLANT. WE WERE STILL IN INITIATIVE 300 AT THAT TIME AND I WAS PART OF A COMPANY THAT OWNED SOWS IN COLORADO. WHEN THOSE HOGS WERE LOADED ON TO THE TRUCK, THEY BECAME... THE INDIVIDUAL FARMERS WERE OWNERS OF THOSE HOGS. THAT WAS A WAY OF MOVING AROUND INITIATIVE 300. AND WE HAD HOGS CONTRACTED WITH FARMLAND FOODS. AT THE SAME TIME, THIS SAME ORGANIZATION THAT'S OUT IN COLORADO WERE SHIPPING PIGS TO BE WEANED INTO MISSOURI, ILLINOIS, AND MINNESOTA. SO IT WAS A MIDWEST PROJECT. ALL THOSE OTHER STATES HAVE ADOPTED RULES AND REGULATIONS, LAWS LIKE WE'RE TRYING TO DO TODAY. IN 1998, INITIATIVE... [LB176]

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PRESIDENT FOLEY: ONE MINUTE. [LB176]

SENATOR JOHNSON: ...300 WAS STALLED BY THE FEDERAL GOVERNMENT, AND SO THINGS STARTED CHANGING, MOVING AROUND, AND HAD A DIFFERENT OUTLOOK ON THINGS. MY TIME IS ABOUT UP. I WILL PUT MY LIGHT BACK ON, PROBABLY BE AFTER OUR SPEAKER THIS MORNING, AND CONTINUE THE DISCUSSION ON THIS. THANK YOU. [LB176]

PRESIDENT FOLEY: THANK YOU, SENATOR JOHNSON. SENATOR SCHILZ, YOU'RE RECOGNIZED. [LB176]

SENATOR SCHILZ: THANK YOU, MR. PRESIDENT. MEMBERS OF THE BODY, YOU KNOW, FIRST OF ALL, I WANT TO GET INTO A LITTLE BIT OF MY HISTORY. AS THIRD GENERATION FOR THE FAMILY FARM BACK IN...BETWEEN OGALLALA AND BRULE, NEBRASKA, WE FARM CORN, WHEAT, ALFALFA, SOYBEANS, AND WE HAD A FEEDYARD. AND I WORKED IN THAT FEEDYARD FROM WHEN I WAS PROBABLY ABOUT, OH, 10-11 YEARS OLD. I'VE DONE EVERY JOB THERE IS TO DO IN THE FEEDYARD, LITERALLY, EVERY JOB, FROM CLEANING WATER TANKS TO DRIVING FEED TRUCKS TO MARKETING FAT CATTLE TO BUYING FEEDER CATTLE TO CONTRACTING WITH PRODUCERS AND OTHER FOLKS TO GET THINGS DONE. I'VE ALSO WORKED IN MANY NICHE MARKETS: COLEMAN NATURAL MEATS, NIMAN RANCHES, MEYER NATURAL RED ANGUS; AS WELL AS DEALT WITH ALL OF THE PACKERS, INCLUDING IBM (SIC--IBP), TYSON, WHO ARE THE SAME, FOLKS. IBM (SIC--IBP) DIDN'T SHUT DOWN. (LAUGH) IBM (SIC--IBP) DID NOT SHUT DOWN. WHEN TYSON TOOK OVER, THEY ACTUALLY EXPANDED WHAT THEY DID IN NEBRASKA AND WHAT THEY'RE DOING IN NEBRASKA. SO THERE'S THAT OUT OF THE WAY, AND YOU CAN LOOK AT THE FACTS TO SEE THAT. AND I'D LIKE TO STAY ON FACTS TODAY, NOT FEAR AND NOT ANYTHING ELSE. I WORKED FOR CERTIFIED ANGUS BEEF FOR A NUMBER OF YEARS. IN FACT, WE MADE A PARTNERSHIP BETWEEN COLEMAN NATURAL MEATS AND CERTIFIED ANGUS BEEF THAT STARTED AT THE MCGINLEY-SCHILZ FEEDYARD, CERTIFIED ANGUS BEEF NATURAL. AND WE RAN THAT PROGRAM FOR ABOUT 12 YEARS. I WENT TO DIFFERENT STATES, GATHERED COALITIONS OF PEOPLE THAT RAISED LIKE CATTLE TO BRING THEM DOWN, TO PUT THEM THROUGH THE SYSTEM. AND IN 2003, C.A.B. SAW FIT TO NAME OUR FEEDYARD THEIR PROGRESSIVE PARTNER OF THE YEAR AT THEIR 25TH ANNIVERSARY ANNUAL MEETING. IT WAS QUITE AN HONOR. IT WAS THE LAST AWARD GIVEN OF THE DAY. AND IT'S BECAUSE OF ALL THE INVENTIVE THINGS THAT WE DID WHEN WE TALKED ABOUT PARTNERING, BECAUSE IT PUT MORE MONEY IN OUR POCKETS, GUYS. LET'S BRING THAT TO TODAY. WE WENT AND VISITED, AND I COULD TELL YOU THERE'S FOLKS SITTING

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HERE IN THIS LEGISLATURE THAT WENT WITH US. I THINK SENATOR HILKEMANN WAS THERE. WE TALKED TO MR. SANGER, A FARMER RIGHT OUTSIDE OF FRIEND WHO IS CONTRACTING TODAY WITH A PRIVATE, INDEPENDENT GROWER, A LARGE ONE, VERY LARGE ONE. THAT PERSON HAS NO COMPETITION IN THE CONTRACTING REALM IN THE STATE OF NEBRASKA BECAUSE NOBODY ELSE IS DOING IT. SO IF YOU WANT COMPETITION FOR THIS, THIS IS HOW YOU DO IT. REMEMBER, WHEN WE TALK ABOUT EVERYTHING GOING TO HECK IN A HANDBASKET OR WHATEVER BECAUSE WE WOULDN'T HAVE OPEN MARKETS, FOLKS, WHEN YOU'RE THE LAST 1 OUT OF 49, IS THERE REALLY ANY TALK OF TURNING BACK? THE DIE HAS ALREADY BEEN CAST. BUT IT DOESN'T MEAN THAT NOBODY IS GOING TO MAKE THEIR WAY. MR. SANGER'S SON, WHO WAS JUST GRADUATING FROM BEATRICE AT SOUTHEAST COMMUNITY COLLEGE, WAS SO EXCITED HE WAS ACTUALLY RUNNING THE HOG FACILITY WHERE THEY WERE PARTNERING. HE WAS SO EXCITED BECAUSE HE WAS GOING TO BE ABLE TO COME BACK TO THE FARM AND HAVE SOMETHING TO DO. [LB176]

PRESIDENT FOLEY: ONE MINUTE. [LB176]

SENATOR SCHILZ: THAT WAS ONE BARN, 2,400 HEAD. I BELIEVE THAT WHEN YOU DO THIS YOU WILL SEE MANY YOUNG, SMALLER FARMERS COME BACK INTO THIS GAME BECAUSE THEY DO NOT HAVE THE RISK OF OWNERSHIP. THIS GUY MAKES \$75,000 A YEAR DOING THIS. GETS PAID FOR HIS HOGS, GETS PAID FOR HIS TIME AND HIS WORK WHETHER THE HOGS ARE THERE OR NOT. THAT'S A CLASSIC CONTRACT THAT'S OUT THERE. IT HAPPENS. HE GETS ADVANTAGES FOR DOING...FOR PROVIDING BETTER QUALITY HOGS AND THINGS LIKE THAT, MORE UNIFORM. SO HE GETS PAID FOR THE EXTRA THINGS THAT HE DOES. IT'S NOT SLAVE LABOR, FOLKS. SLAVE LABOR IS WHAT WE DO HERE. LET'S TALK ABOUT IT AND LET'S BE HONEST. FOLKS, THANK YOU FOR CONSIDERATION. LISTEN TO THE FACTS AND NOT THE FEARS, AND THEN PLEASE DO NOT SUPPORT AM1848. SUPPORT AND PLEASE VOTE FOR CLOTURE FOR LB176 AND THE SCHILZ AMENDMENTS. THANK YOU. [LB176]

PRESIDENT FOLEY: THANK YOU, SENATOR SCHILZ. MR. CLERK, ITEMS FOR THE RECORD. [LB176]

ASSISTANT CLERK: MR. PRESIDENT, ONE ITEM: THE RETIREMENT SYSTEMS COMMITTEE REPORTS LB790 TO GENERAL FILE. (LEGISLATIVE JOURNAL, PAGE 379.) [LB790]

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PRESIDENT FOLEY: THANK YOU, MR. CLERK. SENATOR WILLIAMS, YOU'RE RECOGNIZED FOR A MOTION.

SENATOR WILLIAMS: THANK YOU, MR. PRESIDENT. I MOVE THAT A COMMITTEE OF FIVE BE APPOINTED TO ESCORT THE CHIEF JUSTICE OF THE SUPREME COURT AND MEMBERS OF THE SUPREME COURT TO THE LEGISLATIVE CHAMBER FOR THE PURPOSE OF DELIVERING THE STATE OF THE JUDICIARY ADDRESS.

PRESIDENT FOLEY: THANK YOU, SENATOR WILLIAMS. SENATORS, YOU'VE HEARD THE MOTION. ALL THOSE IN FAVOR SAY AYE. THOSE OPPOSED SAY NAY. THE MOTION IS ADOPTED. I HEREBY APPOINT THE FOLLOWING ESCORT COMMITTEE: SENATOR SEILER, SENATOR LINDSTROM, SENATOR KEN HAAR, SENATOR HOWARD, AND SENATOR MURANTE. WOULD THE ESCORT COMMITTEE PLEASE RETIRE TO THE REAR OF THE CHAMBER TO ESCORT THE CHIEF JUSTICE TO THE CHAMBER. THANK YOU. THE CHAIR RECOGNIZES THE SERGEANT AT ARMS.

SERGEANT AT ARMS: MR. PRESIDENT, YOUR COMMITTEE NOW ESCORTING NEBRASKA SUPREME COURT CHIEF JUSTICE MIKE HEAVICAN AND MEMBERS OF THE SUPREME COURT.

PRESIDENT FOLEY: MEMBERS OF THE ONE HUNDRED FOURTH LEGISLATURE AND DISTINGUISHED GUESTS, I PRESENT TO YOU THE CHIEF JUSTICE OF THE GREAT STATE OF NEBRASKA, THE HONORABLE MIKE HEAVICAN.

CHIEF JUSTICE HEAVICAN: THANK YOU. MR. PRESIDENT, MR. SPEAKER, MEMBERS OF THIS LEGISLATURE, FELLOW JUSTICES OF THE NEBRASKA SUPREME COURT, AND FELLOW NEBRASKANS, I WOULD LIKE TO THANK THE MEMBERS OF THIS LEGISLATIVE BODY, ESPECIALLY SPEAKER GALEN HADLEY, FOR INVITING ME TO ADDRESS YOU THIS MORNING. IT IS AN HONOR FOR ME TO REPORT ON THE ACCOMPLISHMENTS OF THE JUDICIAL BRANCH THIS PAST YEAR AND TO DISCUSS THE FUTURE OF THE COURTS. FIRST, I WILL INTRODUCE MY FELLOW JUSTICES. TO MY IMMEDIATE RIGHT IS JUSTICE JOHN WRIGHT OF SCOTTSBLUFF AND TO HIS RIGHT IS JUSTICE BILL CASSEL OF O'NEILL. TO MY IMMEDIATE LEFT IS JUSTICE LINDSEY MILLER-LERMAN OF OMAHA, AND TO HER LEFT IS JUSTICE STEPHANIE STACY OF LINCOLN. JUSTICE BILL CONNOLLY OF HASTINGS IS UNABLE TO BE HERE TODAY. THIS IS NOT THE SAME COURT YOU SAW LAST YEAR. KEN STEPHAN OF LINCOLN AND MIKE McCORMACK OF OMAHA HAVE BOTH RETIRED. I THANK THEM FOR THEIR YEARS OF SERVICE TO THE SUPREME COURT AND TO THE STATE OF NEBRASKA. I WOULD ALSO LIKE TO

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AGAIN WELCOME TO THE COURT JUSTICE STACY, WHO TOOK KEN STEPHAN'S PLACE. AND I NOTE THAT THE GOVERNOR IS IN THE PROCESS OF CHOOSING MIKE McCORMACK'S SUCCESSOR. OUR STATE MOTTO IS "EQUALITY BEFORE THE LAW." IT ECHOES THE MOST BASIC PRINCIPLES UPON WHICH OUR STATE AND OUR NATION WERE FOUNDED. THE MOTTO IS CARVED IN STONE ON THE ENTRANCE OF THIS BUILDING, AND ALSO APPEARS ABOVE THE BENCH OF OUR COURT, IN THE GOVERNOR'S OFFICE, AND IN THE WARNER CHAMBER. THE SPECIAL MISSION OF NEBRASKA'S COURTS IS TO PROVIDE CITIZENS WITH AN OPEN, FAIR, EFFICIENT, AND INDEPENDENT FORUM FOR THE RESOLUTION OF DISPUTES AND WITH WHAT OUR MOTTO PROMISES: EQUALITY BEFORE THE LAW. EQUALITY BEFORE THE LAW MEANS MANY THINGS, INCLUDING ACCESS, FAIRNESS, AND DIGNITY FOR VULNERABLE NEBRASKANS IN NEED OF GUARDIANSHIPS OR CONSERVATORSHIPS. IN 2014 SENATOR COLBY COASH SPONSORED A BILL CREATING THE OFFICE OF PUBLIC GUARDIAN. THAT BILL WAS PASSED UNANIMOUSLY BY THIS LEGISLATURE. IT DIRECTS THE PUBLIC GUARDIAN TO DO FOUR THINGS. FIRST, THE OFFICE OF PUBLIC GUARDIAN IS TO SERVE AS GUARDIAN FOR UP TO 480 INCAPACITATED NEBRASKANS IN CASES WHERE THERE IS NO ONE ELSE AVAILABLE OR APPROPRIATE TO SERVE. SECOND, THE PUBLIC GUARDIAN IS DIRECTED TO IDENTIFY SUCCESSOR GUARDIANS AND CONSERVATORS. THIRD, THE PUBLIC GUARDIAN IS DIRECTED TO PROVIDE EDUCATION, INFORMATION, AND SUPPORT TO THE OTHER 10,000 INDIVIDUALS WHO SERVE AS GUARDIANS OR CONSERVATORS IN NEBRASKA. ASSOCIATE PUBLIC GUARDIANS ARE LOCATED IN GERING, NORTH PLATTE, KEARNEY, HASTINGS, NORFOLK, PAPILLION, LINCOLN, AND OMAHA. THE 12 ASSOCIATE PUBLIC GUARDIANS HAVE MET WITH OVER 600 LOCAL COMMUNITY STAKEHOLDERS AND PROVIDERS. THESE MEETINGS ARE MEANT TO MAXIMIZE RESOURCES FOR ALL GUARDIANS AND CONSERVATORS IN THE STATE. NEWLY APPOINTED GUARDIANS AND CONSERVATORS ARE GIVEN THE TOOLS NEEDED TO IDENTIFY THE LEVEL OF INDEPENDENCE BEST SUITED FOR THEIR INDIVIDUAL WARDS. THE FINAL DIRECTIVE FROM THIS BODY WAS TO DEVELOP A COURT VISITOR PROGRAM. THE PUBLIC GUARDIAN HAS EDUCATED AND ORGANIZED A SYSTEM OF VOLUNTEER COURT VISITORS. THESE COMMUNITY VOLUNTEERS PROVIDE JUDGES WITH ESSENTIAL INFORMATION ABOUT POTENTIALLY INCAPACITATED PERSONS, ALONG WITH RECOMMENDATIONS TO JUDGES CONCERNING THE NEED TO APPOINT A PUBLIC GUARDIAN. SINCE LAST AUGUST MORE THAN 20 INDIVIDUALS FROM ACROSS THE STATE HAVE VOLUNTEERED TO SERVE THE COURTS AND THEIR FELLOW CITIZENS THROUGH THE PUBLIC GUARDIAN VOLUNTEER COURT VISITOR PROGRAM. THIS ALONE HAS SAVED THOUSANDS OF DOLLARS IN COUNTY PROPERTY TAXES. EFFORTS TO RECRUIT ADDITIONAL VOLUNTEERS TO SERVE AS GUARDIANS, CONSERVATORS,

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AND COURT VISITORS ARE ONGOING. I'M PLEASED TO ANNOUNCE THAT IN NOVEMBER, FOLLOWING MONTHS OF PLANNING AND TRAINING, THE PUBLIC GUARDIAN BEGAN TO TAKE APPOINTMENTS TO SERVE INCAPACITATED INDIVIDUALS. THESE INDIVIDUALS HAVE MULTIPLE MEDICAL, MENTAL HEALTH, AND SOCIETAL CHALLENGES WHICH ARE ALREADY STRETCHING THIN THE RESOURCES AVAILABLE TO THE PUBLIC GUARDIAN. UPDATES TO THE PUBLIC GUARDIANSHIP ACT WILL BE NECESSARY TO ADDRESS THE CHALLENGES ENCOUNTERED DURING THIS FIRST YEAR OF IMPLEMENTATION. WE LOOK FORWARD TO PARTNERING WITH YOU, THE LEGISLATURE, TO CONTINUE OUR PROGRESS IN THIS IMPORTANT ENDEAVOR. SPECIAL THANKS TO COUNTY COURT JUDGES SUSAN BAZIS AND TODD HUTTON, AND NUMEROUS OTHER CONCERNED NEBRASKANS WHO HAVE WORKED ON THIS PROGRAM. EQUALITY BEFORE THE LAW ALSO MEANS FAIR AND PROMPT HANDLING OF CHILD ABUSE AND NEGLECT CASES AS WELL AS JUVENILE JUSTICE CASES IN NEBRASKA COURTS. TO FURTHER THESE GOALS, OUR COURT IMPROVEMENT PROJECT, COMMONLY REFERRED TO AS THE "THROUGH THE EYES OF THE CHILD INITIATIVE," HAS STRONGLY EMPHASIZED EDUCATION FOR JUDGES, GUARDIANS AD LITEM, LAWYERS, HEALTH AND HUMAN SERVICES EMPLOYEES, AND COMMUNITY VOLUNTEERS. IN NOVEMBER 2015, OVER 300 NEBRASKANS PARTICIPATED IN THE COURT IMPROVEMENT PROJECT'S REGIONAL CONFERENCES HELD IN HASTINGS, O'NEILL, KIMBALL, AND LA VISTA. THE CONFERENCES SPOTLIGHTED HUMAN TRAFFICKING IN NEBRASKA. ATTENDEES ALSO RECEIVED UPDATES ON RECENT FEDERAL AND STATE LEGISLATIVE CHANGES AND INFORMATION REGARDING THE STATUS OF CHILDREN IN THE CHILD WELFARE AND JUVENILE JUSTICE SYSTEMS BY JUDICIAL DISTRICT. PARTICIPANTS THEN SET TEAM GOALS FOR IMPROVEMENTS IN EACH OF THOSE DISTRICTS. OUR FOURTH CHILDREN'S SUMMIT, WHICH SPECIFICALLY FOCUSES ON CHILDREN IN THE COURTS, WILL BE HELD SEPTEMBER 7 THROUGH THE 9 THIS YEAR IN KEARNEY. ALL OF OUR JUDGES HANDLING JUVENILE MATTERS AND OTHER "THROUGH THE EYES OF THE CHILD INITIATIVE" TEAM MEMBERS WILL ATTEND. WE INVITE EVERY MEMBER OF THIS LEGISLATIVE BODY TO ALSO ATTEND. IN KEEPING WITH NATIONAL BEST PRACTICE EFFORTS, THE "THROUGH THE EYES OF THE CHILD INITIATIVE" IS SPONSORING PROGRAMS TO SERVE ABUSED AND NEGLECTED CHILDREN, AS WELL AS JUVENILE LAW VIOLATORS, IN THEIR HOMES WHENEVER POSSIBLE. THIS EFFORT HAS AIDED...WAS AIDED LAST SESSION BY THE PASSAGE OF LB500 WHICH ALLOWS FOR BROADER USE OF IN-HOME THERAPY. IN-HOME THERAPY FOCUSES ON ADDRESSING AN AT-RISK JUVENILE'S TOTAL COMMUNITY ENVIRONMENT: THEIR HOMES AND FAMILIES, SCHOOLS AND TEACHERS, NEIGHBORHOODS AND FRIENDS. THE "THROUGH THE EYES OF THE CHILD INITIATIVE" IS PLEASED TO BE COORDINATING A GRANT FUNDED BY

