

Transcript Prepared by Clerk of the Legislature Transcribers Office
Agriculture Committee February 11, 2025
Rough Draft

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

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

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

Transcript Prepared by Clerk of the Legislature Transcribers Office
Agriculture Committee February 11, 2025
Rough Draft

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

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

KAUTH: Kathleen Kauth, LD 31, Millard.

STORM: Jared Storm, District 23, Saunders, Butler, Colfax County.

DeKAY: And Senator Ibach is the vice chair of this committee. To my immediate right is the committee research analyst, Rick Leonard, and our committee clerk is Linda Schmidt seated to the far left. Our pages for today will now introduce themselves.

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

LAUREN NITTLER: I'm Lauren, I'm a second-year student at UNL studying [INAUDIBLE].

DeKAY: Now we will start the proceedings with the appointment of Duane Gangwish to the Nebraska Brand Committee. You're welcome to make your introduction.

DUANE GANGWISH: Good afternoon, Senator DeKay and members of the Ag Committee. My name is Duane Gangwish. It's D-u-a-n-e G-a-n-g-w-i-s-h. I take note of the misspelling here. I appear before you this afternoon seeking your confirmation of my appointment to the Nebraska Brand Committee. I have completed a four year term on the committee, and have served as chair for the last year. My background in the livestock business has been broadly educational and at times rather adventurous. Beginning with six sows on the family farm at the age of ten in eastern Buffalo County, to now serving as the chief financial officer and director of IT at Darr Feedlot near Lexington. I've worked in livestock, nutrition, and pharmaceutical sales; built a 12,000 head commercial feed yard near Hartington, Nebraska; with some partners, helped guide environmental and regulatory policy at the state and national level; assisted with the permitting of over 200 CAFO operations in South Dakota, Iowa, and Nebraska; and have run a cow-calf operation in partnership with a friend in the Sand Hills. Prior to joining Darr Feedlot, I was the chief operating officer of the second largest USDA Process Verification Protocol program in the U.S., certifying agent source, non-hormone treated, and all natural cattle at the ranch level. Serving on the Nebraska Brand

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Agriculture Committee February 11, 2025
Rough Draft

Committee has been a privilege, and a role that I take very seriously. With 6.25 million cattle, including calves, in Nebraska and related gross receipts exceeding \$16 billion, the Nebraska Brand Committee exists to protect Nebraska brand and livestock owners from theft of livestock through established brand reporting, brand inspection, and theft investigation. To put this in perspective over a period of time, in the past 4 to 5 years, the price of a 550-pounds steer calf has gone from \$1.75 a pound to almost \$3.25 a pound. Simply, the value of that calf has doubled in 4 to 5 years. The committee has and continues to modernize the methods and services provided to all sectors of the cattle business in Nebraska as the risk of loss significantly escalates, I look forward to helping guide the committee and the organization that's most effective in deterring the dishonest and prosecuting the guilty into the next decade. Thank you. And I'd be happy to attempt any-- answer any questions.

DeKAY: Thank you. Before we start that, Senator Hansen, would you like to introduce yourself?

HANSEN: Sure, since I'm from the best district in Nebraska, I might as well. Senator Ben Hansen, District 16, which is Washington, Burt, and Cuming County, and parts of Stanton County. Thank you, Chair.

DeKAY: Thank you. Now we-- are there any questions from the committee? Senator Ibach.

IBACH: Thank you very much, Chair. Hi, Duane. Thank you so much for coming today and, and appealing to us. Several years ago, legislation was passed that accepted EIDs, nose prints, retinal scan, other forms of identification for cattle. Can you tell us where the Brand Committee is at on allowing those forms of, of identification?

DUANE GANGWISH: Yes, appreciate the question. The statutory language specifically is non-visual identifiers. So in today's technology, that might be a nose print, a retinal scan, it might be a tattoo, it could be DNA, it could be a multitude of things that we don't yet know and understand. So the statute gave the Brand Committee to use those, those immutable methods of identification as prima facia evidence of ownership, just as a brand would be. It's unalterable. As a part of that legislation that gave us the opportunity to use non-visual identifiers, we also began evaluating the use of what's terminol-- our terminology is an IED, it's an electronic ID. Those are available in several forms. I think you'll have a bill today that talks a little bit about those. We have used-- we had a working group put together

Transcript Prepared by Clerk of the Legislature Transcribers Office
Agriculture Committee February 11, 2025
Rough Draft

that, that encompassed stocker, cow-calf seed stock, veterinarians, feedlots, backgrounders, auction markets, to how can we come up with a methodology and the processes to do that. The working group came to some, I think, very hard work and came to some conclusions that we can do it. The challenge before us, quite frankly, as a cash funded agency, we just don't have the cash. And it's estimated somewhere in the neighborhood of \$1 million to develop that software. Several years back, the Legislature felt that our cash reserves were in excess and required us to spend down our cash reserves. I'm here to tell you we've successfully done that. So successfully that potentially the '26-- '25-26 fiscal year, we anticipate a cash deficit. We probably held on to our lower rate a little bit too long in retrospect. But we think that the, the use of the inspection, those, those other items could be very valuable as, as we modernize the activities of the Brand Committee. However, it's-- at this point, for us to do it with our current structure, it's just cost prohibitive. It is a technology that is used widely in-- throughout the industry. In the dairy industry, even sheep, swine, and at the feedlot level, they're used for management process, etc. But that's kind of where we're at at the moment.

IBACH: Very good. Thank you.

DeKAY: Thank you. Any other questions? Senator Raybould.

RAYBOULD: Thank you so much for being with us today. Can you tell me a little bit more about the price of a head of cattle? You mentioned that in your remarks. I mean, is there a price differential between one head of cattle that has a brand on it versus one that doesn't? I mean, do you get the same amount when it goes to the feedlot and then goes on to the processor? I mean, do they distinguish the pricing of that?

DUANE GANGWISH: Excuse me. There's nothing in the marketplace today that differentiates the, the price of an animal at any juncture along the, the chain of command or the chain of custody versus branded versus nonbranded. There are some market channels that do desire animals without-- leather, without those brands on them. Regardless of the cost of your car, if you have leather seats, you probably don't want to see Senator Ibach's brand on your driver's seat. But there's no differentiation in price. I'll follow up with your question of value. That's a personal perspective. So depending on who owns the animal at the time, that brand may be highly valuable for saying that they are mine. They're not yours. I may have bought them from Senator

Transcript Prepared by Clerk of the Legislature Transcribers Office
Agriculture Committee February 11, 2025
Rough Draft

Ibach, but now they're mine, and those brands identify. We can trace that back that they're mine, not somebody else's. So-- I've confused your question with price and value. But that's my best answer.

RAYBOULD: Thank you, Chair. Just another question. I'm a grocer. I always say, well, you know, we can't, we can't deliver our products to our customers like we did 40 years ago or 50 years ago or even 60 years ago. I mean, everything has gone electronic, like electronic shelf tags. So we don't have people changing the prices on the shelves for products. That goes away. We have just in time inventory that everything gets scanned by the UPC code or the box that had come in, it comes in so we know exactly where it came from, how many cartons are in the box, you name it, we have this detailed information. And then we can continuously track it. So tell me what you think has been the most significant advancement in the cattle industry when it comes to tracking and identifying heads of cattle?