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THE SHERWOOD AND OMAHA COMMUNITY FOUNDATIONS. THIS GRANT GENEROUSLY SUPPORTS EFFORTS TO DEVELOP IN-HOME FAMILY THERAPY SERVICES. A SPECIAL THANK YOU TO SENATOR SARA HOWARD FOR HER FORESIGHT IN PAVING THE WAY FOR NEBRASKA TO INITIATE AND EXPAND THESE IN-HOME SERVICES. THIS PUBLIC-PRIVATE PARTNERSHIP IS BEING IMPLEMENTED IN CLOSE COLLABORATION WITH THE ADMINISTRATIVE OFFICE OF THE COURTS AND PROBATION AND THE DEPARTMENT OF HEALTH AND HUMAN SERVICES. IN REGARD TO JUVENILE JUSTICE, LAST YEAR I SUGGESTED THAT NEBRASKA'S JUVENILE JUSTICE REFORM EFFORTS WERE BASED ON FOUR FUNDAMENTAL PRINCIPLES. THE FIRST PRINCIPLE IS THAT FEWER YOUNG PEOPLE SHOULD BECOME WARDS OF THE STATE, BE INCARCERATED, OR PLACED IN GROUP HOMES. WITH THE PASSAGE OF LB561 IN 2014, PROMOTED BY SENATOR BOB KRIST AND FORMER SENATOR BRAD ASHFORD, CHILDREN NO LONGER HAVE TO BECOME STATE WARDS TO ACCESS SERVICES IN NEBRASKA. DURING THIS LAST TRANSITION YEAR, THERE HAS BEEN A SIGNIFICANT INCREASE IN THE NUMBER OF CHILDREN PLACED ON PROBATION WHO ARE RECEIVING SERVICES TO REDUCE RECIDIVISM. ADDITIONALLY, WITH THE SUPPORT OF THE JUVENILE DETENTION ALTERNATIVES INITIATIVE, WHICH WE CALL JDAI, THERE HAS BEEN AN 11.5 PERCENT REDUCTION IN JUVENILES DETAINED IN THE PAST SIX MONTHS. FURTHER, OUT-OF-HOME PLACEMENTS HAVE DECLINED 7.6 PERCENT IN THAT SAME SIX-MONTH PERIOD. THE SECOND PRINCIPLE IS THAT MORE YOUNG PEOPLE BE PROVIDED WITH TREATMENT IN THEIR HOMES AND LOCAL COMMUNITIES. AS NOTED, THERE HAS BEEN AN INCREASE IN THE USE OF IN-HOME AND COMMUNITY-BASED SERVICES OVER THE PAST SIX MONTHS. OUT-OF-STATE PLACEMENTS HAVE ALSO DECREASED, WHICH IS A SIGNIFICANT STEP TOWARD KEEPING YOUTH IN NEBRASKA NEAR THEIR FAMILIES AND SUPPORT GROUPS. THE THIRD PRINCIPLE IS THAT PARENTS AND GUARDIANS SHOULD ALWAYS BE INVOLVED IN THEIR CHILDREN'S REHABILITATION. PROBATION OFFICERS ARE NOW TRAINED TO WORK WITH FAMILIES TO SET UP FAMILY SUPPORT TEAMS. THE FINAL PRINCIPLE IS THAT LOCAL COMMUNITY PROVIDERS OF MENTAL HEALTH, SUBSTANCE ABUSE TREATMENT, AND OTHER SERVICES SHOULD BE UTILIZED WHENEVER POSSIBLE. THERE IS, ESPECIALLY IN GREATER NEBRASKA, A LACK OF SERVICE PROVIDERS TO WORK WITH JUVENILES. WHEN I SPEAK WITH TRIAL COURT JUDGES, MANY SAY THAT THEY WOULD DETAIN FEWER CHILDREN IF THERE WERE ALTERNATIVE PLACEMENT OPPORTUNITIES OR IN-HOME SERVICES AVAILABLE. OUR FOCUS IN 2016 WILL BE TO CONTINUE TO EXPAND THOSE ALTERNATIVES. I TURN NOW TO ADULT PROBATION. IN THE LAST LEGISLATIVE SESSION, THIS BODY PASSED LB605, WHICH CREATED SIGNIFICANT CRIMINAL JUSTICE REFORM IN NEBRASKA. THE ADMINISTRATIVE OFFICE OF THE COURTS AND PROBATION HAS MADE MAJOR ADVANCEMENTS IN

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THE IMPLEMENTATION OF THE JUSTICE REINVESTMENT GOALS OUTLINED IN LB605. WITH THE HELP OF DISTRICT COURT JUDGES JOHN COLBORN OF LANCASTER COUNTY AND LEO DOBROVOLNY OF SCOTTS BLUFF COUNTY, THE SUPREME COURT PROBATION SERVICES COMMITTEE FORMULATED COURT RULES WHICH ENCOMPASSED THE STATUTORY REQUIREMENTS OF POST-RELEASE PROBATION SUPERVISION. THE RULES WERE ADOPTED BY THIS COURT AFTER A PUBLIC...A PERIOD OF PUBLIC COMMENT, AND ARE NOW IN FULL FORCE AND EFFECT. THE OFFICE OF PROBATION ADMINISTRATION AND LOCAL CHIEF PROBATION OFFICERS HAVE DEVELOPED NEW POLICIES, PROCEDURES, AND FORMS TO COMPLY WITH LB605. EDUCATION FOR DISTRICT AND COUNTY COURT JUDGES AND COURT AND PROBATION STAFF WAS PLACED ON A FAST TRACK, AS WERE CHANGES TO THE COURTS' AND PROBATION'S MANAGEMENT INFORMATION SYSTEMS TO ACCOMMODATE THE NEW LAWS. LB605 ALSO PROVIDED FOR NEW DAY AND EVENING REPORTING CENTERS. THE ADMINISTRATIVE OFFICE OF PROBATION WORKED WITH LOCAL CHIEF PROBATION OFFICERS TO DETERMINE WHERE THESE NEW CENTERS SHOULD BE LOCATED. HASTINGS, NORTH PLATTE, AND BEATRICE WERE SELECTED, WITH ADDITIONAL CENTERS PLACED IN NORTH OMAHA AND IN NORTH LINCOLN. WHEN THESE CENTERS OPEN THEIR DOORS WITHIN THE NEXT FEW MONTHS, THERE WILL BE 16 REPORTING CENTERS OPERATIONAL THROUGHOUT NEBRASKA. THESE CENTERS AVERAGE 6,000 VISITS FROM PROBATION CLIENTS EACH MONTH AND PROVIDE SERVICES IN EVERY MAJOR COMMUNITY IN THE STATE. EVERY REPORTING CENTER ALSO HAS A SUBSTANCE ABUSE SUPERVISION PROGRAM, OR SSAS. THAT'S THE NAME WE GIVE IT. THIS PROGRAM CONTINUES TO BE PROBATION'S PREMIER SUPERVISION PROGRAM FOR THOSE INDIVIDUALS AT A HIGH RISK TO REOFFEND. WE ARE PROUD THAT 89 PERCENT OF CLIENTS RELEASED FROM THE PROGRAM IN 2015 HAVE BEEN DRUG FREE FOR AT LEAST ONE YEAR. LIKewise, 91 PERCENT OF SSAS PARTICIPANTS ARE GAINFULLY EMPLOYED. SSAS WILL EXPAND TO INCLUDE SUPERVISING INDIVIDUALS TARGETED BY LB605 WHO HAVE ALREADY SERVED A PERIOD OF TIME IN A CORRECTIONAL INSTITUTION AND WHO REQUIRE INTENSE SUPERVISION UPON RELEASE. THERE ARE CURRENTLY 35 SSAS OFFICERS, INCLUDING 5 NEW OFFICERS WHO WILL PROVIDE BOTH PRE- AND POST-PRISON SUPERVISION. AT THIS POINT, I WANT TO RECOGNIZE A SPECIAL NEBRASKAN WHO IN THE LAST TEN YEARS PERSEVERED IN ESTABLISHING AND EXPANDING BASIC COMMUNITY CORRECTIONS INSTITUTIONS IN THIS STATE. THERE WOULD BE NO DAY AND EVENING REPORTING CENTERS AND NO SSAS PROGRAM AND NO FOUNDATION FOR JUSTICE REINVESTMENT TO BUILD UPON WITHOUT THE TIRELESS WORK OF ELLEN BROKOFKY, WHO RUNS THE OFFICE OF PROBATION ADMINISTRATION. THANK YOU, ELLEN BROKOFKY. AS WE EXPAND THE SSAS PROGRAM, WE ALSO

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CONTINUE TO EXPAND THE NUMBER AND THE REACH OF OUR PROBLEM-SOLVING COURTS. THROUGH THE GOOD WORK OF DISTRICT COURT JUDGES RACHEL DAUGHERTY OF HAMILTON COUNTY AND JAMES STECKER OF SEWARD COUNTY, WE HAVE NOW ACHIEVED OUR GOAL OF DEVELOPING PROBLEM-SOLVING COURTS WITHIN EACH JUDICIAL DISTRICT. WE ALSO WANT TO THANK SENATORS JOHN McCOLLISTER AND MATT WILLIAMS AND DISTRICT COURT JUDGE JAMES DOYLE OF DAWSON COUNTY FOR THEIR CONTINUED WORK ON THE POTENTIAL EXPANSION OF THE NUMBER OF PROBLEM-SOLVING COURTS IN NEBRASKA. EQUALITY BEFORE THE LAW ALSO MEANS THAT THOSE WHO CHOOSE TO REPRESENT THEMSELVES SHOULD HAVE MEANINGFUL ACCESS TO NEBRASKA'S COURTS. LAST YEAR I TOLD YOU ABOUT OUR EFFORTS TO PROVIDE ACCESS TO THE COURT SYSTEM FOR SELF-REPRESENTED LITIGANTS. THIS YEAR I'M PLEASED TO REPORT THAT THE SUPREME COURT HAS APPROVED THE STRATEGIC AGENDA CREATED BY OUR COMMITTEE ON SELF-REPRESENTED LITIGATION, HEADED BY CHIEF JUDGE FRANKIE MOORE OF THE COURT OF APPEALS AND DISTRICT COURT JUDGE TERESA LUTHER OF HALL COUNTY. HOWEVER, AS YOU KNOW, THE NUMBER OF NEBRASKANS SEEKING TO REPRESENT THEMSELVES WHEN APPEARING BEFORE THE COURTS IS STILL ON THE RISE. TODAY I WOULD ALSO LIKE TO THANK THE NEBRASKA STATE BAR ASSOCIATION FOR ITS SUPPORT IN PROVIDING ATTORNEYS IN SELF-HELP CENTERS ACROSS THE STATE. I WOULD ALSO LIKE TO RECOGNIZE THOSE NEBRASKA LAWYERS WHO VOLUNTEER TO ASSIST UNREPRESENTED NEBRASKANS. AS A PUBLIC SERVICE TO ALL NEBRASKANS, INCLUDING THOSE CITIZENS WHO REPRESENT THEMSELVES, THE COURT HAS DEVELOPED A NEW ON-LINE LIBRARY FOR NEBRASKA APPELLATE COURT OPINIONS. I THANK THIS LEGISLATURE, ESPECIALLY SPONSORING SENATOR ERNIE CHAMBERS AS WELL AS JUDICIARY CHAIR SENATOR LES SEILER, FOR THE LEGISLATION LAST SESSION WHICH ENABLED THE COURT TO EXPAND PUBLIC ACCESS BY MAKING PUBLISHED OPINIONS PERMANENTLY AVAILABLE ON THE INTERNET FREE OF CHARGE. FURTHER TECHNOLOGICAL ADVANCEMENTS IN THE PAST YEAR INCLUDED AN INCREASE IN E-FILING. THE VOLUME OF ELECTRONICALLY FILED DOCUMENTS IN THE TRIAL COURTS WAS UP 30 PERCENT IN 2015. AS WE NOTE IN THE ANNUAL REPORT DISTRIBUTED TO YOU TODAY, EVERY E-FILING SAVES THE COURTS BETWEEN TWO AND FIVE MINUTES OF STAFF TIME AND GREATLY INCREASES THE ACCURACY OF DATA ENTRY. OUR TOTAL E-FILINGS WERE UP BY 223,000 DOCUMENTS LAST YEAR. ALL ATTORNEYS PRACTICING IN THE COUNTY AND DISTRICT COURTS NOW RECEIVE ORDERS AND NOTICES FROM THE COURTS BY E-MAIL AT THE RATE OF SEVERAL THOUSAND COMMUNICATIONS PER DAY. ADDITIONALLY, THE WORKERS' COMPENSATION COURT BEGAN ACCEPTING ELECTRONIC FILINGS IN 2015. LATER THIS YEAR THE SUPREME COURT AND

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COURT OF APPEALS WILL FOLLOW SUIT. EXPANDED ELECTRONIC ACCESS CANNOT, HOWEVER, REPLACE THIS COURT'S TRADITIONAL RELATIONSHIP WITH LOCAL COMMUNITIES. EACH YEAR, MEMBERS OF MY STAFF, JUDGES OF THIS COURT, AND I TOUR TRIAL COURTS AND ATTEND BAR ASSOCIATION MEETINGS AND COURT-RELATED COMMUNITY MEETINGS ACROSS THE STATE. THIS PAST SUMMER I VISITED COURTS IN SOUTH-CENTRAL AND SOUTHEAST NEBRASKA. JUSTICE CASSEL ACCOMPANIED ME IN SOUTHEAST NEBRASKA AND ALSO VISITED SOUTHWEST NEBRASKA. IN ADDITION, WE WERE JOINED AT CERTAIN EVENTS BY SENATORS DAN WATERMEIER, LES SEILER, AND LAURA EBKE. WE USED THESE TOURS TO GET DIRECT FEEDBACK ON THE WORKINGS OF OUR JUSTICE SYSTEM FROM JUDGES, COUNTY COMMISSIONERS, LOCAL LAWYERS, LAW ENFORCEMENT, PUBLIC DEFENDERS, AND OTHERS WHO WORK WITH THE COURT SYSTEM. I'M PLEASED TO REPORT THAT THE CITIZENS OF MANY NEBRASKA COMMUNITIES ARE INVESTING IN THEIR LOCAL JUSTICE SYSTEMS IN SUBSTANTIAL WAYS. AMONG OTHERS, SEWARD AND CUSTER COUNTIES ARE BUILDING OR HAVE BUILT NEW JUDICIAL CENTERS; SALINE AND HALL COUNTIES ARE BOTH IN THE MIDDLE OF REHABILITATION PROJECTS; AND FURNAS, JEFFERSON, AND DOUGLAS COUNTIES ARE RENOVATING OR ADDING SECURITY MEASURES. COMMUNITIES THAT INVEST IN THEIR COURTS ARE COMMUNITIES THAT GROW AND PROSPER. IN CONCLUSION, I AM PROUD OF THE WORK THE JUDICIAL BRANCH DOES TO ENSURE THAT OUR STATE MOTTO HAS MEANING. TO REPEAT, THE MISSION OF NEBRASKA'S JUDICIAL BRANCH IS TO PROVIDE THE CITIZENS OF THIS GREAT STATE WITH AN OPEN, FAIR, EFFICIENT, AND INDEPENDENT SYSTEM FOR THE ADVANCEMENT OF JUSTICE UNDER THE LAW. WE WORK TO PROVIDE ACCESS TO JUSTICE FOR ALL NEBRASKANS, AND TO BE CERTAIN THAT IN NEBRASKA THERE IS EQUALITY BEFORE THE LAW. IT IS OUR HONOR TO WORK WITH THIS LEGISLATURE TO ACCOMPLISH THAT GOAL. THANK YOU FOR THE OPPORTUNITY TO SPEAK WITH YOU TODAY.

PRESIDENT FOLEY: THANK YOU, JUSTICE HEAVICAN. WILL THE ESCORT COMMITTEE PLEASE ESCORT THE CHIEF JUSTICE AND THE MEMBERS OF THE NEBRASKA STATE SUPREME COURT FROM THE CHAMBER. THANK YOU. MEMBERS, IF YOU'D COME TO ORDER, PLEASE, WE CAN CONTINUE DEBATE ON LB176 AND THE UNDERLYING AMENDMENT AMENDING AM1848. SENATOR BOLZ, YOU'RE RECOGNIZED. [LB176]

SENATOR BOLZ: THANK YOU, MR. PRESIDENT. COLLEAGUES, LAST YEAR WHEN WE DISCUSSED THIS BILL I ROSE AND I SPOKE ABOUT ENVIRONMENTAL CONCERNS. AND OVER THE INTERIM I HAVE DONE MY BEST TO UNDERSTAND NUTRIENT MANAGEMENT PLANS AND THE REGULATIONS OF THE NEBRASKA

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DEPARTMENT OF ENVIRONMENTAL QUALITY. COLLEAGUES, I WILL TELL YOU THAT I DID SO MUCH RESEARCH ON THIS BILL THAT I EVEN REACHED OUT TO MY HIGH SCHOOL FFA ADVISER. AND I THINK I LEARNED SOME THINGS THAT ARE GOOD AND SOME THINGS THAT ARE NOT SO GOOD. ONE OF THE THINGS THAT I LEARNED IS THAT THERE ARE A LOT OF PRODUCERS IN THIS STATE WHO ARE GOOD STEWARDS OF ANIMALS, LAND, AND WATER. I THINK THERE IS A LOT OF GOOD WORK GOING ON. BUT I ALSO LEARNED THAT THERE ARE INDUSTRIES IN THIS STATE, THERE ARE ENTITIES IN THIS STATE THAT ARE NOT GOOD STEWARDS. TYSON FRESH MEATS, INCORPORATED, IS THE BIGGEST POLLUTER IN NEBRASKA. IT DUMPED OVER FOUR MILLION POUNDS OF TOXIC POLLUTION INTO THE STATE WATERWAYS, BASED ON A REPORT THAT I HAVE A COPY OF HERE AT MY DESK. THE LOWER PLATTE RIVER IS THE MAIN SOURCE OF DRINKING WATER FOR LINCOLN AND OMAHA. AND IT RANKED FIFTH IN THE NATION FOR THE HIGHEST AMOUNT OF TOTAL TOXIC DISCHARGES. WE WERE ASKED TO CONSIDER THE DATA AND THE FACTS ABOUT THIS PIECE OF LEGISLATION. AND COLLEAGUES, TO ME, THOSE ARE THE MOST COMPELLING STATISTICS ABOUT THIS IDEA. I CANNOT IN GOOD CONSCIENCE SUPPORT PUTTING MORE CONTROL AND MORE CAPACITY IN THE HANDS OF ENTITIES THAT ARE AMONG THE BIGGEST POLLUTERS IN THE STATE. WHEN I HEARD BACK FROM MY FFA ADVISER--AND HELLO MR. MALONE, IF YOU ARE WATCHING, AND THANK YOU--HE SAID, KATE, THERE ARE PROS AND CONS TO THIS BILL. AND HERE ARE SOME OF THE THINGS THAT I THINK ABOUT THE FACTORS YOU SHOULD CONSIDER. BUT ULTIMATELY, KATE, WE THINK THIS COMMUNITY RAISED YOU RIGHT. AND WE TRUST THAT YOU WILL DO YOUR DUE DILIGENCE AND MAKE YOUR BEST DECISION FOR THE PEOPLE OF NEBRASKA. SO, COLLEAGUES, MY BEST DECISION FOR THE PEOPLE OF NEBRASKA IS TO OPPOSE THIS BILL DUE TO THE CONCERNING IMPACTS OF POLLUTION AND OF THE POTENTIAL FOR CAUSING PROBLEMS IN OUR ENVIRONMENT AND IN OUR THE WATERWAYS. THANK YOU, MR. PRESIDENT. [LB176]

PRESIDENT FOLEY: THANK YOU, SENATOR BOLZ. SENATOR BLOOMFIELD, YOU'RE RECOGNIZED. [LB176]

SENATOR BLOOMFIELD: THANK YOU, MR. PRESIDENT. GOOD MORNING, COLLEAGUES. SINCE WE ARE GOING PUBLIC WITH HOW WE'RE GOING TO VOTE ON THIS, MARK ME AS NUMBER ONE THAT WILL BE VOTING NO ON CLOTURE. COLLEAGUES, WE DEBATED THIS LAST YEAR. WE'RE DEBATING IT AGAIN THIS YEAR. I HASTEN TO REMIND YOU THAT IT WAS DEFEATED LAST YEAR ON A CLOTURE MOTION. HOPEFULLY, WE WILL DO THAT AGAIN THIS YEAR. I HAVE A COUPLE QUESTIONS JUST TO POSE THAT I HOPE THE PEOPLE PUSHING THIS ISSUE

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WILL ADDRESS. SENATOR SCHILZ SAID, IOWA HAS TEN TIMES AS MANY HOGS AS NEBRASKA. I WONDER, DO THEY HAVE TEN TIMES AS MANY HOG OWNERS? I DOUBT IT. I'D LIKE TO SEE THAT NUMBER. I ALSO FIND MYSELF WONDERING, IF THIS IS SUCH A GREAT THING, WHY DO WE NOT INCLUDE CATTLE? IT'S SUCH A WONDERFUL THING, PERHAPS THE BEEF INDUSTRY SHOULD ALSO BE INCLUDED. AND NEBRASKA, SINCE THE DIE IS CAST, WE'RE THE ONLY ONE LEFT, IT CAN'T POSSIBLY WORK, I ASSUME WE'LL BE OPENING TOMORROW WITH A BICAMERAL INSTEAD OF A UNICAMERAL IN THE STATE OF NEBRASKA, BECAUSE BEINGS WE'RE THE ONLY ONES, IT CANNOT POSSIBLY WORK. WELL, IT DOES WORK; IT WORKS WELL. MR. PRESIDENT, I'D YIELD THE REMAINDER OF MY TIME TO SENATOR DAVIS. [LB176]

PRESIDENT FOLEY: THANK YOU. SENATOR DAVIS, 3:00, IF YOU CARE TO USE IT. [LB176]

SENATOR DAVIS: THANK YOU, MR. CHAIRMAN. I WILL COME BACK AGAIN TO SAY, I THINK THIS IS A BILL THAT IS A POOR BILL. IT SHOULD BE KILLED. I'D LIKE TO TALK A LITTLE BIT IF YOU HAVE TIME...HOW MUCH TIME DO I HAVE, MR. PRESIDENT? [LB176]

PRESIDENT FOLEY: ABOUT 2:30, SENATOR. [LB176]

SENATOR DAVIS: THANK YOU. SO IF YOU GO BACK INTO THE PAST WHEN THE COMPETITIVE MARKET LIMITATIONS WERE PUT IN PLACE AND DIG INTO THAT, IT'S REALLY PRETTY INFORMATIVE. AND SO I THOUGHT I MIGHT JUST GO THROUGH THE LIST OF PEOPLE THAT TESTIFIED IN FAVOR OF IT: SENATOR DIERKS WAS THE INTRODUCER; SENATOR BOB KERREY WAS IN FAVOR OF THE BILL; GEORGE COORDSEN; JIM JONES; ROBERT (SIC) R. WEHRBEIN; CURT BROMM; MATT CONNEALY, YOU KNOW THOSE ARE ALL FORMER SENATORS HERE. THESE ARE PEOPLE THAT WERE PROPONENTS: MERLYN CARLSON, THE DIRECTOR OF AGRICULTURE; STEVE CADY, WHO WAS HEAD OF THE PORK PRODUCERS AT THE TIME; KEITH OLSEN, WITH NEBRASKA FARM BUREAU; STANLEY ROSENDAHL, NEBRASKA PORK PRODUCERS; BILL RHEA; GEOFFERY STOLLE; HOMER BUELL; GREG RUEHLE, FROM THE CATTLEMEN. THOSE WERE SOME OF THE FOLKS WHO TESTIFIED AT THE HEARING AND WERE PROPONENTS. AND THE OPPONENTS WERE REALLY THE GROCERS, THE RETAIL GROCERS AND CONAGRA. SO WHEN THAT BILL CAME TO THE FLOOR, IT PASSED BY 48 VOTES. I THINK THAT THE LEGISLATURE AT THAT TIME UNDERSTOOD WHAT A THREAT CORPORATE AGRICULTURE COULD BE TO NEBRASKA'S WAY OF LIFE AND THE FARM

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ECONOMY THAT WE HAVE HERE AND SO THEY RECOGNIZED THE PROBLEM. ALL THE AG GROUPS WERE INVOLVED IN THIS, JOHN HANSEN, ALSO WITH THE NEBRASKA FARMERS UNION--HE'S SORT OF THE SOLE SURVIVOR OF THAT LIST OF LOBBYISTS--BUT... [LB176]

PRESIDENT FOLEY: ONE MINUTE. [LB176]

SENATOR DAVIS: ...THANK YOU, MR. PRESIDENT. THEY KNEW WHAT WE FACED. NOW HERE WE ARE 15 YEARS LATER TRYING TO TURN THAT AROUND AND SAY, WELL, WE JUST HAVE TO DO THIS BECAUSE SMITHFIELD REALLY NEEDS THIS. WE DIDN'T HAVE ANYBODY CONTEST THIS ISSUE UNTIL SMITHFIELD CAME IN AND WAS TAKEN OVER BY THE CHINESE GOVERNMENT AND NOW IT'S A WHOLE DIFFERENT BALL GAME. WE HAVE TO DO THIS TO ACCOMMODATE THEM AND THEY'RE GOING TO LEAVE. THEY CAN BUY THESE ANIMALS ON THE OPEN MARKET. IF YOU LOOK AT THE NIMAN PROTOCOLS WHICH I HAVE HERE, NIMAN PORK. THAT'S DONE THAT WAY ALL THE TIME. YOU FEED THROUGH THEIR PROTOCOL, THEIR PROCESS, AND YOU FEED FOR THEM, THEY BUY THEM ON THE OPEN MARKET THEN AFTER THAT'S DONE. ONCE YOU MEET THOSE PROTOCOLS, YOU GET THE PREMIUMS THAT ARE ASSOCIATED WITH THAT. THIS IS ALL GOING TO GO AWAY IF WE LET SMITHFIELD COME IN HERE. WE'RE GOING TO DRIVE ALL THE INDEPENDENT PEOPLE OUT OF BUSINESS, BECAUSE THAT'S THE WAY IT WORKS. AND SENATOR WILLIAMS MADE A REFERENCE EARLIER TO BANKS AND HOW WE'VE SEEN THIS CONSOLIDATION OF BANKS... [LB176]

PRESIDENT FOLEY: TIME, SENATOR. [LB176]

SENATOR DAVIS:AND I'M GOING TO TELL YOU WHAT HAPPENED IN MY COMMUNITY WHEN THE BANKS STARTED FOLDING UP. [LB176]

PRESIDENT FOLEY: TIME, SENATOR. [LB176]

SENATOR DAVIS: THANK YOU, MR. PRESIDENT. [LB176]

PRESIDENT FOLEY: THANK YOU, SENATOR DAVIS. SENATOR KEN HAAR, YOU'RE RECOGNIZED. [LB176]

SENATOR HAAR: MR. PRESIDENT AND MEMBERS OF THE BODY, I, FOR ONE, AM NOT CONCERNED ABOUT CHINESE OWNERSHIP. I MEAN, TO ME THAT'S NOT THE

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ISSUE. BUT FOR ME, I THINK A BIG CONCERN IS ONE THAT SENATOR BOLZ BROUGHT UP FOR ME, IS THE ENVIRONMENTAL RISK. AND I THINK FOR ME, IT'S NOT ONE OF CHINESE OWNERSHIP, IT'S ONE OF VERTICAL INTEGRATION BY SOMEONE THAT'S SUCH A HUGE COMPANY. ARE THEY REALLY GOING TO CARE ABOUT OUR ENVIRONMENT HERE IN NEBRASKA? ARE THEY GOING TO CARE ABOUT WHAT HAPPENS IN THE FARM OR ARE THEY ONLY CONCERNED ABOUT THE PRODUCTION ON THAT FARM? THAT'S WHAT I'M CONCERNED ABOUT. AND I THINK, AS IN MANY ISSUES THAT WE DEAL WITH IN THE LEGISLATURE, WE HAVE TO LOOK AT PEOPLE WE PARTICULARLY TRUST ON THIS ISSUE. AND IN THE LETTER FROM THE CENTER FOR RURAL AFFAIRS, THE INDEPENDENT CATTLEMEN OF NEBRASKA, THE FARMERS UNION, THE NEBRASKA GRANGE, AND THE NEBRASKA WOMEN INVOLVED IN FARM ECONOMICS, WIFE, THEY RAISE SOME CONCERNS. AND I THINK WE NEED TO NOT JUST FOLLOW THE PACK, WE NEED TO LOOK AT MAYBE LESSONS WE CAN LEARN. AND ONE OF THEM, IT'S BEEN BROUGHT UP A LITTLE BIT AT TIMES, BUT I THINK NEEDS TO BE TALKED ABOUT SOME MORE. AND THAT'S WHAT HAPPENED TO THE POULTRY INDUSTRY...IN IOWA. AND I THINK IT IS TROUBLING, AS THE LETTER SAYS: THE POULTRY INDUSTRY IS NOW COMPLETELY DOMINATED AND CONTROLLED BY THE POULTRY PROCESSORS WHO SECURE PRODUCTION WITH ONE-SIDED TAKE IT OR LEAVE IT CONTRACTS. THERE'S NO LONGER AN EGG MARKET OR A BROILER MARKET, IT IS COMPLETELY GONE. EGGS AND BROILER CHICKENS ARE ALL NOW VERTICALLY INTEGRATED. THAT'S MY CONCERN, THE VERTICAL INTEGRATION. THE SOCIOLOGICAL STUDIES SHOW THAT THOSE COUNTIES THAT HAVE MORE POULTRY CONTRACT-BASED PRODUCTION HAVE BECOME MORE SPARSELY POPULATED AND HAVE MORE POVERTY PER CAPITA. THERE IS A REASON FOR THAT. THE PROCESSORS SUCK THE PROFITS OUT OF THE RURAL COMMUNITIES AND THOSE MONIES ARE NOT PUT BACK TO WORK IMPROVING THE QUALITY OF LIFE OR ECONOMIC OPPORTUNITIES IN THOSE RURAL COMMUNITIES. WE HEAR AGAIN AND AGAIN...EVERY YEAR I'VE BEEN IN THE LEGISLATURE WE'VE TALKED ABOUT THE LOSS OF POPULATION IN NEBRASKA. AND, AGAIN, LOOKING AT THE EXAMPLE OF THE POULTRY INDUSTRY, STUDIES SHOWING THAT WHERE WE'VE GOT THE VERTICAL INTEGRATION THAT THAT LEADS TO MORE SCARCITY...I'M SORRY, MORE SCARCITY OF PEOPLE--PROBABLY MORE CHICKENS, BUT MORE SCARCITY OF PEOPLE--IN ALREADY SPARSELY POPULATED AREAS. SO I THINK WE HAVE TO BE REALLY VERY CAREFUL OF THAT... [LB176]

PRESIDENT FOLEY: ONE MINUTE. [LB176]

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SENATOR HAAR: ...THANK YOU VERY MUCH...AS WE GO TO VERTICAL INTEGRATION THAT WE'RE NOT WORKING OPPOSITE TO WHAT WE'RE TRYING TO DO IN THIS STATE, AND THAT'S TO REVERSE THE TREND IN LOSING RURAL POPULATION. THAT'S MY CONCERN. THESE ARE PEOPLE THAT I TRUST IN AN AREA THAT I PROBABLY DON'T UNDERSTAND AS WELL AS SOME OTHERS, AGAIN, THE CENTER FOR RURAL AFFAIRS, THE INDEPENDENT CATTLEMEN OF NEBRASKA, THE FARMERS UNION, THE GRANGE, AND NEBRASKA WOMEN INVOLVED IN FARM ECONOMICS. AND SO I AM BROADCASTING THAT I OPPOSE LB176. THANK YOU VERY MUCH. [LB176]

PRESIDENT FOLEY: THANK YOU, SENATOR HAAR. SENATOR HUGHES, YOU'RE RECOGNIZED. [LB176]

SENATOR HUGHES: THANK YOU, MR. PRESIDENT. GOOD MORNING, COLLEAGUES. HERE WE ARE AGAIN, DEJA VU ALL OVER, TALKING ABOUT CORPORATE FARMING AND SMITHFIELD AND CHINA AND ALL OF THE NONISSUES THAT DEAL WITH THIS BILL. AS SOMEONE WHO FARMS FOR A LIVING AND HAS RAISED HOGS AND CATTLE IN MY PAST, I WANT TO TALK A LITTLE BIT ABOUT THE ECONOMIC DEVELOPMENT THAT THIS WILL PROVIDE FOR RURAL NEBRASKA. WE'VE SEEN A TREMENDOUS DEPOPULATION OR MIGRATION FROM RURAL NEBRASKA BECAUSE THERE AREN'T OPPORTUNITIES FOR OUR KIDS TO COME BACK TO THE FARM. I'M VERY FORTUNATE THAT BOTH OF MY KIDS HAVE COME BACK TO THE FARM. THAT'S PART OF THE REASON I CAN DO WHAT I'M DOING TODAY. BUT THAT IS THE EXCEPTION, CERTAINLY NOT THE RULE. AND WITH THE RUN-UP IN LAND PRICES, IT IS EVEN MORE DIFFICULT THAN EVER TO BRING THE NEXT GENERATION BACK TO THE LAND TO PROVIDE THE FOOD THAT WE EACH NEED EVERY SINGLE DAY. IT'S IMPORTANT THAT WE HAVE INDEPENDENT FARMERS ON THE LAND. THAT DOES PROVIDE A LAYER OF PROTECTION FROM CORPORATE AGRICULTURE. BUT CORPORATE AGRICULTURE HAS MANY DIFFERENT REASONS. I AM CORPORATE AGRICULTURE. I HAVE A COUPLE DIFFERENT CORPORATIONS ON MY FARM. THE REASON I DO IT IS FOR TAX; I TAKE ADVANTAGE OF THE CURRENT TAX LAWS. THAT'S WHY WE HAVE CORPORATIONS. IT PROTECTS US FROM LIABILITY ISSUES. IT'S JUST GOOD BUSINESS. AND THAT'S WHAT FARMING IS, IT'S BUSINESS. AND IF MY SON OR DAUGHTER, IF I NEEDED TO MAKE ROOM FOR THEM TO COME BACK TO THE FARM AND THEY SAID, DAD, WE DON'T HAVE ENOUGH LAND BUT I REALLY WANT TO FARM, HOW CAN I COME BACK? HOGS IS ONE OF THE WAYS I WOULD LOOK AT IT. THAT'S HOW I GOT STARTED. I COULDN'T FARM ENOUGH LAND TO MAKE A LIVING FOR MY WIFE AND I, SO WE STARTED RAISING HOGS. THAT'S WHAT YOU DO, YOU TAKE ADVANTAGE OF THE OPPORTUNITIES THAT ARE OUT

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THERE. AND BY SIGNING A CONTRACT WITH WHOEVER, YOU ARE TAKING A RISK, BUT WE'RE ALL BIG KIDS. WE HAVE LAWYERS. YOU KNOW, IF IT'S A BAD CONTRACT, DON'T SIGN IT. THERE ARE OTHER PEOPLE OUT THERE WHO ARE WILLING TO PAY YOU TO PRODUCE PORK FOR THEM. AND THE REASON THEY WANT TO CONTROL IS THE QUALITY OF THE END PRODUCT. WE, AS CONSUMERS, HAVE GOTTEN SO USED TO HAVING FAST FOOD AND McDONALD'S IS THE SAME IN LINCOLN, NEBRASKA, AS IT IS IN HONG KONG, BECAUSE THE UNIFORMITY OF QUALITY. AND THAT'S WHAT THESE PACKERS WANT. THEY WANT TO CONTROL THE GENETICS OF THE SOWS SO THE PIGS THAT ARE BORN AND RAISED AND HARVESTED, THE QUALITY OF THAT PRODUCT IS CONSISTENT BECAUSE THAT IS WHAT THE WORLD CONSUMER IS DEMANDING. AND WE ARE IN A WORLD MARKET. WE CAN THINK WE'RE IN NEBRASKA, WE DON'T HAVE TO WORRY ABOUT WHAT'S GOING ON IN CHINA. WE DO. IN NEBRASKA WE EXPORT A MAJORITY OF OUR AGRICULTURAL PRODUCTS. AND WE SIGN CONTRACTS ON A LOT OF THOSE PRODUCTS. I CONTRACT TO RAISE WHEAT. SENATOR FRIESEN CONTRACTS SPECIALTY CORN. THERE ARE SPECIALTY CONTRACTS FOR SOYBEANS, HOGS, AND CATTLE. AND DARE I SAY THE WORDS, DRY BEANS? THERE ARE CONTRACTS ON VIRTUALLY EVERYTHING WE RAISE AND IT'S GOOD BUSINESS. WE, IN NEBRASKA, NEED TO TAKE ADVANTAGE OF THE NATURAL RESOURCES THAT WE HAVE AVAILABLE BECAUSE WE DON'T HAVE THE POPULATION, WE DON'T HAVE THE MOUNTAINS. WE HAVE SPACE. WE HAVE RAW COMMODITIES, GRAIN, AND WE'VE GOT THE WATER. IF WE WANT TO GROW OUR STATE, THIS IS ONE WAY THAT WE CAN DO IT. IF I WERE YOUNGER, MY KIDS HAVE TAKEN OVER THE FARM AND I WANTED TO BE BACK WORKING FULL TIME, I WOULD LOOK AT PUTTING IN ONE OF THESE HOG BUILDINGS, NOT BECAUSE I NEED MORE WORK TO DO, BUT BECAUSE THE ECONOMIC BENEFIT OF THAT IN THE BY-PRODUCT, THE HOG MANURE... [LB176]