DUANE GANGWISH: It's a very-- quite, quite simply the use of electronic identification. At Darr Feedlot, and I'm sure maybe some of the other book cow-calf producers in the room and, and feeders in the room. We put that electronic I.D. when they arrive at the, at the yard. And I can tell you which pens it's been in. I can tell you whether we've-- that animal's been sick. I can tell you how many days on feed, I can tell you a lot of-- I have a lot of data points on that individual animal. We have customers that retain ownership. That means they might be a cow cat producer and they sell-- send their calves to us for feeding and then they're sold and we collect that carcass data at, at harvest. Or we don't collect it, the, the packing plant will collect that and they provide that information back to us, only identified with that electronic ID. I can then cross collaborate that to the producer's identification, and then they can use that for genetic selection, they can use it for a lot of different purposes. But that has been one of the most advanced uses of those electronic IDs to date.

RAYBOULD: OK. Thank you.

DeKAY: Senator Storm.

STORM: Thank you, Chair DeKay. Thank you. So on these electronic devices, are we talking ear tags, or are we talking is it a chip, or what are we-- I'm not familiar with--

Transcript Prepared by Clerk of the Legislature Transcribers Office
Agriculture Committee February 11, 2025
Rough Draft

DUANE GANGWISH: They come in different forms. Most of them are a little round button. And there are those that are in a tag form, they might be square, they might be all kinds of shapes. There's two different types. There's low frequency and high frequency. And I don't know that we need to get in the weeds today, right, what it means.

STORM: Is it the ear, though? Is it in the ear?

DUANE GANGWISH: It is always in the ear.

STORM: OK.

DUANE GANGWISH: Those are then removed at harvest.

STORM: Right.

DUANE GANGWISH: So they don't adulterate, that's the technical, they don't adulterate the carcass, but they're removed and harvested. They don't have any information in them other than a number. So it's a 15 digit non-repeating unique number that is never used again. So you can't-- you can't put information on it. It only-- if you scan it, it's only a 15 digit number. So.

STORM: Senator, I have one more question. So feed yards are going to have that. Cow-calf, guys, do they have those on cow-calf or are they brand?

DUANE GANGWISH: They are both an option for any producer. In Nebraska, you are not required to brand your cattle at all. You're not required. To tag your cattle. So it is a-- it's a technology that's available to anyone. We have animals show up in the feed yard that have no identification, electronic tags or anything. And we'll still tag that animal so that we can track it through our system for management purposes and health purposes.

STORM: So if, if in Nebraska we're not required to brand an animal or tag him, how do we find if cattle are stolen that aren't branded or tagged, how do you--

DUANE GANGWISH: It becomes more a challenge. Our, our inspectors, there, there, there's a lot of cattle moving in and out of this state, specifically dairy cattle, that don't have any-- that are not branded. However, 100% of those dairy cattle who have an EID, and it's put in at birth. So that can be a supplementary form, supplemental form of, of ownership.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Agriculture Committee February 11, 2025
Rough Draft

STORM: OK.

DUANE GANGWISH: It's not prima fascia, but it can be supplemental. So we can track that for, for many reasons.

STORM: OK. Thank you.

DeKAY: Thank you. Senator Kauth.

KAUTH: Thank you, Chair DeKay. Mr. Gangwish, so I want to get back to your appointment just a little bit. Can you tell me what your plans are for the next four years, if you should get this appointment?

DUANE GANGWISH: Our role as members of the committee, there's five of us, our role is to enforce the statutes as written. So we don't have a lot of personal prerogative in what goes forward. Our role is to guide-- take the statutes into play and then guide that and execute those statutes. Some of the things we did talk about wa-- as we look forward for modernization, maybe it's the use of non-visual identifiers. We're using, within our prerogative, we're using iPads today for recording brand inspections. So there's technology tools that we can use to make our work more efficient or more timely. So that's-- the update with technology is one that we're looking with, and I hope to guide through that.

KAUTH: Thank you.

DeKAY: Thank you. Senator Ibach.

IBACH: Thank you, Chair. I'll just ask one more question, and I just wanted to really say thank you for meeting with me the last month or two and kind of identifying a path forward. You've been really, really helpful in drafting what we think will go forward. What do you do with that, and I think you touched on this a little bit, but what do you find as the biggest challenge for the Brand Committee slash Commission going forward, and as chair of the committee for the last few years, I think you probably have a really good pulse on it. What do you think will be the biggest challenge?

DUANE GANGWISH: I think our current and future challenges, as I, I listen to our investigators detail some of the things that they're working with. They've been, without going into detail, they've been drawn into collaboration with DEA and FBI. They've been brought into collaboration with other states, finding stolen animals in other states that have transversed or moved into or out of Nebraska. We find

Transcript Prepared by Clerk of the Legislature Transcribers Office
Agriculture Committee February 11, 2025
Rough Draft

our-- those folks are highly valuable as it comes to recovery and investigations of stolen cattle. If I back a truck up to a grain bin and pull out four loads of corn, that's \$4,000 or \$5,000, I'm sorry, \$20,000. At \$2,000 a piece for 8-weight steers, it doesn't take too many to have a pretty significant theft. So the challenges that we find is both being able to have a documentary evidence when those theft cases happen or when there's nefarious things going on. We'll never keep the-- we keep the honest honest. It's rather impossible to keep the dishonest honest. But we try and recover those animals for those people. It's a lot of dollars.

IBACH: I have a follow up if it's OK.

DeKAY: Go ahead.

IBACH: Just one follow up to that. I think that you mentioned earlier in your, in your comments that you thought funding was going to be an issue or maybe a challenge. Do you have any plans, or does the Brand Committee have any plans to address that?

DUANE GANGWISH: Well, our excuse me, our fee structure is set in statute. So today, the, the maximum fee that we can charge for a brand inspection is \$1.10. And there are other maximums that are put in statute. Those become problematic. If, if I was in your seat, it would be my prerogative to, to try and raise those caps so that we don't have to come back continually to the Legislature asking to raise that cap, raise that cap. We've been able to operate over time underneath those caps. The costs have escalated extraordinarily. And so that's where we're, we're running into. The other thing that happens is we, as a cash funded agency, we only receive funds when, when that trigger happens, that inspection or that registration or whatever. And the nature of the cattle business in the state for us, it's very cyclical. So there are times where there's a very large number of cattle moving in the fall of the year, and then you have other times of the year where our-- there's very few cattle moving, very few transactions, and therefore our revenue is very low. So it's, it's being able to get through those low periods, the times, and the challenge has been in-- I, I can foresee in the future the challenge as costs continue to escalate that we don't have those funds to deal and operate.

IBACH: Very good. Thank you. Thank you, Chair.

DeKAY: Thank you. Senator Raybould.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Agriculture Committee February 11, 2025
Rough Draft

IBACH: Sorry. I thought of another question. So you mentioned that some of the operations that the brand inspectors have taken on is investigating thefts. Can you-- you know, with all your years of experience, how frequent is this? How, how many head of cattle have you heard of being swiped? Which would be really hard to do, you know, because they're so big. But like, how many head of cattle are we talking about, say in the last ten years?

DUANE GANGWISH: I, I apologize, Senator, I don't have that number on the top of my head.

RAYBOULD: OK.

DUANE GANGWISH: We have staff here and I--

RAYBOULD: OK.

DUANE GANGWISH: --we can obviously get those numbers back to you pretty quickly.

RAYBOULD: OK. All right.

DUANE GANGWISH: It's not hard to swipe them. Some of them, you rattle a bucket with some corn in it, and they'll follow you anywhere, and so.

RAYBOULD: Sounds good. Thank you.

DeKAY: Thank you. Senator Hansen.

HANSEN: Thank you, Chair. I'm going to ask you kind of a philosophical question, but it lends itself well considering the position you're-- you know, your appointment. Would, would the Branding Committee be better if it was a private organization versus a public organization? I ask that because it seems like whenever the government gets involved in stuff like this, things aren't as efficient as they should, as it could be. Whereas you can, as a private organization, set your own costs or your prices. The people then can determine if they want to do it or not. Is it because of infrastructure or technology or because the customer base wouldn't be there, in your opinion? Like, why isn't this privately done as opposed to the government being involved?

DUANE GANGWISH: It is privately done in other states. There are private organizations that oversee brand inspection and theft investigation in other states. In Texas, the Texas and Southwestern

Transcript Prepared by Clerk of the Legislature Transcribers Office
Agriculture Committee February 11, 2025
Rough Draft

Cattle Raisers administer it, but they do it in, in cooperation with the Texas Rangers. So there's a law enforcement component. I think it's in North Dakota where the North Dakota Stockmen actually administer the program, and it's a private, private agency. Philosophically, there would be some advantages to do it being a private organization. When we go to replace a pickup, we have to go through the state's program and we can't trade it in, we can't sell it and take the money and go to buy a new one, you've got to go through DAS to, to do that. If we have a laptop, we have to pay, forget the acronym, it's the state's IT group, and it is exorbitant to support a laptop. And then somewhere in the ca-- matter of possibly three to four times the price of the laptop to have the state administer it. So philosophically, there would be benefits to being a private organization. On the flip side of that, being a quasi-state agency, see, it provides our citizenry and the constituents sitting in this room with some assurance that there is oversight. And the Legislature has oversight of the committee. So we have statutory responsibilities. We have to operate within those, those parameters. And so there's some assurances to the public that it's being done according to Hoyle. Would there be some efficiency if it was a private organization? Honestly, yes.

HANSEN: OK. Thanks for your opinion. Appreciate that.

DeKAY: Any other questions from the committee? Seeing none, thank you.

DUANE GANGWISH: Thank you, Senator.

DeKAY: Are there any proponents for the director position? Any proponents? Any opponents? Anyone in a neutral position?

DAVID WRIGHT: Thank you, Mr. Chairman. My name is David Wright, and I'm taking--

DeKAY: Could you spell your name, sir?

DAVID WRIGHT: D-a-v-i-d W-r-i-g-h-t. In the light of the questioning that you asked Duane, the bills we have coming up is to eliminate certain feed yards from paying. And we all know the elephant in the room is the fiscal note shows that it's going to cost maybe millions. How are you going to offset that? Duane made it clear that while we're at a cap. Are you going to ask him to raise the cap? He didn't expand on what he would do when he's faced with that situation. He just left it lie. So I don't know where Duane's heart really is. Is he in a

Transcript Prepared by Clerk of the Legislature Transcribers Office
Agriculture Committee February 11, 2025
Rough Draft

place where he's going to try and keep brand inspection? Or is he in a position that he's going to help have it, have it become a slow demise? That's what my disappointment was in the hearing. That's why I'm-- I can't exactly say I'm in favor, I can't say I'm against, because he left that particular question lie on the table as you asked that, Senator Ibach.

DeKAY: Thank you. Sir, Mr. Wright, would you fill out a green testifiers sheet for us? For, for, for this?

DeKAY: Yes.

DAVID WRIGHT: OK. I guess I will.

DeKAY: Thank you. Anyone else in a neutral capacity? Seeing none, that ends the hearing on the appointment of Director Gangwish to the Nebraska Brand Committee. Next, we will have LB646, introduced by Senator Ibach. Before we start this, we had one proponent for Senator [SIC] Gangwish, no opponents, and no one in a neutral capacity. Senator Ibach, you're welcome to open.

IBACH: Thank you very much, Chair. Good afternoon, Chairman DeKay and fellow members of the Agriculture Committee. My name is Senator Teresa Ibach, T-e-r-e-s-a I-b-a-c-h, and I am here to present for your consideration. LB646. First of all, I want to thank the members of this committee for co-sponsoring this bill, and having your support is very integral into the success of this bill. To be clear, today's bill does not do away with brand inspection inside the brand area, nor does it impact anyone's ability to own or use a brand. LB646 simply provides an exemption for registered feedyards and non-registered feedlots, so feedlots are treated uniformly across Nebraska. As most of you know, my husband Greg and I have been cattle-- in the cattle business for over 35 years, and my grandchildren represent the seventh generation on our farm's operation. My district not only has a lot of cows, but it runs a really close first or second to Senator Hansen's district for the number of cattle on feed. What, what is important about this notation is that if you are a feedlot in my district, you are subject to brand inspection and all the fees, the paperwork, and the time that goes with it. But if you're a feedlot in Senator Hansen's district, you are not subject to brand inspection fees or the paperwork that goes with it. For background, Nebraska routinely ranks first or second for number of cattle on feed in the nation. This is a ranking we as cattle producers are very proud of and we should be proud of it. As Governor Pillen constantly reminds us, agriculture is

Transcript Prepared by Clerk of the Legislature Transcribers Office
Agriculture Committee February 11, 2025
Rough Draft

the lifeblood of Nebraska's economy, and as such, I believe we need to do everything we can to ensure we look at policy that, one, allows uniformity across Nebraska, and two, positions Nebraska producers to compete on a global stage. As you may know, brand inspection of cattle began back in 1909. At that time, there were no feedlots, and clearly the industry was very different. The brand inspection area, along with the Brand Committee, was established in 1941, and the boundaries have changed multiple times, with the last change occurring in 1993. In 1974, legislation was enacted that allowed for registration of feedlots within the brand inspection area. Brand inspection is currently required when cattle are the following: moved from the brand inspection area to outside the brand inspection area, are slaughtered within the brand inspection area, or are sold within the brand inspection area. Brand inspection is not needed for, one, cattle sold from a registered feedlot directly for slaughter or to a terminal market; two, cattle that are transferred to a family corporation that meets certain requirements; three, cattle that are transferred to a family limited liability company that meet certain requirements; four, cattle that are sold when the change in ownership is a change in form only and the surviving interests are in the exact proportion as the original interest of ownership; five, cattle that are sold for educational or edu-- or exhibition purposes or youth activities if the bill of sale is presented, for instance, 4H or FFA; the cow is under the age of 30 days, sold-- days, sold at private treaty if the bill of sale is presented; or number seven, cattle that are raised by the seller and registered by a breed association if the bill of sale is presented. Last interim, my office reached out to the Legislative Research office as I was seeking more information about the strays. For those of you new to the committee, estrays can mean many different things, estrays can mean lost, stolen, missing, dead. And I'm sure there's, there's a few others, but these are the main ones that we address today. When I asked how many stolen cattle have been found in feedlots in fiscal year 2023-24 there were zero found in registered feedlots, and the commission was unable to provide historical data due to the system's limitations. As I talked to feedlots, many of who, who have been in business as long as the brand law, and many around and in some cases longer than the brand law, they've all said there have been no stolen cattle found in their yards, and I think folks will testify to that today. If cattle are stolen, they are not arriving at a feedlot. Will there be loss of revenue to the brand inspection budget? Yes. According to the fiscal note, it will be about \$1.6 million out of the total budget of about \$6.3 million. While there will be a loss of revenue, there could also be savings found. Fewer brand inspectors