PRESIDENT FOLEY: TIME, SENATOR. [LB176]

SENATOR HUGHES: TIME? [LB176]

PRESIDENT FOLEY: YES. [LB176]

SENATOR HUGHES: THANK YOU, MR. PRESIDENT. [LB176]

PRESIDENT FOLEY: THANK YOU, SENATOR HUGHES. SENATOR SULLIVAN, YOU ARE RECOGNIZED. [LB176]

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SENATOR SULLIVAN: THANK YOU, MR. PRESIDENT. AND GOOD MORNING, COLLEAGUES. YOU KNOW, IT WOULD BE EASY TO SAY, SUPPORT LB176. EVERYONE ELSE IS DOING IT. WE'RE THE ONLY HOLDOUT STATE. WHY NOT US? WELL, IT'S NOT ABOUT ANY OTHER STATE. IT'S NOT ABOUT WHAT OTHER STATES ARE DOING, IT'S ABOUT OUR STATE, OUR CULTURE, OUR PRODUCERS, OUR RURAL NEBRASKA. I MET WITH SMITHFIELD A FEW MONTHS AGO. I'VE LOOKED AT WHAT SENATOR SCHILZ HAS SENT OUT. AND I APPRECIATE THEIR CONCERN. BUT, YOU KNOW, SO MUCH OF WHAT THEY SAY, ONE OF THE THINGS THAT RUNS THROUGH MY MIND, IF IT SOUNDS TOO GOOD TO BE TRUE, YOU KNOW, IT PROBABLY IS. DON'T THREATEN ME WITH THE FACT THAT THESE PROCESSING PLANTS COULD CONCEIVABLY LEAVE OUR STATE. DON'T GIVE ME THE IDEA THAT THIS MIGHT BE SOME PROPERTY TAX RELIEF. ALL OF THOSE ARE RED HERRINGS. THIS BILL IS DOING SOMETHING FOR PURELY THE BENEFIT OF THE PACKER. THE FAMILY FARM WHERE I GREW UP HAS BEEN IN MY FAMILY FOR OVER 100 YEARS AND, ADMITTEDLY, IT'S BEEN A LONG TIME SINCE WE RAISED HOGS OUT THERE. WE PRESENTLY DON'T EVEN PERSONALLY OWN ANY CATTLE. BUT I CAN REMEMBER THE VERY FIRST TIME MY GRANDFATHER SHIPPED CATTLE TO THE OMAHA STOCKYARDS AND WHEN MY FATHER WAS ALIVE, HE WAS DOING THE SAME THING. AND DURING THAT TIME, THAT WAS SORT OF THE TRANSITION TO WHERE THE ORDER BUYERS WERE COMING OUT TO THE FARM AND LOOKING AT YOUR CATTLE AND GIVING YOU A BID. AND I CAN REMEMBER ONE OF THE COMMISSIONERS FROM THE LIVESTOCK COMMISSION COMPANY THAT WE DEALT WITH AT THE STOCKYARD SAYING, NO ORDER BUYER, NO PACKER EVER WENT TO THE COUNTRY TO PAY MORE. THIS BILL IS FOR THE BENEFIT OF THE PACKER. THAT IS THE PRIME REASON THAT WE ARE DEALING WITH IT. I VISITED WITH SMITHFIELD, AS I SAID. AND WHILE THEY MAY GLOSS OVER AND MAKE IT LOOK LIKE THEY'RE DOING SOMETHING GOOD FOR THE PRODUCER, IT'S A BUSINESS MODEL. IT'S A PROPOSAL THAT WORKS FOR THEM. AND, AGAIN, AS I LISTENED TO THEM, I WAS REMINDED OF IT'S NOT OUR CULTURE HERE IN NEBRASKA. I'VE USED THIS TERM AGAIN WHERE IT'S ALMOST A SERF MENTALITY. THERE'S NO INDEPENDENCE. IT'S A SUBSERVIENT KIND OF CULTURE. AND IT CAN BE SAID, OKAY, WE'RE REMOVING THE RISK. REMOVING RISK, AT WHAT COST? WHERE IS THE EQUITY BEING BUILT? IN A FACILITY THAT THE MINUTE THE DOORS OPEN STARTS TO DEPRECIATE? AND WHAT ABOUT HOG NUMBERS? THAT SEEMS TO SO MUCH OF THE TIME BE THE ATTENTION: LET'S BUILD THE HOG NUMBERS, BUILD THE HOG NUMBERS. THERE'S NO GUARANTEE THAT THAT WILL HAPPEN. BUT WHAT ABOUT THE HOG FARMERS? AGAIN, THERE'S NO GUARANTEE WITH THIS BILL THAT WE WILL ACTUALLY SEE INCREASED NUMBERS OF HOG FARMERS. AND TO PIGGYBACK, QUITE FRANKLY, ON SOME OF THE STATISTICS THAT SENATOR SCHILZ HAD, IN 1980 THERE WERE

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OVER 666,000 HOG FARMS ACROSS THE NATION. BUT AS OF SEPTEMBER 2010, THAT NUMBER HAD DWINDLED TO 67,000. AND ACCORDING TO THE 2012 CENSUS OF AGRICULTURE, WE'RE DOWN TO 56,000. WHY? THE SINGLE MOST IMPORTANT DRIVING FORCE BEHIND THE 90 PERCENT ATTRITION RATE WAS VERTICAL INTEGRATION COMBINED WITH GROWING... [LB176]

SPEAKER HADLEY PRESIDING

SPEAKER HADLEY: ONE MINUTE. [LB176]

SENATOR SULLIVAN: ...CONSOLIDATION IN THE MEAT PACKING BUSINESS. CONSOLIDATION...THAT REMOVES COMPETITION. WE'RE TALKING ABOUT CONSOLIDATION. AND OKAY, SOME SAY, WELL, THIS IS THE WAY OF THE WORLD, THIS IS THE WAY THINGS ARE GOING. IT'S A LITTLE LIKE LIVING IN A SMALL TOWN AND OWNING A COMMUNITY BANK. SOME SAY WE'RE A DYING BREED. WELL, I'LL TELL YOU, FOLKS, I'M NOT GOING DOWN EASY ON THAT. OWNERSHIP MEANS SOMETHING, WHETHER IT'S YOUR OWN BUSINESS THAT MIGHT BE A BANK OR OWNERSHIP OF THE ANIMALS AND LIVESTOCK YOU PRODUCE. THANK YOU, MR. PRESIDENT. [LB176]

SPEAKER HADLEY: THANK YOU, SENATOR SULLIVAN. SENATOR STINNER, YOU'RE RECOGNIZED. [LB176]

SENATOR STINNER: THANK YOU, MR. PRESIDENT. MEMBERS OF THE LEGISLATURE, I'VE GOT A FEW COMMENTS THAT I WANT TO MAKE, BUT FIRST I WANT TO THANK SENATOR HUGHES. IT REALLY KIND OF CAPTURES AT GROUND LEVEL WHAT THIS BILL MEANS TO HIM AS A FAMILY FARMER. YOU KNOW, THERE'S A LOT OF TALK ABOUT SMITHFIELD IN THIS CHAMBER RIGHT NOW. AND IT KIND OF OCCURS TO ME THAT THEY ARE NOT THE ONLY PACKER OUT THERE. THIS BILL IS REALLY ABOUT HAVING THE OPPORTUNITY TO CONTRACT ON A CARE AND FEED BASIS WITH A PACKER. AND TO SAY THAT THEIR BUSINESS MODEL DOESN'T FIT WHAT THE FAMILY FARMER IS ABOUT, I GUESS I DON'T GET THAT BECAUSE IF YOU THINK ABOUT THE HOG INDUSTRY, YOU THINK ABOUT THE PACKER, THE PACKER NEEDS TO HAVE A SUPPLY OF PORK. THEY HAVE TO HAVE A VESTED INTEREST IN THOSE PEOPLE WHO ARE PRODUCING IT. SO WHY WOULD THEY ENTER INTO A CONTRACT THAT WOULD RELEGATE SOMEBODY INTO SERFDOM? AND MOST OF THESE PRODUCERS ALSO OWN THE COMMODITY AND THEN HAVE THE OPTION TO TAKE A LOOK AT ENTERING INTO A COMMODITY CONTRACT OR A CARE AND FEEDING CONTRACT WITH THE

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PACKER. THE OTHER THING I WANT TO ADDRESS...AND MY GOOD FRIEND SENATOR BOLZ AND SENATOR HAAR KIND OF INDICATED--AND IF I WAS HEARING IT RIGHT, I HOPE PEOPLE DON'T TAKE THE IDEA THAT THIS BILL IS ABOUT CORPORATE FARMING, CORPORATIONS OWNING THE GROUND, OWNING THE FACILITY. THIS IS ABOUT STILL HAVING THE SAME LAW THAT WE HAVE TODAY. ALL IT IS, IS A FREEDOM OF CHOICE. AND RIGHT NOW WE'RE EXCLUDING OR DISCRIMINATING AGAINST A CERTAIN CLASS, AND THAT'S THE LARGE PACKER. SO THAT'S WHAT WE'RE TRYING TO DO, IS TO GIVE OPPORTUNITIES. AND WHEN WE TALK ABOUT ECONOMIC DEVELOPMENT, WE TALK ABOUT GROWTH, IT'S TALKING ABOUT MOVING THE DIALS. IT'S TALKING ABOUT INSTEAD OF HAVING 3,100 HOG INVENTORY OR 3.1 MILLION HOG INVENTORY, IT'S CLOSING THE GAP WITH US AND IOWA AND WHAT DOES THAT MEAN. WELL, AND THEN WE TALKED ABOUT SUPPORTERS, TO CHANGE THE SUBJECT A LITTLE BIT. WELL, SENATOR HAAR GAVE A LIST OF SUPPORTERS. WHY WOULD FARM BUREAU, NEBRASKA PORK PRODUCERS, NEBRASKA CORN AND SOYBEAN ASSOCIATION, CHAMBER OF COMMERCE, NEBRASKA DEPARTMENT OF AGRICULTURE ALL BE SUPPORTERS OF THIS IF IT HURT THE FAMILY FARM? I DON'T GET IT. IN ANY EVENT, WHEN WE TALK ABOUT PROPERTY TAX RELIEF, WE TALK ABOUT...AND HERE'S THE NUMBERS: 2,400 HEAD SWINES (SIC) WEANED TO FINISH BUILDING WILL GENERATE \$7,048 IN REAL ESTATE TAXES. SIXTY PERCENT OF THAT, OBVIOUSLY, GOES TO THE SCHOOLS. THAT'S THE PROPERTY TAX RELIEF. SO NOW YOU START TO TAKE THAT AND TRY TO PUT SOME NUMBERS TO IT ACROSS THE STATE OF NEBRASKA. THOSE COULD BE PRETTY SIGNIFICANT DOLLARS, CERTAINLY TO HELP SCHOOLS, CERTAINLY TO HELP THE LOCAL PROPERTY TAX RELIEF. SO THOSE ARE JUST SOME OF THE THINGS THAT I WANTED TO BRING UP. HOPEFULLY, I HAVE ENOUGH TIME TO YIELD MY TIME TO SENATOR SCHILZ. [LB176]

SPEAKER HADLEY: SENATOR SCHILZ, YOU ARE YIELDED 1:30. [LB176]

SENATOR SCHILZ: THANK YOU, MR. PRESIDENT AND MEMBERS OF THE BODY. YOU KNOW, I THINK A LOT OF WHAT'S GETTING LOST HERE IS EXACTLY WHAT SENATOR STINNER IS TALKING ABOUT. THERE CAN BE OPPORTUNITIES. TODAY IN AGRICULTURE WE ALLOW THIS KIND OF CONTRACTING TO GO ON ALL THE TIME WITH SEED CORN. THOSE FOLKS DON'T OWN THE CORN THAT THEY PLANT. BUT I CAN TELL YOU THIS, ANYBODY THAT'S GOT A SEED CORN CONTRACT, THEY LIKE IT. AND THEY DON'T EVER WANT TO LOSE IT. [LB176]

SPEAKER HADLEY: ONE MINUTE. [LB176]

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SENATOR SCHILZ: SO WHEN WE START THINKING ABOUT THIS, I MEAN, FOLKS, LET'S BE HONEST. IT'S A FREE COUNTRY, YOU CAN ENTER INTO A CONTRACT IF YOU WANT TO. IF YOU DON'T WANT TO, YOU DON'T HAVE TO. AND WHEN SENATOR DAVIS TALKED ABOUT THE NIMAN RANCH THING, WELL, LET ME TELL YOU THIS. YOU CAN'T DO THAT WITHOUT A CONTRACT. AND YOU'RE NOT GOING TO SEND THOSE ANYWHERE ELSE, BECAUSE THE ONLY PLACE YOU GET PAID FOR WHAT YOU DO IS WHERE YOU CONTRACTED THEM WITH. AND THEY REQUIRE YOU TO DO CERTAIN THINGS. THEY MAKE YOU FEED THEM A CERTAIN WAY. THEY DO ALL THIS OTHER STUFF SO YOU CAN GET THE BENEFIT. THE ONLY DIFFERENCE THEY HAVE IS THEY'RE NOT 150,000 HEAD. I AM NOT SURE, THEY MIGHT ACTUALLY KILL IN NEBRASKA. THEY HIRE THE BIG GUYS AND THEY LEASE OUT SPACE TO PROCESS THEIR LIVESTOCK. [LB176]

SPEAKER HADLEY: TIME, SENATOR. [LB176]

SENATOR SCHILZ: THANK YOU. [LB176]

SPEAKER HADLEY: THANK YOU, SENATOR SCHILZ, AND THANK YOU, SENATOR STINNER. THOSE IN THE QUEUE: SENATORS SCHNOOR, FRIESEN, JOHNSON, GROENE, SCHILZ, AND OTHERS. SENATOR SCHNOOR, YOU ARE RECOGNIZED. [LB176]

SENATOR SCHNOOR: THANK YOU, MR. SPEAKER. WE TALK ABOUT MISINFORMATION THAT'S BEEN PUT OUT, SO I'D LIKE TO TALK ABOUT THAT. SENATOR SCHILZ TALKED ABOUT IBM. AND I THINK...I WOULD HAVE TO THINK HE JUST MISSPOKE. I WAS TALKING ABOUT IBP, IOWA BEEF PROCESSORS. THEY HAD A PLANT IN CUMING COUNTY, THEY SOLD OUT TO TYSON AND TYSON SHUT IT DOWN. THEY DON'T CARE ABOUT THE JOBS. THEY CARE ABOUT THEIR MONEY. BIG INDUSTRY IS ABOUT BIG MONEY. THEY'LL DO WHATEVER THEY CAN AND THEY DO NOT CARE ABOUT THE INDIVIDUAL. DAN HUGHES TALKED ABOUT HOW THESE BIG COMPANIES CAN CONTROL THE QUALITY, AND THERE'S A LOT OF TRUTH TO THAT. BUT THE KEY WORD I'D LIKE TO TALK ABOUT IS CONTROL. THEY WILL CONTROL EVERYTHING THAT THE...I WOULDN'T EVEN CALL THEM THE PRODUCER, BECAUSE YOU'RE NOT A PRODUCER ANYMORE, YOU'RE JUST WORKING FOR THE BIG COMPANY WHOM THEY DON'T ULTIMATELY CARE ABOUT. AND A PRIME EXAMPLE OF THESE BIG COMPANIES THAT DON'T CARE ABOUT THE INDIVIDUALS, CONAGRA. THEY PACKED UP AND MOVED OUT OF OMAHA. HOW MANY JOBS? A THOUSAND OR SO? I'M NOT 100 PERCENT SURE, BUT DID THEY CARE ABOUT THOSE PEOPLE? NO. IT'S ABOUT BIG INDUSTRY AND

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BIG MONEY. WHO ARE WE HERE TO LEGISLATE FOR, FOR BIG INDUSTRY OR THE PEOPLE? WE'RE HERE FOR THE PEOPLE. AND I'LL REMIND YOU, THE PACKER WILL OWN EVERYTHING THAT MAKES THE MONEY. THE PRODUCER, OR IN THIS CASE THE WORKER, WILL OWN EVERYTHING THAT COSTS MONEY. AND THERE'S WAYS OUT OF THESE CONTRACTS, THAT'S JUST THE WAY IT WORKS. SO REMEMBER WE'RE HERE TO SUPPORT THE PEOPLE, NOT BIG INDUSTRY. THE GREAT THING ABOUT FARMING IS I CAN DO WHATEVER I WANT. SENATOR HUGHES TALKED ABOUT CONTRACTING CORN, CONTRACTING DIFFERENT PRICES OR DIFFERENT INPUTS. AND I'M JUST THE OPPOSITE, I DON'T CONTRACT ANYTHING. I CONTRACTED SOME BEANS ONCE AND THEN A HAILSTORM WENT THROUGH AND THEN I SAID, I'M NOT GOING TO DO THAT ANYMORE. I BUY CATTLE AND I SELL CATTLE AND IT WORKS. THIS YEAR HASN'T BEEN MUCH FUN, BUT THAT'S PART OF THE BUSINESS. YOU TAKE A CHANCE AND YOU TAKE A RISK. SO WHAT THEY'RE TRYING TO SELL IS, THAT TAKES THE RISK OUT OF THIS. BUT YET IF SOMEBODY WANTS TO PUT UP A HOG BARN... [LB176]

SPEAKER HADLEY: ONE MINUTE. [LB176]

SENATOR SCHNOOR: THANK YOU. IF SOMEBODY WANTS TO PUT UP A 4,000 HEAD HOG BARN THE COST IS APPROXIMATELY ONE-HALF OF A MILLION DOLLARS AND THEN YOU ARE FORCED TO HAVE A CONTRACT WITH THIS BIG COMPANY. MY NUMBER ONE CONCERN IS, WHAT'S NEXT? WE HAVE BIG INDUSTRY LIKE MONSANTO THAT CONTROLS A LARGE MAJORITY OF THE MARKET, BUT CATTLE ARE NEXT. REMEMBER THAT. IF YOU VOTE FOR THIS IN THIS PROCESS,... [LB176]

SPEAKER HADLEY: TIME, SENATOR. [LB176]

SENATOR SCHNOOR: ...CATTLE ARE NEXT. [LB176]

SPEAKER HADLEY: THANK YOU, SENATOR SCHNOOR. SENATOR FRIESEN, YOU'RE RECOGNIZED. [LB176]

SENATOR FRIESEN: THANK YOU, MR. PRESIDENT. WHEN WE GO BACK...I'VE BEEN INVOLVED IN FARMING...I'VE FARMED FOR 40 YEARS. I'VE BEEN DIRECTLY INVOLVED IN FARMING FOR 50 YEARS OR 55. EVER SINCE WE'RE OLD ENOUGH TO WALK WE'RE OUT DOING CHORES. WE MILK COWS, WE RAISE PIGS, CHICKENS. WE DID IT ALL. WHEN I STARTED FARMING THERE WERE...MY DAD STARTED FIVE OF US FARMING, THERE'S FOUR OF US LEFT. BUT AS YOU WATCHED WHAT'S HAPPENED IN AGRICULTURE, WE'VE HAD CONSOLIDATION IN THE INDUSTRY, IN

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EVERY PORTION OF IT. WHETHER IT'S IN THE ANIMAL PORTION OF IT, THE LIVESTOCK INDUSTRY, THE GRAIN PORTION OF IT, WE'VE CONSOLIDATED, WE'VE CONTINUOUSLY GONE THROUGH THESE UP AND DOWN CYCLES WHERE WE'VE LOST FARMERS. WE'VE DONE THIS PROCESS FOR OVER 100 YEARS. NOTHING HAS CHANGED. WE'VE LOST A LOT OF THE HOG OPERATIONS IN OUR AREA BACK IN THE '70s AND '80s. IT DIDN'T MATTER WHETHER THIS CORPORATE OWNERSHIP WAS THERE OR NOT, PEOPLE DROPPED OUT OF THE HOG INDUSTRY. IT'S A LOT OF WORK. WHEN WE, MY BROTHERS AND I, STARTED FARMING A COUPLE OF US HAD A FEW HOGS AT THE START, BUT EVERYBODY, AS THEY GOT INTO THE CORN FARMING PORTION OF IT, YOU DO ONE JOB BETTER THAN ANOTHER, SO YOU GRAVITATE TO WHAT YOU DO BEST. AND NOW WE'RE ALL ROW CROP PRODUCTION WITH NO LIVESTOCK. THERE IS NO LIVESTOCK PRODUCTION LEFT IN OUR AREA. THERE'S A COUPLE OF GUYS THAT FEED COWS AND THAT'S ABOUT IT. THIS ISN'T ABOUT...I DON'T CARE ABOUT SMITHFIELD, I DON'T CARE ABOUT THE PACKERS, I CARE ABOUT THE JOBS THEY PROVIDE HERE. BUT WE'VE HAD CONSOLIDATION IN EVERY INDUSTRY THAT IS OUT THERE. WE LOOK AT HOW MANY BUSINESSES WALMART HAS PUT OUT OF BUSINESS. HOW MANY FAMILY BUSINESSES HAVE BEEN RUN OUT BY THAT? WHERE'S THE OUTRAGE? WELL, GO SHOP THERE. WALMART IS THE ONE THAT DEMANDS WE HAVE EGGS OF THE EXACT SAME SIZE, COLOR, SHAPE. AND WHO CAN SUPPLY THAT? THE BIG SUPPLIERS. THE SMALL, FAMILY FARM CAN'T SUPPLY THAT PRODUCT. THE SAME HAPPENED IN THE MEAT INDUSTRY. EVEN BACK IN THE 70s AND 80s THE PACKERS WANTED A HOG THAT LOOKED IDENTICAL, WEIGHED IDENTICAL SO THAT THEY COULD RUN IT THROUGH THE CHAIN AT A SPEED CONSISTENTLY AND THEY COME OUT WITH THE EXACT SAME CUT TIME AFTER TIME SO YOU, THE PRODUCER (SIC), WOULD BUY IT. YOU DIDN'T WANT TO GO TO WALMART AND SEE DIFFERENT CUTS, DIFFERENT SIZES, DIFFERENT SHAPES THAT COOKED DIFFERENTLY. YOU WANTED THE EXACT SAME PIECE OF MEAT EVERY TIME. AND BY DEMANDING THAT, THIS IS WHERE WE'RE AT TODAY. BACK IN THE DAY, THE PACKERS ENCOURAGED HOG PRODUCERS TO ADOPT CERTAIN GENETICS SO THAT THOSE HOGS WOULD BE IDENTICAL. SO THEY GAVE A PREMIUM FOR CERTAIN HOGS AND THEY GAVE A DISCOUNT IF YOU DIDN'T WANT TO. EITHER WAY THEY ENDED UP BUYING YOUR PIGS, BUT THOSE THAT GOT THE PREMIUM MADE MORE MONEY AND THEY'RE THE ONES THAT SURVIVE. IT'S ECONOMICS. WE ALL DO CONTRACTS. LIKE SENATOR HUGHES SAID, WE CONTRACT GRAIN, WE...I'LL CONTRACT SOMETIMES TWO, THREE YEARS OUT. IT'S A BUSINESS DECISION. IF I WANT TO RAISE A SPECIALTY CROP, THEY DEMAND OF ME CERTAIN PRACTICES THAT I'M EXPECTED TO IMPLEMENT, AND I DO THAT IN RETURN FOR A PREMIUM. YES, I GIVE UP SOME CONTROL. I'M UNDER NO ILLUSION THAT THEY ARE LOOKING OUT FOR ME WHEN I SIGN A CONTRACT.

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BUT, AGAIN, I DON'T HAVE TO SIGN THOSE CONTRACTS. I CAN KEEP DOING WHAT I WANT, DOING AS I PLEASE, BUT IF I CAN'T COMPETE IN THIS MARKET I'LL BE OUT OF BUSINESS SOONER OR LATER. SENATOR BOLZ BROUGHT UP A GOOD POINT. [LB176]

SPEAKER HADLEY: ONE MINUTE. [LB176]

SENATOR FRIESEN: I APPRECIATED HER CONCERN ABOUT OUR WATER QUALITY AND THAT, BUT THOSE ISSUES DO NOT HAVE ANYTHING TO DO WITH THIS. IF THERE'S BUSINESSES OUT THERE, WHETHER THEY'RE PACKERS OR ANYBODY ELSE THAT ARE POLLUTING, WE NEED TO LOOK AT THOSE LAWS. THESE OPERATIONS ARE STILL IN THE CONTROL OF MOSTLY FAMILY FARMS WHO CHOOSE TO SIGN A CONTRACT IF THEY WISH. THEY HAVE NOTHING TO DO WITH HOW CORPORATE PACKERS DO THEIR BUSINESS. IT HAS NO IMPACT ON THAT AT ALL. SO I...IF WE NEED TO LOOK AT FURTHER REGULATIONS OR MONITORING OF THOSE, THAT'S A WHOLE DIFFERENT SUBJECT. I AGREE THAT WE NEED TO BE WARY OF THAT, BUT IT HAS NOTHING TO DO WITH THESE TYPES OF CONTRACTS. THESE ARE...WHEN YOU SIGN A CONTRACT LIKE THIS, YOU'RE WILLING TO GIVE UP SOME REWARD FOR GIVING UP SOME RISK. WHEN YOU WANT TO PASS ALONG THAT RISK TO THE PACKER, YOU ALSO GIVE UP A CHANCE TO MAKE BIG MONEY IN A BIG RISE IN THE HOG INDUSTRY. SO IT IS A STABLE INCOME. [LB176]

SPEAKER HADLEY: TIME, SENATOR. [LB176]

SENATOR FRIESEN: THANK YOU, MR. SPEAKER. [LB176]

SPEAKER HADLEY: THANK YOU, SENATOR FRIESEN. THOSE IN THE QUEUE: SENATOR JOHNSON, SENATOR GROENE, SENATOR SCHILZ, SENATOR KOLTERMAN, SENATOR BRASCH AND OTHERS. SENATOR JOHNSON, YOU ARE RECOGNIZED. [LB176]

SENATOR JOHNSON: THANK YOU, MR. SPEAKER. I WILL CONTINUE ON MY STORY AND MY INVOLVEMENT WITH THE PORK INDUSTRY AND DIRECTLY AND INDIRECTLY INVOLVED THROUGH THE COOPERATIVE SYSTEM. I TALKED ABOUT THE PROJECTS THAT WE HAD GOING ON IN COLORADO SO THAT WE COULD BRING PIGS INTO NEBRASKA AND HAVE THEM PROCESSED IN NEBRASKA. AT THAT TIME, WE WERE WORKING A LOT ON THE GENETICS. AND I THINK THE GENETICS ARE PRETTY WELL NARROWED DOWN NOW AS TO WHAT THE PACKERS WANT IN ORDER TO HAVE UNIFORMITY AND WHAT BEST...HOW

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THEY'RE BEST SUITED. I'M GOING TO GO THROUGH A LITTLE BIT FURTHER TIME AND...AS I STATED BEFORE, I WENT TO CO-OPS THAT SEEMED TO BE WANTED TO GROW OR INTO SOME KIND OF TROUBLE AND TRY AND PUT IT TOGETHER. IN 1999, FARMLAND INDUSTRIES, A FORTUNE 500 COMPANY FILED BANKRUPTCY. THERE WAS A VACANCY ON THAT BOARD FOR THE STATE OF NEBRASKA AND I WAS APPOINTED TO BE ON THAT BOARD. WE WERE IN CHARGE OF LIQUIDATING THE ASSETS OF THAT COMPANY AND TRY AND SAVE SOME MONEY FOR OUR STOCKHOLDERS, THE FARMERS. WE MET WITH PACKING COMPANIES, WE MET WITH OIL INDUSTRY, WE MET WITH PETROLEUM, WE MET WITH GRAIN PEOPLE, DIFFERENT TYPE OF ASSETS. WE MET WITH SEVERAL PACKING COMPANIES. ONE OF THOSE WAS SMITHFIELD. SMITHFIELD WAS THE ONLY ONE THAT CAME TO THE TABLE WANTING TO CONTINUE THE DISCUSSION ABOUT KEEPING THE LABEL ALIVE AND KEEPING THE PLANT GOING IN NEBRASKA. THE BIGGEST ISSUE THAT WE HAD IN MAKING THAT SETTLEMENT WAS OUR CONCERN FOR THE EMPLOYEES THAT WERE UNDER THE RETIREMENT PLAN. IT WAS A BIG LIABILITY. THAT'S WHERE WE SPENT THE MOST TIME AND SMITHFIELD WAS WILLING TO PICK UP THAT LIABILITY. THEY WERE THINKING ABOUT THE COMMUNITY, THEY WERE THINKING ABOUT THE EMPLOYEES, THINKING ABOUT NEBRASKA ECONOMY. THEY HAVE CONTINUED TO SUPPORT THAT. IF ANY OF YOU HAVE EATEN A MEAL THAT'S GOT BACON OR SAUSAGE OR HAM, PROBABLY CAME FROM THE CRETE PLANT, FARMLAND FOOD (SIC) BACON. IF YOU'VE EATEN AT IHOP AND EATEN THE SAUSAGE, THAT'S PROCESSED IN CRETE. THEY WANT TO BE A PLAYER IN NEBRASKA. THEY WANT TO BE A PLAYER IN THE NEBRASKA MARKET. THEY ALSO, I BELIEVE, WANT TO BE A MAJOR PLAYER FOR THE COMMUNITY, FOR THE COMMUNITY OF CRETE. I'VE LIVED IN THAT AREA PROBABLY 12 OF MY LIFETIME...12 YEARS WHEN I WAS IN THE COOPERATIVE BUSINESS. SO MY CONNECTION WITH SMITHFIELD, YOU CAN BLAME ME FOR SMITHFIELD OWNING THE PLANT. BUT THEY WERE THE ONLY ONES THAT CAME TO THE TABLE AND ALLOWED THAT PLANT TO KEEP GOING. AND THEY WANT TO KEEP THAT GOING NOW. I WAS ONE OF 20 ON THAT BOARD MAKING THAT DECISION. SO I BELIEVE THIS IS THE RIGHT THING TO DO FROM THE STANDPOINT OF THAT PLANT, FOR THE ECONOMY OF THAT AREA, AND FOR THE PORK PRODUCERS. I WILL BE ONE VOTING FOR CLOTURE. IF WE'RE TALKING ABOUT TYSON, IF THEY'RE VIOLATING SOME LAWS THAT WE HAVE, THEY NEED TO BE "HORNED IN" A LITTLE CLOSER. IF OUR REGULATIONS ARE NOT STIFF ENOUGH, WE NEED TO TIGHTEN THAT UP. THE OTHER THINGS, WE STILL HAVE A LOT OF INDEPENDENT PRODUCERS OUT HERE THAT PROBABLY DON'T HAVE RETENTION AREAS TO CAPTURE THE RUNOFF. AND IF WE ADDED ALL THOSE TOGETHER, I'M NOT SURE WHERE THEY WOULD STAND AS FAR AS BEING POLLUTERS TO THE

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ENVIRONMENT. FARMERS BASICALLY ARE GOOD STEWARDS OF THE SOIL. BUT INDIVIDUALLY, WE DRIVE BY SOME OF THESE PLACES,... [LB176]

SPEAKER HADLEY: ONE MINUTE. [LB176]

SENATOR JOHNSON: ...I'M NOT SURE THEY HAVE RETENTION PONDS TO TAKE CARE OF THAT. SO, AGAIN, I WANTED TO TALK ABOUT MY LONG-TERM CONNECTION WITH SMITHFIELD. IT GOES BACK PRIOR TO BEING IN THE LEGISLATURE. THAT'S MY COMMENTS. I'LL SPEAK ON THE FLOOR LATER ON SOME OF THE OTHER ISSUES. THANK YOU, MR. SPEAKER. [LB176]

SPEAKER HADLEY: THANK YOU, SENATOR JOHNSON. SENATOR GROENE, YOU'RE RECOGNIZED. [LB176]

SENATOR GROENE: THANK YOU, MR. PRESIDENT. I STAND AGAINST LB176, AS I DID LAST YEAR. FREE MARKETS, I'M A BIG FREE MARKET PERSON. BUT TO ME THAT DEFINITION IS YOU HAVE A SELLER AND YOU HAVE A BUYER AND YOU NEGOTIATE A PRICE. THIS ELIMINATES THAT IN THE HOG MARKET. SMITHFIELD IS A CORPORATION. IT DOESN'T CARE ABOUT SMALL FARMERS. IT HAS NO SOUL. WE NEED THEM. IT HAS ONE GOAL, PROFIT; ONE GOAL. THAT'S ALL IT HAS AND TO FEED ITS...CHINESE TO FEED THEIR PEOPLE BACK HOME. HORMEL ISN'T HERE. SWIFT ISN'T HERE. THEY DO JUST FINE CONTRACTING WITH THE LOCAL PRODUCER WHO OWNS HIS HOGS. YES, THEY NEGOTIATE A PRICE, BUT THE FARMER CAN SAY, NO. I OWN MY FACILITY, YOU'RE NOT PAYING ENOUGH. LET'S NEGOTIATE. YEAH, THEY KNOW WHAT THEIR PRICE IS AT AT THE END OF THE DAY, BUT THEY NEGOTIATE IT. THE FARMER IS IN CONTROL YET. THEY'RE NOT HERE. WHY ISN'T SWIFT AND HORMEL HERE? MAYBE THEY ARE IN THE BACKGROUND, YOU NEVER KNOW. AND THIS IS NOT ABOUT YOUNG FARMERS. STORY AFTER STORY, YOU HEARD SENATOR SULLIVAN, I GOT THE SAME ONE WITH MY FATHER. MILKING COWS DIDN'T WORK OUT SO HE PAVED THE FLOORS OF THE MILKING BARNS AND STARTED WITH 20 HEAD. THE PRICE TURNED AROUND IN THE '70s AND SAVED THE FAMILY FARM. THAT'S FARMING. THAT'S THE GAMBLE OF FARMING. SO IF SOME YOUNG FARMER COMES TO ME AND SAYS, I CAN'T DO IT. I NEED TO START OUT WITH BRAND NEW BUILDINGS AND 5,000 HEAD. I SAID, GO TALK TO SOME OF THE FARMERS, PIG FARMERS THAT ARE 50 AND 60 YEARS OLD AND FIND OUT WHAT THE AMERICAN DREAM IS AND HOW YOU DO IT. TO THE BANKERS, TAKE A RISK, COMMUNITY BANKERS. DO YOU HAVE TO BE BACKED BY A CONTRACT BEFORE YOU BORROW TO THAT YOUNG FARMER? IS THAT WHERE WE'VE GOTTEN TO? I GUARANTEE YOU, SENATOR

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SULLIVAN, HER BANK WOULD PROBABLY BORROW TO SOME YOUNG GUY WHO'S TRYING TO START OUT. WHERE'S THE REST OF THE COMMUNITY BANKERS? GOT TO BE BACKED UP BY A CONTRACT. MY DAD WAS ONE OF THE ORIGINAL MEMBERS OF THE NATIONAL FARMERS ORGANIZATION BACK IN THE '60s. AND HE USED TO SIT AT THE TABLE AND SAY, THE WORST THING ABOUT FARMERS IS THEY HATE EACH OTHER. THE CORN FARMER WANTS HIGH PRICES. THE CATTLE FEEDER WANTS LOW PRICES ON CORN. THE SOYBEAN FARMER WANTS EXPORTS. THE FEED MILL, THE PIG FARMER WANTS LOW SOYBEAN PRICES. YOU CAN'T ORGANIZE THEM. I UNDERSTAND WHERE THE FARM BUREAU IS COMING ON THIS, THEY'RE MOSTLY CORN FARMERS. IF YOU CAN GET A 20,000 HEAD HOG CONFINEMENT CLOSE BY, YOU'RE GOING TO UP YOUR MARGIN. YOU'RE GOING TO GET 10 CENTS, 20 CENTS MORE A BUSHEL BECAUSE YOU ELIMINATED FREIGHT, YOU GOT A LOCAL PLACE. I AGREE WITH THAT. THAT'S FREE MARKET. I UNDERSTAND WHERE THEY'RE COMING FROM. BUT THIS ISN'T ABOUT SOME SMALL FARMER STARTING A HOG FARM. THIS IS ABOUT DOLLARS AND CENTS. THIS IS BUSINESS. WE HAVE NO NEED. THERE'S NO NEED HERE. THERE'S NO DEMAND. WE HAVE ONE PACKER WHO CLAIMS HE HAS TO BRING ALL...WHO CLAIM...IT--IT'S NOT A PERSON--IT CLAIMS THAT IT HAS TO BRING HOGS IN FROM OKLAHOMA, MISSOURI, AND TEXAS. THEY'RE BRINGING THEIR OWN HOGS IN. THEY'RE DRIVING PAST THE LOCAL PRODUCER BECAUSE THEY CUT THEIR COST. TO MY CORN FARMER FRIENDS: IN 1904, '05 CORN WAS \$3, \$4. IMAGINE, IF THEY WOULD HAVE CAME TO YOU AND SAID, WE'LL BUY THE SEED, YOU JUST RAISE IT, WE'LL OWN THE CORN. YOU'D HAVE PROBABLY JUMPED ON IT. WE'LL GUARANTEE \$1 A BUSHEL, YOU'D HAVE JUMPED ON IT. TWO THOUSAND TWELVE ROLLS AROUND, \$7.80, \$7.80 A BUSHEL. WHO WOULD HAVE REAPED THAT? YOU BOUGHT MORE LAND. [LB176]