might be needed, and that coupled with increased operational efficiencies. As I work with our ag groups on policy important to our state's most important industry, I constantly remind them that as ag producers, we need to be unified. We must find ways to work together or others will force change on us. We need to be proactive in protecting our industry. Bottom line, LB646 is about less government and less bureaucracy for cattle producers, and less stress on animals. This bill only addresses feedlots, but I can also share that I've heard from the dairy industry, and I think they might testify today, and some cow-calf folks that also feel the current program is no longer effective as it currently exists. Several cattle feeders from across the state, including my district, are here today to share their stories, and I truly, truly appreciate their willingness to travel and to testify. Some of them have feedlots inside and outside the brand inspection area, and some have feedlots inside the brand inspection area as well as other states. I also know that there will be testimony here from producers who feel they need brand inspection to help protect their operations. I'm one of those people. LB646 does not change their ability to have their cattle brand inspected. What it does is simply remove feedlots from the brand inspection process to bring uniformity across the state. I would also like to add that there's a letter from J.D. Alexander, who is a former president of the Nebraska Cattlemen and former president of the National Cattlemen's Beef Association in support of this legislation. With that, I thank you for your time and I'm open to any questions.

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

KAUTH: Thank you, Chair DeKay. Senator, about what's the average cost of a brand inspection? Is it per cow? Is it per group of cows? How does that work?

IBACH: So right now, brand inspection is at \$1 per head. Or are you talking about brand, the actual brand, the cost of a brand?

KAUTH: The, the inspection.

IBACH: The inspection is \$1 per head. We have that capped at \$1.10. So the Brand Committee has the luxury of fluctuating that amount, as Mr. Gangwish noted earlier, depending on the revenue that they're required to have to, to function.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Agriculture Committee February 11, 2025
Rough Draft

KAUTH: And the feedlots on the eastern side don't pay that \$1 per brand?

IBACH: They do not. They're exempt.

KAUTH: But on the western side they do.

IBACH: That's correct.

KAUTH: OK. OK, thank you.

DeKAY: Senator Hansen.

HANSEN: Thank you. Thanks for mentioning my Cuming County.

IBACH: It's not a competition, but kind of it is.

HANSEN: That's all right. I've got, I've got, I've already got e-mails about it, don't worry. So just for clarification's sake, would-- how would this affect Cuming County in my district, that your bill, would it affect it at all? Would it change anything with them?

IBACH: Nothing.

HANSEN: I just want to make sure because if you've ever heard the term tarred and feathered, if it did affect my district, you know, I think that's probably exactly what they would do to me. So one other question is the one maybe I kind of proposed to Mr. Gangwish about the idea of privatization of the Brand Committee, or maybe the less-- what we see is maybe a less of a need for the Branding Committee possibly? Is that-- do you think that's because of technology catching up? Because I think what we tend to see with-- he made a good point of calling it like a quasi-government kind of entity, like our involvement, but then also not. What we tend to see with a lot of these organizations or entities over a course of time is technology starts to catch up and make things more efficient and effective, there's less need for maybe government involvement? Do you think that's part of it? Like, do you think the privatization of it over time makes more sense and that's kind of what we're working towards or not?

IBACH: Well, to answer your question, and that's a really good question, the Brand Committee is a non code agency, and so they serve, the committee serves at the pleasure of the governor. I think Senator Stinner, Stinner and Senator Brewer both brought bills to maybe bring

Transcript Prepared by Clerk of the Legislature Transcribers Office
Agriculture Committee February 11, 2025
Rough Draft

it back under the Department of Agriculture so that it would have some oversight. Those bills didn't go anywhere, of course. We've also had that discussion with some of our roundtable discussions regarding this bill. I, I think, I think local control and local efficiency is probably the best approach. Not to say that eventually we won't have to modernize even beyond what we're trying to accomplish today. Different states do things so differently. If you look at Texas or Oklahoma or Kansas, they have a very voluntary brand program where sheriff's departments or, as Mr. Gangwish noted, Rangers are in charge of any discrepancies or any reports of lost cattle. So I think there are many different approaches. My intention is not to defund or do away with the Brand Committee simply because I can't see a time in my future where I won't brand my cattle as a security measure. Now the EID tags, they came about as a disease traceability approach. USDA requires it from, from a disease traceability approach. I think modernizing is important. I think it's like any program that has oversight, you have to modernize yourself at some point just to stay relevant. So that's the goal of this bill. I will not have you tarred and feathered.

HANSEN: That's good. Thanks.

DeKAY: Thank you. Are there any other questions? Senator Raybould.

RAYBOULD: Well, thank you, Senator Ibach. This is not a gotcha question, but do we brand our hogs?

IBACH: We do not brand our hogs. We might ear notch them.

RAYBOULD: OK. Which is--

IBACH: But we do not brand them.

RAYBOULD: Which is a pretty typical--

IBACH: And I'm not a hog producer, so I'm not, I'm not up on swine technology, but.

RAYBOULD: But you know, one of the letters in opposition stated that going away from the branding and branding inspectors and inspections will diminish the reputation of our beef industry in the state of Nebraska. Considering that there are some feedlots that are exempt, do you, in your opinion, since this is what your family does for a livelihood, do you think it's ever diminished the reputation of our beef industry in our state?

Transcript Prepared by Clerk of the Legislature Transcribers Office
Agriculture Committee February 11, 2025
Rough Draft

IBACH: Well, I think, again, to Senator Hansen's point, I think it's just the approach that different states take. It's accou-- it's an accountability standard in Nebraska. And like I said, I, I can't envision a time when I wouldn't brand my cattle just as we also use EID tags. But that's a form of ownership that I wouldn't compromise in my operation. Does that answer your question?

RAYBOULD: It does. And going back to the hogs, since we don't brand hogs, I don't think it, it mars our incredible reputation as one of the major hog producers in the entire United States, just because we don't brand our hogs. I mean, they are-- they have ear tags, which I think is the more modern way, so.

IBACH: Yep.

RAYBOULD: That was sort of my--

IBACH: Thank you.

RAYBOULD: --roundabout way of talking about hogs. So thank you.

DeKAY: Any other questions? I do have one question. Feedlots, are they-- I know the premise of paying an inspection fee on the number of head that their lot can handle.

IBACH: That's correct. Registered feedlots pay \$1,000 for the-- they have a different fee structure. Although like myself when I transfer-- So let me back up. Feedlots do have a different fee struc-- fee structure. They're charged \$1,000 per year for the first 1,000 head and then \$250 for the next 250 head up to their capacity. And if I'm wrong, somebody will correct me behind me. In my operation, so when I transfer a potload of cattle to a feed yard, I'm tasked with the ins-- the inspection. And so that's charged to me. And then the feedlot, the grow yard is charged with the fee to the feed yard, etc. So it's always kind of downstream. But registered feedlots are treated differently in, in that they pay a flat fee for the number of cattle that they have annually.

DeKAY: Is, is that the number of cattle they have annually, or the number of cattle they have capacity for?

IBACH: It's the capacity issue.

DeKAY: OK.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Agriculture Committee February 11, 2025
Rough Draft

IBACH: Thank you.

DeKAY: Thank you.

IBACH: If I'm wrong, they'll correct me.

DeKAY: If there are no other questions, thank you, and we will have our first proponent. Go ahead, sir.