SPEAKER HADLEY: ONE MINUTE. [LB176]

SENATOR GROENE: YOU DROVE UP THE PRICES. YOU GOT NEW CARS, PICKUPS, BOUGHT NEW EQUIPMENT. IF WE WOULD HAVE HAD THAT IN THE CORN MARKET, WHERE WOULD YOU BE NOW? THAT'S WHAT THIS DOES. THAT MARGIN, THAT'S WHAT SMITHFIELD WANTS. THEY WANT THAT MARGIN. THAT COMBINE YOU BOUGHT, KEPT THE IMPLEMENT DEALER OPEN, THEY WANT THAT MARGIN. THAT NEW PICKUP YOU BOUGHT AT THE LOCAL DEALERSHIP, THEY WANT THAT MARGIN. THINK BEFORE YOU SUPPORT THIS KIND OF STUFF. THANK YOU. [LB176]

SPEAKER HADLEY: THANK YOU, SENATOR GROENE. SENATOR SCHILZ, YOU'RE RECOGNIZED. [LB176]

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SENATOR SCHILZ: THANK YOU, MR. PRESIDENT. MEMBERS OF THE BODY. SENATOR GROENE TALKED A LOT ABOUT FREE MARKETS AND ALL THAT. WE NEED TO REMEMBER THE CONTRACT IS NEGOTIATED. A PRICE IS THERE SO THAT YOU HAVE THAT CERTAINTY AS YOU MOVE FORWARD. EVERY PERSON THAT HAS THE ABILITY AND THAT'S IN THE BUSINESS CAN LOOK AT THEIR CONTRACT, TAKE IT TO THEIR ATTORNEY, THEIR BANKER, WHOEVER, AND MAKE SURE THAT'S WHAT THEY WANT TO DO. AND THEN WHEN THEY SIGN THAT, THEY KNOW WHAT THEY'RE GOING TO GET OVER THE TERM OF THAT AGREEMENT. WILL PRICE GO UP? POSSIBLY. WILL PRICE GO DOWN? POSSIBLY. WE KNOW THIS, IT WON'T STAY THE SAME. BUT I WANT TO TALK A LITTLE BIT BEFORE WE GET GOING HERE ABOUT THE AMENDMENT THAT I HAVE FILED, THAT'S AM1855. AND I THINK EVEN THOSE FOLKS THAT ARE AGAINST THIS BILL WOULD BE FOR THIS IN MAKING SURE THAT IT'S EXPLICIT IN THE BILL THAT THE CONFIDENTIALITY...THAT THERE'S NO CONFIDENTIALITY AGREEMENT THAT'S IN THERE. LET ME JUST READ IT TO YOU: A SWINE PRODUCTION CONTRACT SHALL NOT CONTAIN ANY OBLIGATIONS OF CONFIDENTIALITY OR ANY OTHER PROVISIONS THAT LIMIT A SWINE PRODUCTION CONTRACT GROWER FROM SHARING AND REVIEWING THE SWINE PRODUCTION CONTRACT WITH ANYONE, INCLUDING, BUT NOT LIMITED TO, HIS OR HER BUSINESS PARTNERS, EMPLOYEES, AGENTS, HIS OR HER FINANCIAL AND LEGAL ADVISERS, HIS OR HER SPOUSE AND FAMILY INTERESTS. SO WE PUT THAT IN THERE JUST TO MAKE SURE, BUT IT NEVER WAS CONFIDENTIAL. YOU CAN'T GO TELL SOMEONE THEY CAN'T SHOW A CONTRACT TO ANYBODY. THEY'D NEVER WIN THAT ANYWAY. THE OTHER THING THAT I WANT TO TALK ABOUT IS, WHEN WE WERE LOOKING AT THE BILL AND YOU SEE THAT THERE'S TWO DEFINITIONS THAT ARE THERE, AND THIS IS MORE JUST FOR THE RECORD. ONE WAS A LIVESTOCK OPERATION AND THEN THE OTHER ONE IS A SWINE PRODUCTION FACILITY. AND WE NEEDED TO MAKE SURE THAT WE UNDERSTOOD THAT THAT SWINE PRODUCTION FACILITY IS PUT IN THERE TO DIFFERENTIATE FROM OTHER LIVESTOCK OPERATIONS, BECAUSE THERE IS A DIFFERENCE IN THE MODEL BETWEEN CATTLE AND HOGS. THERE IS A DIFFERENCE IN HOW MUCH LAND YOU NEED, HOW MUCH SPACE YOU NEED, HOW MUCH MONEY IT TAKES TO DO THIS. AND SO THAT'S WHY THAT'S IN THERE, TO KEEP IT CONSISTENT THROUGHOUT THE BILL AND THE LAW. I THINK AS WE MOVE FORWARD ON THIS, ONCE AGAIN, WE NEED TO UNDERSTAND THAT WHEN YOU LOOK AT A BUSINESS--AND A FARM IS A BUSINESS, WE KNOW THAT, WE SHOULD KNOW THAT--AND BUSINESSES NEED ALL THE TOOLS AT THEIR DISPOSAL THAT THEY CAN HAVE. THE ABILITY TO INCORPORATE, THE ABILITY TO HAVE AN LLC OR A SOLE PROPRIETORSHIP OR A PARTNERSHIP, YOU NEED THAT OPPORTUNITY. THE ABILITY TO CONTRACT WITH FOLKS THAT YOU THINK CAN HELP YOU FIND YOUR GOALS. SO IF WE BELIEVE THAT FARMERS IN THE

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STATE OF NEBRASKA ARE A BUSINESS AND THAT BUSINESSES DO NEED TO HAVE THE TOOLS THAT EVERY OTHER BUSINESS HAS OUT THERE, THEN WE ALSO HAVE TO TRUST THAT THE FARMERS HAVE THE ABILITY--AND THEY DO, GUYS-- HAVE THE ABILITY TO MAKE DECISIONS THAT ARE IN THEIR BEST INTERESTS. AND WE DO. OH, AND I KNOW THIS: CATTLE FEEDERS, THEY ALWAYS DO TALK ABOUT TRYING TO GET CORN DOWN IN PRICE. BUT YOU KNOW WHAT I NOTICED OVER THE 20 YEARS THAT I WORKED IN THE FEED YARD AND MANAGED IT AND BOUGHT GRAIN AND ALL THAT? [LB176]

SPEAKER HADLEY: ONE MINUTE. [LB176]

SENATOR SCHILZ: WHAT I NOTICED WAS, IS THAT THE CATTLE THAT I HAD IN MY YARD USUALLY MADE MORE MONEY WHEN THE CORN PRICE WAS A LITTLE HIGHER. AND THE REASON FOR THAT IS, IS BECAUSE IT KEPT EVERYTHING MARGINAL AND YOU DIDN'T GET EVERYBODY JUMPING IN TO TRY TO BUY SOMETHING TO MAKE UP THEIR PRICE THEY DIDN'T GET FOR THEIR CORN. SO WHEN SOMEBODY STEPS UP AND SAYS, OH MY GOSH, I CAN ONLY GET \$2 FOR MY CORN, WHAT THEY DO, THEY GO BUY CATTLE. IT DIDN'T MATTER WHAT THEY COST, BECAUSE THEY WERE GOING TO MAKE IT BACK ON THEIR CORN. THEY PUT THEM IN THE FEED YARD, THEN WHEN THEY GO TO SELL THEM THEY RAISED EVERYBODY'S COSTS, WHICH MEANS WE ALL LOSE. THAT'S THE OPEN MARKET. SO I ALWAYS MADE A LITTLE MORE MONEY WHEN IT COST A LITTLE BIT MORE TO PLAY, BECAUSE THEN YOU HAVE THE PROFESSIONALS IN IT THAT KNEW WHERE THE BREAK-EVENS WERE, THAT KNEW HOW TO RUN THOSE, AND KNEW HOW TO BUY THEIR STUFF AND PROTECT THEIR INTERESTS,... [LB176]

SPEAKER HADLEY: TIME, SENATOR. [LB176]

SENATOR SCHILZ: ...LIKE A CONTRACT. [LB176]

SPEAKER HADLEY: THANK YOU, SENATOR SCHILZ. SENATOR KOLTERMAN, YOU'RE RECOGNIZED. [LB176]

SENATOR KOLTERMAN: THANK YOU, MR. PRESIDENT. I WAS GOING TO TALK A LITTLE BIT ABOUT WHY THIS BILL NEEDS TO PASS AND THE IMPORTANCE OF THIS BILL. IN THE 24TH DISTRICT, WHICH ENCOMPASSES YORK, SEWARD, AND POLK COUNTIES, WE HAVE FIVE NATIONAL CORPORATIONS THAT OPERATE IN THE AG ARENA: MYCOGEN, WHICH IS A DOW CORPORATION; MONSANTO; PIONEER, WHICH IS A DUPONT CORPORATION; SYNGENTA; AND BAYER, WHO

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DOES WHEAT RESEARCH. SOME ARE FOREIGN COMPANIES, SOME ARE AMERICAN-BASED COMPANIES. WHERE WOULD WE BE WITHOUT SEED CORN PRODUCTION THAT WE'VE GOT IF THESE COMPANIES HADN'T COME IN AND INFUSED MILLIONS AND MILLIONS OF DOLLARS INTO OUR ECONOMY? THEY'RE ALL WITHIN A 25-MILE RADIUS OF MY HOME. THEY EMPLOY A LOT OF PEOPLE. NOT ONLY THAT, THE ANCILLARY ASPECTS OF THEIR BUSINESSES ARE PHENOMENAL. T-L IRRIGATION, VALLEY, REINKE IRRIGATION, THOSE COMPANIES ALL BENEFIT TREMENDOUSLY BECAUSE WE HAVE SEED CORN, WHICH IS AN AG-INTEGRATED TYPE OF BUSINESS. THEN LET'S TALK ABOUT CHICKENS. WE JUST HAD AN ANNOUNCEMENT A WEEK OR TWO AGO THAT IN GRAND ISLAND THEY'RE SETTING UP A NEW HATCHERY. CHICKENS HAVE BEEN INTEGRATED FOR MANY YEARS IN THIS STATE. WHERE WOULD WE BE IN WAKEFIELD WITHOUT WALDBAUM, THAT CORPORATION? THE NEW HATCHERY THAT WAS JUST ANNOUNCED IN GRAND ISLAND, WHICH IS GOING TO EMPLOY A LOT OF PEOPLE. THERE'S ALSO CHICKEN COMPANIES THAT ARE LOOKING AT OUR STATE RIGHT NOW AS A POSSIBILITY OF OPENING UP SOME GROW HOUSES IN THIS STATE, POSSIBLY 65 GROW HOUSES. SO WHEN WE TALK ABOUT THIS, WE NEED TO ALSO INCLUDE PORK PRODUCERS. I'VE GOT CLIENTS THAT WORK AT WILBER AT SMITHFIELD. THEY EARN A FAIR WAGE, THEY'VE GOT GREAT BENEFITS, AND THEY'RE PROVIDING A SERVICE TO THE PEOPLE OF THAT AREA. AND THAT REACHES, AGAIN, FOR PROBABLY A 50-MILE RADIUS. IN MY DISTRICT WE HAVE SOME VERY EXPENSIVE LAND. PART OF THE REASON THAT LAND HAS GONE UP SO HIGH IN VALUE IS SIMPLY BECAUSE WE HAVE IRRIGATION AND WE HAVE SEED CORN PRODUCTION. THE PROBLEM WE HAVE IS, BECAUSE THAT LAND HAS GONE UP SO HIGH IN PRICE, FARMERS CAN'T GO OUT AND BUY THE LAND. THE HIGHEST PRICED LAND IN YORK COUNTY WAS \$17,600 AN ACRE. THE YOUNG FARMER OR THE FATHER-SON PARTNERS ARE GOING TO HAVE A HARD TIME PAYING THAT KIND OF MONEY. IF WE WANT OUR YOUNG PEOPLE TO STAY IN THIS STATE AND COME BACK TO THIS STATE, GO GET THEIR EDUCATION AND COME BACK TO THE FAMILY FARM, WE'VE GOT TO HAVE THIS TYPE OF OPPORTUNITY FOR THEM. THOSE OF US THAT SAT IN AGRICULTURE HEARING HEARD OF THE FARMERS FROM IOWA THAT CAME AND TESTIFIED HOW IMPORTANT THIS WAS FOR A DAD AND A SON TO BE ABLE TO START A HOUSE OR BUILD A GROW HOUSE AND KEEP THEM ON THE FARM. THEY DON'T HAVE THE 2,000 ACRES THAT THEY CAN FARM OVER THERE. THEY CAN'T AFFORD TO BUY IT. SO IF THEY HAVE A 600-ACRE FARM THERE'S NOT ENOUGH ROOM FOR A FATHER AND A SON TO WORK IN THAT ENVIRONMENT AND MAKE ENOUGH MONEY. BUT WITH A PROCESS LIKE THIS AND A PROGRAM LIKE THIS WE CAN BUILD ON THAT, JUST LIKE WE'VE DONE WITH CHICKENS, JUST LIKE WE'VE DONE WITH SEED CORN PRODUCTION. SO I WOULD ENCOURAGE MY COLLEAGUES... [LB176]

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SPEAKER HADLEY: ONE MINUTE. [LB176]

SENATOR KOLTERMAN: ...TO THINK HARD AND SERIOUSLY ABOUT HOW IMPORTANT THIS IS IN KEEPING OUR YOUNG PEOPLE IN NEBRASKA. THAT'S ALL WE TALK ABOUT. YOU KNOW, HOW WE GOING TO GROW THIS STATE? AND NOW WE'RE SAYING, WELL, MAYBE THIS ISN'T THE WAY TO DO IT. WELL, WE'VE ALREADY GOT A LOT OF PRECEDENT THAT SHOWS THAT IT IS THE WAY TO DO IT. AND I WOULD TELL YOU THAT WE'VE GOT A LOT OF LABOR UNIONS THAT LIKE TO SEE THIS BILL PASSED AS WELL. SO I WOULD ENCOURAGE YOU TO SUPPORT THIS BILL. IT'S GOOD LEGISLATION. IT'S A TREMENDOUS ECONOMIC DEVELOPMENT TOOL AND WE NEED IT. AND WITH THAT, IF THERE'S ANY TIME LEFT I'D YIELD IT TO THE CHAIR. THANK YOU. [LB176]

SPEAKER HADLEY: YEAH. I'M SORRY, YOUR TIME IS UP. OKAY. THANK YOU, SENATOR KOLTERMAN. THOSE IN THE QUEUE ARE SENATORS BRASCH, CHAMBERS, BLOOMFIELD, WATERMEIER, SCHUMACHER, AND OTHERS. SENATOR BRASCH, YOU'RE RECOGNIZED. [LB176]

SENATOR BRASCH: THANK YOU, MR. PRESIDENT, AND THANK YOU, COLLEAGUES. THIS IS THE FIRST TIME I'VE STOOD TODAY TO SPEAK ON THIS. I DID SPEAK ON IT THE LAST TIME IT WAS BROUGHT TO THE FLOOR. I HEAR FROM CONSTITUENTS THROUGH PHONE CALLS, E-MAILS, CONVERSATIONS, TOWN HALL MEETINGS, TEXT MESSAGES. COMMUNICATION HAS REALLY GROWN AND I'M GLAD, BECAUSE MY VIEWS I HOPE REPRESENT THE SECOND HOUSE, MOST OF THEM. NOT EVERYONE, BUT MOST OF MY CONSTITUENTS ARE OPPOSED TO LB176. AND WE ARE A RURAL DISTRICT PREDOMINATELY, AND AS SENATOR SCHNOOR HAD MENTIONED THAT THE LAST PORK PRODUCERS WE HAD IN CUMING COUNTY LEFT, JUST LEFT. THE LOCAL PEOPLE, WE, AGAIN, WE ROSE, WE MADE OUR WAY INTO DIFFERENT OPPORTUNITIES. BUT THE CHINESE, THOSE WHO ARE NOT ROOTED IN OUR TRADITION, OUR CULTURE, OUR STATE, THEY'RE THERE FOR THEIR OWN GAIN. THEY ARE THERE FOR THEIR OWN GAIN, NOT THE FAMILY FARMER. I APPRECIATE INTERNATIONAL TRADE, BUT, HOWEVER, I APPRECIATE MORE IS AMERICA AND AMERICAN TRADE, AMERICANISM. AND THE FACT--THE LAST TIME I CHECKED--IS, CHINA IS STILL A COMMUNIST COUNTRY. MY PARENTS FLED A COMMUNIST COUNTRY. THEY WANTED AS MUCH DISTANCE BETWEEN THEM AND COMMUNISM AS POSSIBLE. A FEW YEARS AGO--I THINK I MENTIONED THIS ON THE FLOOR--I WAS ON A FLIGHT, A BUSINESS FLIGHT, NOT FOR THE LEGISLATURE, BUT A WONDERFUL GENTLEMEN, CHINESE, GRADUATE OF OUR UNIVERSITY WAS SITTING RIGHT NEXT TO ME AND HE WAS WORKING IN ATLANTA, GEORGIA, WHILE HIS WIFE WAS FINISHING HER DEGREE

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HERE AT THE UNIVERSITY. AND JUST GREAT FOLKS, TRULY GREAT FOLKS. AND I ASKED, SO WHEN YOUR WIFE GRADUATES ARE YOU GOING TO LIVE IN NEBRASKA? HIS REPLY WAS, OH, NO. CHINA IS ON THE RISE, AMERICA IS ON THE WAY DOWN. NO OPPORTUNITY HERE. OPPORTUNITY IS IN CHINA. THAT'S NOT EVERY CHINESE PERSON, GRANTED, BUT CHINA IS TRYING TO GROW EVERYTHING THEY CAN TO BECOME INDEPENDENT OF WORLD TRADE. THEY'RE BUYING A LOT OF LAND, A LOT OF DIFFERENT THINGS, THEY ARE GROWING STRONGER AND THEIR CITIZENS WHO ARE HERE ENJOYING THE GOOD LIFE PLAN TO GO BACK HOME BECAUSE THEY'RE ON THE RISE. THAT DID TROUBLE ME. AND WHEN I TALK TO OUR CONSTITUENTS--AND I'VE HAD SOME SUPPORT LB176--BUT MOST OF THE ONES I'VE TALKED TO HAVE USED THE WORD UNFORTUNATELY FIRST. THAT'S THE FIRST WORD THAT COMES OUT OF THEIR MOUTH. UNFORTUNATELY, THE WAY THINGS ARE GOING, THE WAY, YOU KNOW, UNFORTUNATELY, I SUPPOSE WE HAVE TO CHANGE THE WAY WE'RE DOING BUSINESS. BUT I THINK THE REASON WE'RE CHANGING IS BECAUSE WE DON'T SUPPORT AMERICANISM. WE DON'T LOOK AT THE LABELS... [LB176]

SPEAKER HADLEY: ONE MINUTE. [LB176]

SENATOR BRASCH:ON OUR CLOTHES OR WHATEVER WE BUY. I THINK WE NEED TO RETURN TO THAT. AND SO WHEN I LOOK AT THOSE WHO TESTIFIED AND I SEE THE ONES THAT SAY, SELF, SELF, SELF, I'M THINKING, THESE ARE THE PEOPLE, NOT THE ORGANIZATIONS THAT HAVE STEPPED UP TO COME IN AND SPEAK FROM THEIR HEART, AND THEY DO WEIGH HEAVILY. AND I SEE THE UNIVERSITY ALSO WAS A PROPONENT. I'D LIKE THEM TO COME IN AND BE A PROPONENT OF ONE OF OUR PROPERTY TAX AG LAND REDUCTION BILLS. THAT'S WHAT I HOPE TO SEE AS A PROPONENT. THANK YOU, MR. PRESIDENT. AND THANK YOU, COLLEAGUES. [LB176]

SPEAKER HADLEY: THANK YOU, SENATOR BRASCH. SENATOR CHAMBERS, YOU ARE RECOGNIZED. [LB176]

SENATOR CHAMBERS: THANK YOU. MR. PRESIDENT, MEMBERS OF THE LEGISLATURE, SINCE SENATOR KRIST SAID WE SHOULD DECLARE OURSELVES, I WILL NOT VOTE FOR CLOTURE. THIS IS NOT A BILL FOR THE PEOPLE, THIS IS A BILL FOR THE BIG CORPORATIONS. BUT THERE ARE MIXED MESSAGES GOING ON THIS MORNING. SOMEBODY WILL TALK ABOUT A FREE MARKET. THEY DON'T WANT GOVERNMENT INVOLVED. YET ONE OF THE BIG INDUSTRIES, FROM WHAT I'VE HEARD, IS ETHANOL. AND THEY WANT THE GOVERNMENT TO DICTATE THAT

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OTHER COMPANIES HAVE TO DEAL WITH THEIR PRODUCT BY PUTTING ETHANOL INTO IT. THEY WANT THE GOVERNMENT TO MANDATE IT BY LAW. AND SOME OF THESE PEOPLE IN NEBRASKA WHO PULL FOR THAT TALK ABOUT BEING FOR FREE MARKET. AS SOMEBODY WHO DOESN'T KNOW ABOUT BANKING, DOESN'T KNOW ABOUT CORPORATIONS, BUT CAN READ AND SEE AND UNDERSTAND WHAT I SEE, THERE IS HYPOCRISY IN THIS WHOLE DISCUSSION. I WOULD LIKE TO ASK SENATOR HUGHES A QUESTION, IF HE WILL ANSWER. NOT BECAUSE HE'S A HYPOCRITE, I DON'T...I JUST HAPPEN TO BE ASKING HIM A QUESTION. SENATOR HUGHES... [LB176]

SPEAKER HADLEY: SENATOR HUGHES, WILL YOU YIELD? [LB176]

SENATOR HUGHES: ABSOLUTELY. [LB176]

SENATOR CHAMBERS: DO HAVE ONE OF THESE CONTRACTS WITH ONE OF THESE CORPORATIONS? DO YOU RAISE LIVESTOCK? [LB176]

SENATOR HUGHES: I DO NOT. I USED TO. [LB176]

SENATOR CHAMBERS: OKAY. HAVE YOU EVER RAISED IT? [LB176]

SENATOR HUGHES: YES, I HAVE. [LB176]

SENATOR CHAMBERS: IF YOU RAISED LIVESTOCK NOW, WOULD YOU ENTER ONE OF THESE CONTRACTS? [LB176]

SENATOR HUGHES: I WOULD LOOK AT IT VERY SERIOUSLY. [LB176]

SENATOR CHAMBERS: THANK YOU. MEMBERS OF THE LEGISLATURE, WHEN I LISTENED TO THE HEARING ON THIS BILL IT WAS EXPLAINED HOW A GUY, BECAUSE IT'S USUALLY A GUY, WANTS TO GET INTO THIS BUSINESS. SO LET ME SKIP THROUGH A LOT OF THINGS, BECAUSE I DON'T HAVE A LOT OF TIME. BUT TO BUILD THE FACILITIES AND EVERYTHING NEEDED TO OPERATE IT, THIS ONE WHO'S GOING TO GET INTO THIS LUCRATIVE OPERATION IS ON THE HOOK FOR THE MONEY. WHEN YOU SAY THAT THAT CORPORATION OWNS THE PIGS, THAT CORPORATION OWNS EVERYTHING; THE PIG IS EVERYTHING. THE CORPORATION DOESN'T CARE ABOUT YOUR BARN, YOUR SILOS, BECAUSE THE CORPORATION IS GOING TO TELL YOU WHAT TO FEED, HOW MUCH TO FEED, WHEN TO FEED

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AND THEY EVEN PROVIDE IT. AND YOU ARE A SERF. YOU ARE AN INDENTURED SERVANT. YOU WORK FOR THAT CORPORATION IN THE SAME WAY THAT WALMART CALLS ITS EMPLOYEES ASSOCIATES SO THEY CAN GET OUT FROM UNDER THE OBLIGATIONS THAT WOULD GO TO AN EMPLOYEE. THE WORLD-HERALD IS A BIG CORPORATION. THEY OWN PAPERS ALL OVER THE COUNTRY. BUT WHEN THEY DECIDED THAT IT'S TIME TO START PUTTING OUT ONLY A MORNING PAPER AND NOT AN EVENING PAPER OR AFTERNOON PAPER, THEY'RE GOING TO PUT OUT A MORNING PAPER AND THEY CUT 12 JOBS. MAYBE YOU ALL DON'T PAY ATTENTION TO THAT BECAUSE YOU DON'T WORK. I DO WORK. I WATCH HOW THIS LEGISLATURE REFUSES TO GIVE A MODEST, EQUITABLE INCREASE IN THE MINIMUM WAGE FOR THOSE PEOPLE WHO HAVE TO WORK WITH THE PUBLIC, SERVING THEM. THEY GET TIPS. THERE'S A BILL BEFORE US THIS SESSION AND THE ANSWER WILL BE, NO. SO DON'T TELL ME ABOUT THE CONCERN FOR THE WORKING PEOPLE, THE WAGES THEY GET. THERE IS NO CONCERN WITH THAT. THE CONCERN IS WITH THE BIG CORPORATIONS. AND WHEN SENATOR SCHILZ MENTIONS VARIOUS PRODUCTS MADE IN CHINA THAT PEOPLE USE, NOT ONE OF THOSE PRODUCTS IS MADE IN NEBRASKA, SO IT DOESN'T EVEN FIT. THESE CORPORATIONS--AND IF YOU INCLUDE CHINA--ARE TALKING ABOUT BEING IN NEBRASKA DEALING WITH A MEANS OF PRODUCTION. NEBRASKA DOESN'T PRODUCE COMPUTERS. LOOK AT ALL THE PRODUCTS THAT ARE MADE IN CHINA, SO MENTIONING THAT IS OFF THE MARK. WE'RE TALKING ABOUT THOSE WHO HAVE A LOT... [LB176]

SPEAKER HADLEY: ONE MINUTE. [LB176]

SENATOR CHAMBERS: ...DEALING WITH AND TAKING ADVANTAGE OF THOSE WHO HAVE LITTLE OR NOTHING. IN THE LAW, THIS IS KNOWN AS AN ADHESION CONTRACT WHERE ONE SIDE HAS EVERYTHING AND ALL OF THE POWER, THE OTHER HAS NOTHING AND IT'S A TAKE IT OR LEAVE IT PROPOSITION. AND ADHESION CONTRACTS ARE AGAINST THE LAW. AND WHEN YOU HAVE THESE CONTRACTS WITH THESE YOUNG PEOPLE AND THESE BIG CORPORATIONS AND EVEN GOVERNMENT IS INVOLVED, THEY ARE IN THE NATURE OF ADHESION CONTRACTS, WHICH MEANS TAKE IT OR LEAVE IT. THESE YOUNGSTERS DON'T HAVE ANY BARGAINING POWER. AND IT'S ONLY AFTER YOU HAVE PUT THE SHACKLES ON THAT YOU COME TO REALIZE HOW YOU ARE OWNED, AND YOU ARE ONLY THE SECONDARY INTEREST. THE PIGS THAT YOU'RE RAISING HAVE MORE CONCERN FROM THE CORPORATION THAN YOU DO AS A HUMAN BEING BECAUSE NOW YOU'RE JUST AN... [LB176]

SENATOR KRIST PRESIDING

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SENATOR KRIST: TIME, SENATOR. [LB176]

SENATOR CHAMBERS: YOU SAID TIME? [LB176]

SENATOR KRIST: YES, SIR. [LB176]

SENATOR CHAMBERS: I DIDN'T GET TO FINISH IT, BUT THAT'S THE WAY IT GOES. THANK YOU. [LB176]

SENATOR KRIST: THANK YOU, SENATOR CHAMBERS. THOSE STILL WISHING TO SPEAK: SENATOR BLOOMFIELD, WATERMEIER, SCHUMACHER, HAAR, AND OTHERS. SENATOR BLOOMFIELD, YOU'RE RECOGNIZED. [LB176]

SENATOR BLOOMFIELD: THANK YOU, MR. PRESIDENT. COLLEAGUES, WE'VE HEARD POLLUTION BROUGHT UP. THE PROPONENTS OF THIS BILL HAVE TRIED TO SWEEP IT UNDER THE COUNTER. WELL, IT WON'T FIT UNDER THERE. IF YOU THINK THERE'S NO POLLUTION ISSUES TIED WITH THIS, TALK TO THE CAPITAL CITY OF IOWA. TALK TO THE PEOPLE WHO LIVE THERE. THAT STATE IS BEING TORN APART BY LAWSUITS FROM THE CITIES TO THE COUNTIES OVER POLLUTION CAUSED BY THESE FACILITIES. LOOK UPSTREAM OF WHERE DES MOINES GETS THEIR WATER. SEE WHAT YOU SEE UP THERE--LARGE, INTEGRATED ANIMAL PRODUCTION. IOWA HAS BETTER CONTROL OF THEIR WATER THAN NEBRASKA DOES, BUT STILL THIS HAS CAUSED A HUGE PROBLEM IN IOWA. TAKE A LOOK AT IT BEFORE YOU DECIDE TO VOTE ON THIS. REMEMBER WHERE YOUR WATER COMES FROM HERE IN LINCOLN, OVER IN OMAHA. BE VERY CAREFUL WHAT YOU WISH FOR, BECAUSE YOU WELL MAY GET IT. ON THESE CONTRACTS-- AND I BROUGHT THIS UP LAST YEAR--EVEN DEATH DOESN'T GET YOU OUT OF ONE OF THESE CONTRACTS. YOUR FAMILY IS BOUND BY WHAT YOU AGREED TO AFTER YOU'RE DEAD AND GONE. SHOULD YOU HAPPEN TO HAVE A ACCIDENT, YOUR WIFE AND FAMILY IS BOUND TO CONTINUE PRODUCING THESE PIGS, WHETHER THEY'RE ABLE OR NOT. IF THEY HAVE TO GO OUT AND HIRE SOMEBODY, IF THEY LOSE THEIR FARM OVER IT, DEATH DOESN'T EVEN GET YOU OUT OF THIS. SENATOR SCHILZ HAS BEEN ON THE MIKE A COUPLE TIMES NOW SINCE I RAISED THE QUESTION. IOWA HAS TEN TIMES THE HOGS NEBRASKA DOES. HE HASN'T ANSWERED ME. DO THEY HAVE TEN TIMES THE PRODUCERS? I HAVEN'T HEARD THAT ANSWERED YET. SENATOR SCHILZ ALSO SAID, AS A CATTLE FEEDER, HE CAN MAKE MORE MONEY WHEN CORN'S A LITTLE HIGHER. SENATOR, I HAVE A FEW BUSHEL IN A BIN AT HOME I'D BE GLAD TO SELL YOU AT

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\$7 A BUSHEL. THINK HOW MUCH MONEY YOU CAN MAKE. MR. PRESIDENT, I YIELD MY TIME TO SENATOR CHAMBERS. [LB176]

SENATOR KRIST: SENATOR CHAMBERS, 2:00. [LB176]

SENATOR CHAMBERS: THANK YOU. MR. PRESIDENT, MEMBERS OF THE LEGISLATURE, THOSE WHO ARE ON THIS FLOOR WEARING THE SUITS PROBABLY HAVE NEVER HEARD OF PINK FLOYD. AND EVEN IF THEY HAVE, THEY HAVEN'T HEARD OF "BRICK IN THE WALL." WE ARE NOTHING BUT ANOTHER BRICK IN THE WALL. THAT'S WHAT THEY FOUND OUT. OH, WE'RE ONLY JUST ANOTHER BRICK IN THE WALL. THAT'S ALL THESE LITTLE PRODUCERS ARE. I'VE BEEN GETTING CALLS FROM PRODUCERS; SOME PRODUCE HOGS, OTHERS PRODUCE CATTLE. AND THOSE WHO PRODUCE CATTLE SAY THAT THEY'RE NEXT. AND I SAY, ANYBODY CAN SEE THAT. AND THEY WONDER WHY THAT'S NOT IN THE MIDDLE OF THIS DISCUSSION, BECAUSE THESE CORPORATIONS DO THINGS INCREMENTALLY. I'M THE ONE WHO FOUGHT ALMOST SINGLE-HANDEDLY OF STARTING THE PRACTICE OF GIVING MONEY AWAY TO THE BIG CORPORATIONS WITH THE CONAGRA BILL. KAY ORR WAS GOVERNOR. SHE WAS TERRIFIED THAT CONAGRA WOULD LEAVE. I SAID, LET THEM LEAVE. BUT IF THEY PUT IN ALL OF THIS TIME AND EFFORT AND EXPENDITURES OF MONEY TO INTIMIDATE... [LB176]

SENATOR KRIST: ONE MINUTE. [LB176]

SENATOR CHAMBERS: ...THE LEGISLATURE, THERE'S SOMETHING ABOUT OMAHA THAT MAKES THEM WANT TO STAY THERE, MAYBE BECAUSE IT'S A HUB AS FAR AS COMMUNICATION, MAYBE TRUCKING AND THESE OTHER THINGS GOING ACROSS THE COUNTRY. BUT CONAGRA IS NOT GOING TO MOVE. IF YOU GET THE TRANSCRIPTS OR LOOK AT THE JOURNALS YOU'LL SEE SOME OF THE KIND OF AMENDMENTS THAT I OFFERED, SUCH AS PUTTING A BANNER OVER THE STATE CAPITOL THAT SAID "CONAGRA, INC." THEN WHEN CONAGRA DID PULL UP AND LEAVE, OMAHANS AND EVEN THE GOVERNOR SAID, THEY SHOULD SHOW SOME CONSIDERATION. THEY ARE IN IT FOR THE MONEY AND WHEN THEIR INTERESTS FINANCIALLY WERE SOMEWHERE ELSE, THEY MOVED. THEY DON'T OWE OMAHA ANYTHING. THEY DON'T OWE THE STATE OF NEBRASKA ANYTHING. IF YOU SEE A SUCKER BUMP HIS HEAD--AND THAT'S WHAT THESE CORPORATIONS DO--AND A LOT OF PEOPLE ON THIS FLOOR HAVE THEIR POCKETS BULGING. THEY DON'T HAVE TO WORRY ABOUT WHERE THEIR NEXT MEAL WILL COME FROM, WHETHER THEY'LL HAVE BUTTER ON A SLICE OF BREAD AND DON'T EVEN KNOW IF THEY HAVE THE SLICE OF BREAD. BUT THE ORDINARY... [LB176]

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SENATOR KRIST: TIME, SENATOR. [LB176]

SENATOR CHAMBERS: ...PEOPLE...THANK YOU, MR. PRESIDENT. [LB176]

SENATOR KRIST: THANK YOU, SENATOR CHAMBERS. SENATOR WATERMEIER, YOU'RE RECOGNIZED. [LB176]

SENATOR WATERMEIER: THANK YOU, MR. PRESIDENT. GOOD MORNING, NEBRASKA. I HAVEN'T SPOKE ON THIS BILL YET TODAY, BUT I AM GOING TO SPEAK IN OPPOSITION OF THE AMENDMENT AND IN SUPPORT OF THE BILL. LAST YEAR I WAS SLOW TO EVEN SPEAK TOWARDS THE BILL AT ALL. AND I HAD GIVEN IT A LOT OF THOUGHT AND I THOUGHT ABOUT MY OWN BUSINESS AND HOW IT WORKS. BUT I WANT TO ADDRESS A COUPLE THINGS TODAY: ENVIRONMENTAL ISSUES THAT BOTH SENATOR BOLZ AND SENATOR HAAR HAD BROUGHT UP. AND I THINK THE BODY NEEDS TO RECOGNIZE WHAT HAS HAPPENED IN THE AGRICULTURE ENVIRONMENT IN THE LAST 20 YEARS. IF WE WERE POOR STEWARDS BEFORE--AND I DOUBT THAT--WE ARE EXPONENTIALLY BETTER TODAY WITH OUR MANURE MANAGEMENT AND EVERYTHING THAT DEALS WITH OUR SOIL AND WATER IN THE CONSERVATION. I WOULD CHALLENGE ANY OF YOU TO LOOK INTO WHAT IT TAKES TO HAVE A CAFO, WHICH IS A CONFINED ANIMAL FEEDING OPERATION (SIC), AND THE REGULATIONS THAT ARE INVOLVED IN GETTING THAT. IT IS NOT AN EASY APPLICATION, IT IS NOT AN EASY PROCESS. AND THE REASON I LIKE WHAT WE'RE TALKING ABOUT TODAY HERE IS THAT IT'S THIS, IF APPROVED, AND A INDIVIDUAL PRODUCER DECIDES TO INVEST IN THE BUILDING, THAT PERMIT GOES TO THAT INDIVIDUAL. HE IS RESPONSIBLE FOR EVERYTHING THAT GOES ON INSIDE THAT FACILITY. SO KEEP...MAKE NO MISTAKE ABOUT IT, THAT'S WHERE WE WANT THAT INVESTED INTEREST IN. AND IN THE BIG PICTURE, THE ENVIRONMENTAL CONCERNS ARE NOT GOING TO HAPPEN OVERNIGHT. KEEP IN MIND THAT A LOT OF THE HOGS THAT THE PACKERS ARE KILLING TODAY IN NEBRASKA ARE NOT ORIGINATING IN NEBRASKA, THEY'RE COMING IN FROM OUT OF STATE. WE WANT TO MAKE SURE THAT THOSE PROCESSES STILL REMAIN IN NEBRASKA. I DON'T SEE AN EXPONENTIAL JUMP IN WHAT WILL HAPPEN IMMEDIATELY IN THE PACKERS' FACILITIES. WHAT WE ARE...WANT TO TRY TO DO IS ENSURE THAT THESE HOGS ARE PRODUCED CLOSE BY TO THE FACILITIES. SO LET'S KEEP IT ALL IN A BIG-PICTURE FOCUS, IS THAT WE'RE NOT GOING TO SEE EXPONENTIAL JUMPS IN THE PACKER INVOLVEMENT AS FAR AS WHAT THEY KILL TOMORROW IF THIS BILL PASSES. BUT WHAT WE WANT TO TRY TO DO IS CHANGE THAT RATIO, THAT THEY HAVE VERY FEW HOGS PRODUCED IN NEBRASKA ARE KILLED IN NEBRASKA. MOST OF THE KILL IN NEBRASKA COMES