BRAD FOOTE: OK. Good afternoon, Chairman DeKay and members of the Agriculture Committee. My name is Brad Foote, spelled B-r-a-d F-o-o-t-e, and I am a resident of Imperial, Nebraska, and my family and I own Imperial Beef LLC. I felt obligated to state my opinion on this subject because of how important the cattle industry is to me, my family, and to so many in our state. With that said, I want to thank Senator Ibach and the members of this committee for co-sponsoring LB646. I feel it'll have a positive impact, not only on feedlots in the brand area, but also help bring much needed modernization to the brand laws that will help the process for ranchers and backgrounders as well. I grew up in a small town, South Kansas City in east Kansas, where we had a small livestock operation. As time went on our business, Foote Cattle Company, grew and my brother Scott and I moved west around feed yards we had purchased in the area. Since then, we have grown our operation to five feed yards with four of them in Kansas and the one in Nebraska. Imperial Beef has a one time capacity of 62,000 head, and over the course of the year, we move approximately 135,000 head of choice cattle through it. Many of them we purchase locally from ranchers and backgrounders in the state of Nebraska. We also purchase over 8 million bushels of corn, 100,000 tons of silage, 100,000 tons of distillers grains, and 15,000 tons of hay, all from local farmers and ranchers-- farmers and ethanol plants. We also employ 65 hardworking people in the area to help make the economy of southwest Nebraska thrive. The love and passion for the live--livestock industry runs deep in my family. And to say cattle feeding is a passion of ours would be an understatement. I feel like I have a unique point of view when it comes to brand laws in Nebraska with my firsthand experience of owning feedlots in both Kansas and in the Cornhusker State, only one of which has mandatory brand inspection. Because of this experience, I hope I can convey to you why the current Nebraska brand laws are outdated, unfair to western Nebraska feedlots, and a great example of over regulati--regulation and government overreach. Since I moved to Imperial in January of '07, we have spent approximately \$780,000 to get our registered feedlot permit with the Nebraska Brand Committee. We also spend roughly another \$50,000 a year

Transcript Prepared by Clerk of the Legislature Transcribers Office
Agriculture Committee February 11, 2025
Rough Draft

on brand inspections on our area purchased from ranchers and sale barns in the brand area. These are just the hard costs. The soft costs associated with this would be an additional \$250,000 to \$300,000, and they would include brand papers, health papers, bills of sale, sale brand recaps, and other items the brand law requires on each of-- each head of cattle we own. We have spent countless hours acquiring these things that feedlots outside of the brand, including eastern Nebraska, do not deal with. The second issue I want to address is the current brand laws simply are not needed at the feedlot level. Over the past 18 years in Imperial Beef, we have moved over 2 million head of cattle through our feed yard in Imperial, and out of that number we have had zero stolen, misplaced, or lost cattle. I want to point out that we have also had--

DeKAY: Sir, could you wrap up your thought in a couple of sentences?

BRAD FOOTE: I'll do my best. We've also had any misplaced cattle in Kansas either. So zero stolen in Nebraska, zero stolen in Kansas. I do not want the brand law to be abolished. I'm happy for the ranchers in Nebraska to continue having brand laws. It's just not needed at the feedyard level. Thank you and I'll answer any questions.

DeKAY: Thank you. Any questions? Senator Raybould.

RAYBOULD: Yes. Thank you very much for coming to testify. Can you tell me-- you've mentioned that it's voluntary in the state of Kansas. How does that work?

BRAD FOOTE: In the same way it does in eastern Nebraska. So no one is required to have brand inspections at the feed yards. So in western Nebraska, or in the brand area, we pay a fee to, to be a registered feedlot. In Kansas, there is no registered feedlots, all feedlots are treated the same, and cattle shipped to packing houses, just like Imperial Beef, we only-- the only cattle-- any time cattle ever leave our feed yard they go to meatpackers. Our feed yards in Kansas also do the same thing, and there is no brand inspection. So the cattle just come and go. And our feedyard, we're a registered feedyard, so no one comes to inspect the cattle ahead of time. But we pay a fee in order to ship those cattle that have an inspector there. And then we are inspected quarterly to ensure ownership of the cattle.

RAYBOULD: So how do they trace or track that head of cattle? Is it-- do they use the EIDs, or what is the method they use in Kansas?

Transcript Prepared by Clerk of the Legislature Transcribers Office
Agriculture Committee February 11, 2025
Rough Draft

BRAD FOOTE: There is no method. We just-- we purchase the cattle and the cattle ship. There, there's-- you know, the great majority of the cattle we feed are our own. We have some customer cattle, but the great majority are our own. So there is no tracking method, I guess, per se. The same is true on eastern Nebraska. There's no-- in terms like coming, coming and checking or finding that method, it's just paying for the cattle bills of sales, that kind of stuff. They're there. Just no one is coming to inspect it.

RAYBOULD: Got it. But if you want to, I guess, follow the history of that animal, is that through the, the ear tag or--

BRAD FOOTE: We could do that. Yes.

RAYBOULD: OK.

BRAD FOOTE: Yes. So we buy Senator Ibach's cattle. We bring them to our feedyard in Kansas. We would have a bill of sale. I mean, all of this is going to be in the lot file. And then we give them our own individual ear tag at the feedyard level.

RAYBOULD: OK.

BRAD FOOTE: That's how we would keep track. That's how-- so if, if you, say, or a brand inspector from the state of Nebraska or whomever, state of Kansas would come and say, we need to confirm that these are your cattle, we could do that through that method.

RAYBOULD: OK. All right. Thank you.

BRAD FOOTE: OK.

DeKAY: Any other questions from the committee? Senator Kauth.

KAUTH: Thank you, Chair DeKay. So I was looking at the cost. So you're looking at roughly \$45,000 a year extra to do the brand inspections per year?

BRAD FOOTE: Yeah.

KAUTH: \$780,000 over 18 years.

BRAD FOOTE: That's, that's over-- yeah, that's--

KAUTH: Right.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Agriculture Committee February 11, 2025
Rough Draft

BRAD FOOTE: --over the 17, 18 years.

KAUTH: Right. So about \$45,000 every year you pay for inspections.

BRAD FOOTE: Roughly. That's went up, as we grew our feedyard that, that number increased, so it's, it's, it's roughly that.

KAUTH: But only the ones in the western part. So you-- do you prefer to do business in the eastern feedlots?

BRAD FOOTE: We don't have an eastern Nebraska feedlot.

KAUTH: Got it. So you're only in the west.

BRAD FOOTE: Yes, ma'am.

KAUTH: OK. Thank you.

DeKAY: Senator Hansen.

HANSEN: Thank you. I have a luxury, I've been on the Ag Committee the last six years and so it's like the 800th brand bill I heard. But I still feel like I'm naive. So I apologize for any, for any questions that might seem like I'm ignorant. But since you have that, again, a unique perspective about, about the Kansas model. Do you-- so from your opinion, do you think it's a workable model here in Nebraska?

BRAD FOOTE: The Kansas model?

HANSEN: Yeah, kind of what kind of what they do down there.

BRAD FOOTE: 100% It's already currently working in your district.

HANSEN: Yes. But throughout the whole state of Nebraska, in your opinion. I always want to get both sides, because then we'll have people in opposition say why it's not. And I'm always kind of curious to know, you know. I like-- I love-- kind of curious to hear both sides.

BRAD FOOTE: I, I don't know why it wouldn't work.

HANSEN: OK.

BRAD FOOTE: It would be-- I'd be very confused, or I-- someone's going to have to show me why it wouldn't work. You have the model in Kansas, and the model in eastern, Nebraska, model in Iowa, Missouri, Oklahoma,

Transcript Prepared by Clerk of the Legislature Transcribers Office
Agriculture Committee February 11, 2025
Rough Draft

Texas, they're all very similar in that they're not mandatory brand inspection. I would think they would work quite well in western Nebraska.