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FROM OUT OF STATE. THAT'S WHAT WE'RE TRYING TO DO, IS TO GET THAT CLOSE BY HERE. NOW TO ADDRESS THE OTHER ISSUE ABOUT THE RISK. AND WHAT I'VE HEARD SEVERAL PEOPLE SAY ON THE FLOOR IS THAT YOU'RE JUST GOING TO BE A SMURF (SIC). YOU'RE JUST GOING TO BE A LABORER FOR THESE CORPORATIONS. LET ME TELL YOU HOW IT WORKS IN A BUSINESS. THERE'S PORTIONS OF OWNING AND OPERATING YOUR OWN BUSINESS THAT SCARE THE DAYLIGHTS OUT OF ANYBODY WHEN IT'S THEIR FIRST TIME IN THE BUSINESS OR IF IT'S THEIR 50TH YEAR IN THE BUSINESS. THERE'S RISKS INVOLVED. AND I WILL ADMIT THAT I, AS A PRODUCER, I ENJOY THE PRODUCTION RISK OF AGRICULTURE. SOMETIMES THE FINANCIAL RISK IS LIKE A BLACK BOX. YOU REALLY DON'T KNOW WHERE IT'S AT. BUT STANDING IN FRONT OF THAT FINANCIAL RISK IS THE PRICE RISK OF IT. AND AS A YOUNG PRODUCER, IF THEY GO TO A BANKER AND SAY, I WOULD LIKE TO BE IN THIS BUSINESS, THERE'S REALLY TWO RISKS THAT THEY HAVE TO LOOK AT: THE PRODUCTION RISK, WHICH IS WHAT THEY ENJOY, THEY DAILY LOOK AT IT; BUT THE UNKNOWN SIDE OF IT, THE RISK OF THE PRICE, IS A PART THAT IS FEARFUL. IT'S FEARFUL TO THE BANKER, THE INVESTOR, AND THAT'S THE PART THAT THEY WANT TO SHIFT THAT RISK OF THE PRICE SIDE OF THAT INDUSTRY TO SOMEONE ELSE. THAT'S WHAT WE'RE TALKING ABOUT TODAY. YOU'RE NOT GOING TO A SMURF (SIC), YOU'RE NOT GOING TO BE A SERVANT. THEY ARE STILL GOING TO BE ABLE TO DO WHAT THEY ENJOY, WHAT THEY LOVE TO DO. AND THE COMMENT THAT SENATOR HAAR HAD MADE ABOUT RURAL NEBRASKA LEAVING, HE WANTS TO WORK TO REPOPULATE THE RURAL NEBRASKA? YOU OPPOSE A BILL LIKE THIS? I DON'T UNDERSTAND YOUR INTENTIONS. THAT'S WHAT WE'RE TRYING TO DO, IS TO MAKE SURE THAT THE ANIMALS ARE PRODUCED FAIRLY CLOSELY TO WHERE THEY ARE PROCESSED. LET'S REMAIN FOCUSED ON THE ISSUE HERE. THIS IS ABOUT ECONOMIC DEVELOPMENT. IT'S ABOUT HEDGING YOUR RISK, MOVING YOUR RISK OF WHAT YOU'RE FEARFUL OF IN THE PRICE SIDE OF THIS EQUATION AND MOVING IT TO SOMEONE ELSE. [LB176]

SENATOR KRIST: ONE MINUTE. [LB176]

SENATOR WATERMEIER: THANK YOU, MR. PRESIDENT. [LB176]

SENATOR KRIST: THANK YOU, SENATOR WATERMEIER. SENATOR SCHUMACHER, YOU ARE RECOGNIZED. [LB176]

SENATOR SCHUMACHER: THANK YOU, MR. PRESIDENT, MEMBERS OF THE BODY. IT IS NOT THE STRONG THAT SURVIVE. IT IS NOT THE SMART THAT SURVIVE. IT IS

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THE ADAPTABLE THAT SURVIVE. AND HERE IN NEBRASKA, WE HAVE A REAL HARD TIME BEING ADAPTABLE, RECOGNIZING THAT THE WORLD HAS CHANGED, THAT THE MODELS THAT WE HAVE TO RESPOND TO HAVE CHANGED, AND THEN ADJUSTING OURSELVES SO THAT WE PROSPER OR AT LEAST SURVIVE IN THAT NEW ENVIRONMENT. THAT'S TRUE FOR THIS BILL, IT'S TRUE FOR MEDICAID EXPANSION, IT'S TRUE FOR CASINO GAMING, IT'S TRUE FOR A WHOLE LOT OF THINGS. WE JUST HAVE A HARD TIME ADAPTING TO REALITY, MAYBE BECAUSE WE DON'T LIKE IT, MAYBE BECAUSE WE DON'T UNDERSTAND IT, BUT WE JUST HAVE A HARD TIME. IT USED TO BE...IN FACT, I THINK I'M OLD ENOUGH TO REMEMBER A DAY WHEN WE LOOKED AT THE FUTURE WITH A SENSE OF ENLIVENMENT, OF JOY, OF ANTICIPATION OF THE DAWNING DAY. AND NOW IT SEEMS MORE AND MORE WE VIEW THE FUTURE WITH TREPIDATION. AND THAT'S PROBABLY BECAUSE WE DON'T UNDERSTAND THE STAGE ON WHICH WE PLAY. MAYBE IT'S A FAILURE OF OUR EDUCATION. BUT THE WORLD IS SUCH THAT WE HAVE TO ADAPT TO THE NEW ECONOMIES, THE NEW STREAMS. MORE AND MORE THE WORLD IS GOVERNED BY THE FINANCIAL MARKETS, BY SOPHISTICATED PLAYERS WHO ARE EDUCATED IN SOPHISTICATED UNIVERSITIES AND WERE EQUIPPED WITH VAST AMOUNTS OF CAPITAL. PART OF THE NEW WORLD THAT WE DEAL WITH IS A REALITY THAT THE WORLD NEEDS FOOD. AND WE HAVE A REAL FINE PLACE IN WHICH TO RAISE FOOD: FINE LAND, LOTS OF WATER, REAL POTENTIAL. AND YOU HEAR THE AG SECTOR SAY, YOU KNOW, WE'RE GOING TO HAVE TO TRIPLE OUR FOOD PRODUCTION IN ORDER TO FEED THE WORLD. AS IF SOMEHOW TRIPLING PRODUCTION WOULD FEED ANYBODY. THE GREATER CHALLENGE IS, WE WILL SOON HAVE FROM 7 BILLION TO 9 BILLION. AND THEY THOUGHT IT WAS GOING TO STOP THERE, BUT THE UN NOW SAYS IT'S GOING TO GO TO 11 BILLION BECAUSE WE AREN'T RESPONSIBLE WITH OUR POPULATION PROGRAMS AND THOSE, IN SOME COUNTRIES, ARE FAILING. IT WILL BE NOT THE PRODUCTION OF FOOD, BUT THE DISTRIBUTION OF FOOD. YOU CAN PRODUCE ALL THE FOOD YOU WANT AND UNLESS YOU CAN DISTRIBUTE IT TO A SOCIETY THAT IS DEVELOPED AND THAT HAS MONEY TO PAY FOR IT, WHAT ARE YOU GOING TO DO WITH IT? SET IT ON SOME DOCK AND LET SOME DICTATOR DISTRIBUTE IT? FEED A POPULATION ONLY SO THEY CAN REPRODUCE AGAIN AND MAKE IT 13 BILLION? AT SOME POINT IT BREAKS DOWN. WHAT ARE YOU GOING TO DO WITH IT? YOU NEED A MECHANISM FOR PRODUCTION OF FOOD AND DISTRIBUTING THAT FOOD TO SOMEBODY WHO CAN PAY FOR IT. AND WHETHER WE LIKE IT OR NOT, THE CHINESE REPRESENT THE FIRST OR SECOND-- DEPENDING ON WHICH WAY YOU LOOK AT IT--SIZE ECONOMY IN THE WORLD AND THEY CAN PAY FOR IT. IN FACT, THEY'RE SITTING ON SEVERAL TRILLION DOLLARS WORTH OF OUR GOVERNMENT OBLIGATIONS. IF WE DO NOT ALLOW

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ACCESS THROUGH THE MECHANISMS OF THIS TYPE OF VERTICAL INTEGRATION... [LB176]

SENATOR KRIST: ONE MINUTE. [LB176]

SENATOR SCHUMACHER: ...WHAT WE WILL END UP DOING IS DENYING OUR PRODUCERS ACCESS TO THOSE MARKETS AND THOSE MARKETS WILL SIMPLY FLOW TO SOME OTHER AREA. WE WILL BE THE PEOPLE WHO SWEAR AGAINST CASINO GAMING BUT PACK THE PARKING LOTS OF THE CASINOS WITH NEBRASKA LICENSE-PLATED CARS. LIKE IT OR NOT, WANT IT OR NOT, WE MUST ADAPT. THE PAST IS GONE AND LB176 HEARS THE FUTURE KNOCKING. THANK YOU. [LB176]

SENATOR KRIST: THANK YOU, SENATOR SCHUMACHER. SENATOR KEN HAAR, YOU'RE RECOGNIZED. [LB176]

SENATOR HAAR: MR. PRESIDENT AND MEMBERS OF THE BODY, I'D LIKE TO ASK SENATOR SCHILZ A QUESTION OR TWO. [LB176]

SENATOR KRIST: SENATOR SCHILZ, WILL YOU YIELD? [LB176]

SENATOR SCHILZ: YES. [LB176]

SENATOR HAAR: THANK YOU. DO YOU FEEL THE SAME? FOLLOWING UP ON SENATOR SCHUMACHER'S TALK, WHICH IS ALWAYS THOUGHT PROVOKING, DO YOU FEEL THEN THAT THE SAME KIND OF VERTICAL INTEGRATION SHOULD HAPPEN IN THE LIVESTOCK INDUSTRY? [LB176]

SENATOR SCHILZ: ARE YOU TALKING BETWEEN HOGS AND CATTLE? [LB176]

SENATOR HAAR: YES, I AM. [LB176]

SENATOR SCHILZ: YEAH. WELL, OBVIOUSLY, THE BILL DOESN'T GO INTO THAT. AND IN MY DISCUSSIONS WITH FOLKS, IN TALKING TO THE INDUSTRY AND TO THE FOLKS THAT REPRESENT THE CATTLE INDUSTRY, THEY WERE SAYING THAT THEY DON'T...THEY AREN'T INTERESTED IN THAT RIGHT NOW AND THAT'S WHY IT'S NOT IN THERE. SO WE'RE LISTENING TO WHAT THEY WANT THERE. NOW, I

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CAN SAY, I MEAN I THINK WE ALL NEED TO KEEP IN MIND WE HAVE INITIATIVE 300 THAT WAS TAKEN DOWN BECAUSE IT WAS UNCONSTITUTIONAL. IF YOU LOOK BACK AT THE TRANSCRIPTS WHEN THIS WAS DONE--I'M SORRY TO TAKE YOUR TIME--LOOK BACK AT THE TRANSCRIPTS OF WHEN THIS WAS DONE IN 1998. PEOPLE ON THE FLOOR, A LOT OF PEOPLE ON THE FLOOR, INCLUDING SENATOR CHAMBERS, TALKED ABOUT HOW THIS WOULD...AND I DON'T KNOW IF HE SAID THIS OR NOT, BUT TALKED ABOUT HOW THIS WOULD CODIFY INITIATIVE 300. SO IF INITIATIVE 300 WAS UNCONSTITUTIONAL, WE MIGHT NOT WANT A CHALLENGE ON THIS EITHER. SO WHAT I'M TRYING TO DO HERE IS FIND A WAY THAT WE DON'T HAVE TO CHALLENGE IT, THAT IT DOESN'T OPEN IT UP FOR EVERYTHING, AND WE COULD MOVE FORWARD. ARE CATTLE IN THE CROSS HAIRS? I DON'T KNOW IF THEY'RE IN THE CROSS HAIRS, BUT THE LAW COULD BE IN THE CROSS HAIRS AND THE LAW WOULD THEN BRING CATTLE IN, AND IT'S BECAUSE OF HOW IT WAS WRITTEN. THANK YOU. [LB176]

SENATOR HAAR: YEAH, WELL, THANK YOU. I APPRECIATE THAT. NOW I WANT TO ASK YOU...I WANT TO FOLLOW THROUGH ON, AGAIN, IT'S FROM THE LETTER THAT I READ FROM EARLIER. IT SAYS, WHEN INDEPENDENT PRODUCERS OWN AND PRODUCE LIVESTOCK THEY PUT TWO OR THREE TIMES MORE ECONOMIC BENEFITS BACK INTO THE RURAL ECONOMY THAN OUTSIDE MEAT-PACKER-OWNED LIVESTOCK BECAUSE THE PROFITS FROM THE LIVESTOCK PRODUCTION ARE INVESTED BACK INTO THE RURAL COMMUNITIES. I'M TRYING TO FIGURE OUT HOW LIVESTOCK AND PORK PRODUCTION ARE DIFFERENT. WOULD YOU SAY, SENATOR SCHILZ, THAT THIS IS TRUE FOR LIVESTOCK PRODUCTION? THEY PUT TWO TO THREE TIMES MORE ECONOMIC BENEFIT BACK INTO THE RURAL ECONOMY. I'M REALLY TRYING TO UNDERSTAND. [LB176]

SENATOR SCHILZ: I KNOW THIS. AND I CAN'T TELL YOU THAT THAT'S THE CASE OR NOT. WHEREVER YOUR STUDY CAME...I'M NOT GOING TO DISPUTE THAT. BUT WHAT I CAN TELL YOU THIS--AND SENATOR KOLTERMAN ALLUDED TO THAT--IS THAT THESE FOLKS ARE COMMUNITY PLAYERS. WHEN THEY'RE IN A COMMUNITY LIKE CRETE OR SEWARD OR WHEREVER, THEY'RE PUTTING MONEY BACK INTO THE COMMUNITY ALL THE TIME. AND THOSE FOLKS DO CARE ABOUT WHAT HAPPENS TO THEIR EMPLOYEES BECAUSE THEY NEED THEM. SO I THINK THAT WHEN YOU LOOK AT IT IN THAT SENSE...LET'S JUST SAY THAT WHAT YOU'RE SAYING--AND I'M NOT DISPUTING IT--IS TRUE. AND IF WE ARE...IF THEY ARE GIVING BACK TWO TO THREE TIMES, BUT THEY'RE NOT THERE ANYMORE BECAUSE OF THE ATTRITION THAT'S HAPPENING, WHETHER THEY'RE GETTING OLDER AND GETTING OUT OF THE BUSINESS OR WHETHER THEY'RE DECIDING TO DO SOMETHING ELSE, A PRODUCER THAT'S NOT DOING ANYTHING IS GIVING

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ZERO BACK TO THE ECONOMY. A PRODUCER THAT'S CONTRACTING AND HAS AN ABILITY TO MOVE FORWARD...LIKE I SAID, THESE GUYS ARE MAKING UP TO \$75,000 A YEAR JUST FROM CONTRACTING WITH THESE BARNS. [LB176]

SENATOR KRIST: ONE MINUTE. [LB176]

SENATOR SCHILZ: SO THAT'S WHAT I KNOW. [LB176]

SENATOR HAAR: OKAY. NOW, IN THE CASE OF CATTLE INDUSTRY, THOUGH, IS THAT DECREASING IN NEBRASKA? [LB176]

SENATOR SCHILZ: NO, ABSOLUTELY NOT. THE CATTLE INDUSTRY IS NUMBER ONE AND I CAN TELL YOU WHY THAT IS. AND THAT'S BECAUSE OF THE ETHANOL INDUSTRY. IT'S THE BEST CATTLE FEED THAT'S EVER BEEN CREATED AND IT MOVED EVERYTHING HERE. IT'S THE ETHANOL INDUSTRY. IT WAS THE DROUGHTS IN TEXAS. AND IT'S THE ABILITY TO HAVE CHEAPER FEED CLOSER TO WHERE THE CATTLE ARE RAISED, IS WHY IT HAPPENED. AND THAT'S WHY WE'VE GOT CATTLE, AND THAT'S WHY WE'VE GOT THE PACKING PLANTS IS BECAUSE OF THAT PROXIMITY TO EVERYTHING. [LB176]

SENATOR HAAR: OKAY. WELL, I APPRECIATE YOUR ANSWERS. AND I DON'T KNOW IF YOU RECEIVED THIS LETTER, BUT I WILL SHARE IT. I DON'T KNOW WHAT THE SOURCES ARE FOR WHAT THEY'RE SAYING EITHER, BUT THANK YOU VERY MUCH. [LB176]

SENATOR KRIST: THANK YOU, SENATOR HAAR AND SENATOR SCHILZ. MR. CLERK. [LB176]

ASSISTANT CLERK: THANK YOU, MR. PRESIDENT. FIRST OF ALL, REMINDER THAT REFERENCE WILL MEET IN 2102. NEW RESOLUTION, LR418 BY SENATOR HOWARD AND OTHERS PERTAINING TO ACCESSNEBRASKA. AND ACCOMPANYING THAT RESOLUTION IS A LETTER FROM THE SPEAKER SENDING THE RESOLUTION TO REFERENCE FOR REFERRAL TO THE APPROPRIATE STANDING COMMITTEE. COMMITTEE ON GOVERNMENT, MILITARY AND VETERANS AFFAIRS REPORTS LB695 AS WELL AS LB702 TO GENERAL FILE. AMENDMENTS TO BE PRINTED: SENATOR SCHILZ, SENATOR DAVIS TO LB176. NAME ADDS: SENATORS DAVIS, KOLOWSKI, LINDSTROM, GROENE, AND MELLO TO LB467; AND SENATOR

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HOWARD TO LB749. (LEGISLATIVE JOURNAL PAGES 385-388.) [LR418 LB695 LB702 LB176 LB467 LB749]

FINALLY, SENATOR HILKEMANN HAS A PRIORITY MOTION. HE WOULD MOVE TO ADJOURN UNTIL FRIDAY, JANUARY 22, 2016, AT 9:00 A.M.

SENATOR KRIST: YOU HAVE HEARD THE MOTION. ALL THOSE IN FAVOR. HOW ABOUT ONE MORE TIME. ALL THOSE IN FAVOR? OPPOSED? WE ARE ADJOURNED UNTIL MONDAY MORNING AT 9:00. FRIDAY MORNING, FRIDAY MORNING AT 9:00.