HANSEN: And the Kansas model still has some government involvement though, don't they? Is, is, isn't there some kind of partnership a little bit, but minimal I think, right?

BRAD FOOTE: I believe there's six brand inspectors in the state of Kansas, but it's only on a-- it's not a mandatory system. It's on a voluntary system. So if Senator Ibach again, say she lived in Norton, Kansas. If she wanted her cattle to get brand inspected, she could call and do that and they will come do it. And they have their own set fee and whatnot. I don't know exactly what it is. But she, she is welcome to do that. It is available to her to do that.

HANSEN: OK. And I ask that just from my personal perspective or opinion, I guess is that I think the less government you-- involvement you have in indus-- industries such as this ends up saving the consumer money on the end, but also the producer on the front end. I-- you know, I feel like it should anyway, So--

BRAD FOOTE: I agree.

HANSEN: --that's why I appreciate your, your perspective and other people on both sides here, too. So thanks.

DeKAY: Any other questions from the committee? Seeing none, thank you.

BRAD FOOTE: Thank you for your time, guys.

DeKAY: Next proponent.

KIRK OLSON: Hello and good afternoon, Senator DeKay and the members of the Agriculture Committee. My name is Kirk Olson, K-i-r-k O-l-s-o-n. I'm here today representing the Nebraska Beef Producers. I come from a family that is-- operates backgrounding yards, feedyards, a cow-calf operation and a yearling operation of approximately 60,000 head in the, in the feed yards in the, in the operation alone. We incorporated in 1965. We have approximately merchandise in that-- in those years about a million head of cattle. We've had not had one stray nor one returned, or-- And I'd like to talk a little bit about the line, the imaginary brand inspection line. It's not imaginary. It started in 1941. That line is on the eastern side of the line is a non-branded inspected line. On the west it's a brand inspected line. If I was to--

Transcript Prepared by Clerk of the Legislature Transcribers Office
Agriculture Committee February 11, 2025
Rough Draft

excuse me. The, the brand inspection in the feedyard and the one in the east has an undue tax of a, of a brand inspection fee in the west. And the one in the east does not pay that. If we were to say that if you're a grocer, for example, you're in western Lincoln and you had to have an audit and an inspection of your grocery store every quarter, whatever, doesn't make any difference how often. But one on the eastern part of the-- Lincoln did not have to have that inspection, did not have to pay that fee. We don't really think that's fair. So we're, we're here today saying that that's undue, and-- So I'm-- we're very much in support of LB646. Thank you.

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

STORM: Thank you, Chair DeKay. Thank you for being here. So they're building a big new packing plant in North Platte, correct?

KIRK OLSON: Yes.

STORM: Getting ready to open up any day now.

KIRK OLSON: Yes, sir.

STORM: OK. So if-- and that is in the brand inspection area.

KIRK OLSON: Yes, sir.

STORM: So if they bring cattle in from Kansas, do they have to get inspected before they go through the packing plant?

KIRK OLSON: Ah, I'd have to defer that to the experts. I'm not sure on that.

STORM: OK. Just curious about that.

KIRK OLSON: Yeah.

STORM: OK. Thank you.

KIRK OLSON: That's a great question.

DeKAY: Any other questions? Thank you.

KIRK OLSON: Thank you.

DeKAY: Next proponent.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Agriculture Committee February 11, 2025
Rough Draft

CASSIE LAPASEOTES: Good afternoon, Chairman DeKay and members of the Agriculture Committee. My name is Cassie Lapaseotes, C-a-s-s-i-e L-a-p-a-s-e-o-t-e-s. I appear before you today in support of LB646. I would like to thank Senator Ibach and the cosponsors of the bill for introducing the legislation that specifically impacts the cattle feeding industry. I'm a fourth member generation-- I'm a fourth-generation member of my family's cattle feeding, farming, and cow-calf operation in Bridgeport. We currently own and operate two registered feedlots, and feed cattle in a third. Does that shed some light on where the frustration stems from? Here's an example of how many times a single animal can be inspected and not leave the boundaries of the same operation. Our home raised calves, those born on our property, are weaned and brand inspected or taxed going into our feedyard. When older, they are moved to grass, and upon arrival back into our feedyard, they are inspected or taxed a second time. Once on feed they are then taxed a third time by being in our head count during each audit that we incur. In the 14 years I have been full time at the feed yard, I have not once experienced an estray animal. In fact, when I testified on this same subject back in 2021, the Brand Committee at that time published the number, numbers of animals recovered in a registered feedlot, and in the years before there were zero estrays recovered. Since then, the numbers have not been published, so I cannot attest to what those numbers are at today. But it brings light to the question, why are feedlots taking the brunt of the financial burden and getting no, no value from those inspection fees? That is where I have an appreciation for LB646 and exempting feedlots from ex-- from inspection. If you look at it from the perspective of the number of cattle represented from feedlots versus the cow-calf herds, it makes sense where feedlot producers should be inspec-- should be exempt from mandatory inspection. It shifts these obligations on to produ-- producers who are adamant they need and want brand inspection, and it begins the process of compromise in the industry and modernizing what is evident to be an outdated system. Looking to the future of feeding cattle, we must adapt our policies to what is relevant in current times. Exempting feedlots is a way to bring uniformity to brand inspection within the state of Nebraska. I want to thank you all for your service to Nebraska and thank you for providing me with this opportunity to share my experience. Please know that you always have an open invitation to come visit our operations, and I would be happy to answer any questions any of you would have.

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

Transcript Prepared by Clerk of the Legislature Transcribers Office
Agriculture Committee February 11, 2025
Rough Draft

McKEON: Thank you. You could have answered what Senator Storm asked about out of Kansas, about if there's--

CASSIE LAPASEOTES: At the packing plant level? I do know that they will have a brand inspector at the packing plant.

DeKAY: Any other questions? Senator Storm.

STORM: So at, at the cost of the-- will the packing plant pay for that then? Or will the people--

CASSIE LAPASEOTES: I can't attest to who pays that-- those fees, but--

STORM: OK.

DeKAY: Senator Kauth.

KAUTH: Thank you, Chair DeKay. So basically you are forced to pay a tax every time you move your property on your land just to manage your operations? You have to pay a tax every time you make a business decision?

CASSIE LAPASEOTES: Yes. Yes.

KAUTH: And that's strictly because of where you live. Because you're--

CASSIE LAPASEOTES: Where we live in, in regards to the brand laws. Yes. Yeah.

KAUTH: Thank you.

DeKAY: Senator Raybould.

RAYBOULD: So I know that we're going to have a lot of people coming up in a bit to testify in opposition. But I, I think, and I don't want to put words in your mouth or some of the other folks that we've heard from is that you would support a voluntary system for those that see value in branding and working with brand inspectors. But this one would give you-- this bill, I believe, gives you that opportunity to completely opt out and therefore not incur the multiple inspections on the, the same animal.

CASSIE LAPASEOTES: This-- we would very much support a voluntary mandate. If, if, if the state became voluntary, that would be our preference. This specifically exempts the feedlots. That doesn't mean that my calves are exempt from-- my cow-calf operation would still

Transcript Prepared by Clerk of the Legislature Transcribers Office

Agriculture Committee February 11, 2025

Rough Draft

have to be brand inspected. So we're not fully exempt. Now, I'd also like to shed light that we're not taking brand inspection away today, even with a voluntary system. So if you go to a voluntary system and say, my cows or calves are missing and I choose to call an inspector and, and, and pay the fee for finding them, that, that would still be there on a voluntary system or on this system. So we all support brand inspection, it's just not mandatory brand inspection.

RAYBOULD: OK. Thank you.

DeKAY: Thank you. Any other questions? Seeing none, thank you. Next proponent.

MATT NIEWOHNER: Good afternoon, Chairman DeKay and members of the Agriculture Committee. My name is Matt Niewohner, spelled M-a-t-t N-e-i-w-o-h-n-e-r. I'm from Albion, Nebraska, with Neiwohner Cattle Partnership and 3M Cattle, which is the next generation. I'm here in support of LB646. Our family operation is located in Boone and Antelope, Wheeler and Rock Counties, with Boone and Antelope not in the brand inspection area, but Wheeler, where our feedlot is at, and Rock Counties where we run cows. A little history of about our family. My dad-- my dad started the operation with a few steers in the '50s, and today we have one time capacity of 80,000 head. I have three other brothers Jerry [PHONETIC], Steve [PHONETIC], Mark [PHONETIC], who we all worked hard side by side with Dad over the years to get where we are today. Fortunately we have the next generation. Two of Jerry's daughters, Sarah [PHONETIC] and Emily [PHONETIC], one of Steve's, Craig [PHONETIC], one of my brother Mark's, Garrett [PHONETIC] to keep the family operation going. Unfortunately, I had a son also, which is no longer with, with us today. But our family is very passionate about what we are do and the providing jobs and helping the community. We paid over \$17,000 in inspection fees in 2024 and we have feeding-- been feeding in Wheeler County since 2002. So we have, we have paid a lot in inspection fees and had to keep track of all the paperwork which we're required to retain. If you buy cattle in the brand area, you need to make sure you got-- get brand papers. If you buy cattle out of the brand area you need the health papers from the sale barn. Since starting our family business, we have had zero stolen or lost cattle at our-- any of our locations. Two sets of rules, more time on paperwork, equals more cost. It makes no sense. I would encourage this committee to take the first step this year by passing LB646. As a Boone County Commissioner, I know your time is valuable, so I appreciate you listening to me and my family's story. Thank you for your service and I would be happy to try to answer any questions.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Agriculture Committee February 11, 2025
Rough Draft

DeKAY: Thank you. Are there any questions from the committee? I have one. Just reading your testimony and listening. You have a 80,000 plus head capacity?

MATT NIEWOHNER: One time capa-- not at that one feedlot, just with all three feedlots.

DeKAY: Absolutely. And you're paying \$17,000.

MATT NIEWOHNER: Just at that one feedlot.

DeKAY: Just at-- at \$1 a head, how does that break down for you?

MATT NIEWOHNER: I think \$1 a head, I'm not 100% sure on that, but that's what I figured when I looked in the records this morning, that's what we paid total last year with everything with all the different fees.

DeKAY: OK. Thank you. Any other questions? Seeing none. Thank you. Next proponent.

STEVE WOLFE: Chairperson DeKay and members of Agriculture mem-- Committee. My name is Steve Wolfe, S-t-e-v-e W-o-l-f-e. I'm a dairy heifer developer and a former dairy producer from Kearney, Nebraska. Today I'm testifying on the behalf of the Nebraska State Dairy Association in support of LB646, which exempts feedlots from the Livestock Brand Act. While we support LB646, we ask that an amendment be brought to exempt dairy producers and heifer developer, developers from the Livestock Brand Act as well. In the past, the Nebraska Dairy Association, on behalf of its members, requested that our industry be exempt from brand inspection. At the time we negotiated as-- in esta-- to establish a reduced cost for EID inspection program, which would decrease the burden on our farmers and maintain the program for those who wanted it. This is four years ago and the EID program was never established, which maintained increased inspection costs for our dairy producers and heifer developers. Our producers are tired of waiting for the change for paying for a program that has no value to our industry. Dairy producers and heifer developers are required to brand inspect their livestock when we don't use brands, don't have a seat on the Brand Committee. Our producers use leading edge technology to document individual animal I.D., which allows us to see in real time how much our cattle eat, what medical treatments they receive, how much they walk, if they're in estrus, and in some cases what their internal body temperature is, regardless if they're in Nebraska or in

Transcript Prepared by Clerk of the Legislature Transcribers Office
Agriculture Committee February 11, 2025
Rough Draft

another state. The dairy industry is extremely advanced and finds brand inspection to not only be a burden on their time, but a significant economic burden in an extremely complex market development. Our producer re-- producers recognize that branding cattle is a cultural tradition and an important method of livestock identification for our state's ranchers. We ask that our friends look to models like Kansas for guidance to a voluntary program that remedies the need for subsidization by non benefiting parties while maintaining a program they feel valuable to them. Thank you. Any questions?

DeKAY: Thank you. Are there any questions? Senator Hansen.

HANSEN: I had somebody once tell me that western Nebraska is like the Saudi Arabia of dairy cattle. You mean if we just expanded the, the, the market, you know, allow it to happen. Do you think this is one of the hindrances of why we don't have more dairy producers or facilities out in western Nebraska?

STEVE WOLFE: Well, it would be a very small hindrance.

HANSEN: OK.

STEVE WOLFE: The biggest hindrance would be a lack of availability to markets. You know, no dairy processing in, in west Nebraska. But you're exactly right. There is a lot of value in that area for, for very promising for dairies. It's you know, we just need to get the markets there.

HANSEN: Good. Thank you. Appreciate it.

DeKAY: Thank you. Any other questions for the testifier? Seeing none, thank you.

STEVE WOLFE: Thank you.

DeKAY: Next proponent.

JOHN SENNETT: I apologize. I have a lingering cough from, from a little illness a couple of weeks ago, so hopefully I won't be too, too bad with you gentlemen and ladies. The-- I guess my purpose here is--

DeKAY: Sir, could you state your name and spell it?

JOHN SENNETT: I'm sorry. John Sennett, J-o-h-n S-e-n-n-e-t-t.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Agriculture Committee February 11, 2025
Rough Draft

DeKAY: Thank you.

JOHN SENNETT: Thank you. There-- these questions have been asked in different ways, but I will try to a-- pose the question and then give you our answer. The first question is what the bill does not do. I'm talking about the bill that's on file here today, not one that we might amend later, not one that is someplace else, but the one we have here today. It does not take away brands. It does not take away Brand Committee. It does not take away brand inspectors. It does not take away brand inspections from the sale barns and the brand area. It doesn't do any of those things. This-- the bill, I believe, is only about two pages and it has three-- addresses three things. It addresses the fact that we define a, a-- we do a definition, and then we basically provide in the bill that if you are a registered feedlot, that you-- if the bill passes, you can ask to be a exempt lot. And you're gra-- I'll call it grandfathered in, kind of, because those people are the ones that you've been hearing about and hearing from all afternoon. There are no missing cattle in those lots. There are no stolen cattle in those lots. So then what does the bill does do? It starts to modernize the bylaw-- the brand laws. It unifies the state of Nebraska. It makes the Brand Committee more efficient. Less inspectors are needed due to reduced audits and inspections, which equals less money needed to support the committee. And four, it exempts fed-- exempt feedlots because they have no strays found in the registered lots per the Brand Committee's own report. Nebraska Brand Committee works on a budget of about \$5 million a year. Without getting into it, the Brand Committee saves money, and then it spends the money, then it goes broke and then it increases the money. And it-- the annual reports, if you look at them, it, it really is a strange animal that, that does this. But that's really not our issue. Our issue is we're not talking about our RFLs, we're not changing any RFL rule. We're not proposing any changes in the brand, brand laws, all we're saying is give us the exemption when we've proven we earned it. These, ladies and gentlemen, have proven we've earned it. Thank you.

DeKAY: Thank you. Are there any questions for the committee? Senator Hansen.

HANSEN: Now, if I was going to play devil's advocate--

JOHN SENNETT: Good.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Agriculture Committee February 11, 2025
Rough Draft

HANSEN: --I would say the reason we don't have any stolen cattle is because we have a Branding Committee. Would you agree with that?

JOHN SENNETT: No.

HANSEN: Why?

HANSEN: Do you know how hard it is to steal cattle?

HANSEN: I haven't lately.

JOHN SENNETT: Well, I've defended about every, every known criminal in the world, including people that stole cattle, and it is one damn hard thing to do. In the middle of the night trying to get a horse if you can stay on long enough to catch a calf. And that's why these cattle, and that's why Texas takes all these cattle to the sale barns. That's where they inspect them. And those guys that are out there, or ladies that are out there, that are in the trailer in the middle of the night, loading up a couple of calves, they're not selling them to exempt feedlots. They're not selling them to RFLs. They're not even selling them to regular feedlots. They're taking them someplace and sell them two or three at a time. So I don't think it's-- I don't think the, the, the thing of saying, well, we've got these brand inspectors and they're all running around and nobody-- and everybody's afraid to do anything. If they want to steal, they're going to steal. And a kid, my grandkids, could steal more money from all of us here in 30 minutes than these people that are trying to steal cattle can do in six months. So I don't think it's a-- I don't think it's a deterrent, deterrent. I don't believe that. But that's my opinion.

HANSEN: Thank you.

DeKAY: Thank you. Just for clarity, RFLs are registered feedlots, so-- Do you have a question, Senator Kauth?

KAUTH: No, that was the question. Thank you.

DeKAY: Any other questions? Seeing none, thank you.

JOHN SENNETT: Thank you.

DeKAY: Next proponent. Are there any other proponents? Seeing none, now, we will start with the opponents. First one? First Testifier?

Transcript Prepared by Clerk of the Legislature Transcribers Office
Agriculture Committee February 11, 2025
Rough Draft

SPIKE JORDAN: I'm going to happily jump right in the chute here. Good afternoon, Chairman DeKay, senators of the Ag Committee. My name is Spike Jordan, S-p-i-k-e J-o-r-d-a-n. I'm a recovering, recovering journalist, and my family has ranched in Sioux County for six generations. If I can find a gal who will tolerate me, we'll try for a seventh. A lot of my friends and neighbors would have liked to come down here today, but it's an eight hour drive down from Sioux County and they're busy feeding mama cows and ensuring there's a healthy calf crop for the feeders to come and bid on. I drove quite a way to testify today, so I'm hoping that if I get that red light, one of you will be kind enough to invite me to finish. LB646 says that one segment of the industry gets to skip a VIN inspection simply because they have a bigger garage. Inspection doesn't work if one group doesn't participate. I have no reason to believe that these feedlot operators would be dishonest. But Ronald Reagan used a phrase when negotiating nuclear disarmament with the Soviets, trust but verify. The integrity and health of our industry rise a lot on the day to day work of our brand inspectors and the committees for law enforcement certified livestock investigators. We've recently seen record cattle prices. Any would-be cattle rustler with a substance addiction has an incentive to try his luck. However, there's more to the world of cattle crime than meth heads and mustachioed never-do-wells. I've written about sophisticated types of cattle crimes, from Ponzi schemes to check kiting, operators stealing livestock from other owners or from customers, divorces and bankruptcies. All these situations require determining who owns that livestock. Any investigative profession requires records and evidence to substantiate a claim. Now, imagine you just passed a law that says people moving the highest volume of cattle through the state don't have to comply with that trust but verify process. You've not only defunded the cattle cops, but you've made it a lot more difficult for law enforcement to do their job. Complicated cattle crimes more often occur in places without brand inspection. We're opening a big can of worms if this is the path we choose to take. If you need to use a toll road often, you'll buy an express pass. Others who aren't frequent travelers are content to stop at the booth and pay each time. The Brand Committee exists to facilitate both, while ensuring the integrity of all. The registered feedlot program provides feeders with the means to comply with that trust but verify requirement and still move fat cattle to slaughter at the speed of commerce. They benefit greatly from that arrangement. Should RFL permit holders get a volume discount on their inspection fees? In a way they already do, but I'm not opposed to it. But exempting them outright is a nonstarter for any sensible cow-calf

Transcript Prepared by Clerk of the Legislature Transcribers Office
Agriculture Committee February 11, 2025
Rough Draft

rancher out on the west end of the state. The brand law is frustrating to the more progressive cattlemen in the room. But I've never been one to push for change just for the sake of change. Some folks say that the brand law as it exists is outdated and obsolete. And I say that's horse apples. Humanity has branded cattle since 2700 B.C. The reason the practice persists isn't because that's the way we've always done it. It's because it works. In 2021, the Legislature asked the Brand Committee to explore using RFID tags as an alternative method of showing ownership. No one is stopping people from using RFID tags--

DeKAY: Senator-- sir, could you wrap up your thoughts?

SPIKE JORDAN: Yes, sir. Yes, sir. No one's asking-- The ranchers just don't want to pay for a program like that. It's a lot easier to cut a tag off, to cut a tag out than it is to cut off a brand. And I can't imagine a would be cattle thief would be suddenly have a change of his conscience by seeing a tag in the ear that says do not remove under penalty of law.

DeKAY: OK. Thank you for now. Are there any questions for the testifier? Senator Hansen.

HANSEN: Thank you. I appreciate your driving so far. I think the-- the issue with this bill is-- we do have a lot of people that drive a long ways to come and testify, so I appreciate everybody who comes here, because that's a long way to travel. But obviously you're passionate about it. I like that you quoted Ronald Reagan.

SPIKE JORDAN: Thank you.

HANSEN: He also said, one of things you don't want to hear is someone knocking on your door saying, I'm from the government, I'm here to help.

SPIKE JORDAN: Absolutely.

HANSEN: I think that's the problem I have with this, maybe.
[INAUDIBLE]--

SPIKE JORDAN: So--

HANSEN: Let me finish real quick here. Because you bring up humanity has branded cattle since 2700 B.C. So that's not the problem because it does work. The problem I have is when the government mandates that you do it now, and then, I think in turn that increases the cost for

Transcript Prepared by Clerk of the Legislature Transcribers Office
Agriculture Committee February 11, 2025
Rough Draft

both the consumer and the producer. And then it sounds like the problem you have with this bill isn't the fact that people can opt out, or the problem with the branding is that some people can opt out. So my question is, would you rather see it that we have branding total, that where nobody can opt out? Or no branding at all?

SPIKE JORDAN: And this is kind of a sticky wicket here. I'm a bit of a historian on this deal. So branding inspections started in the state through the Nebraska Stock Growers Association. It was a private trade group. In 1941, the courts came back and said to them that they couldn't administrate this program privately, and so the government took it over. And it's been that way since. The reason for this brand line, counties opted in and can opt out. And so it's a consensus of the producers in that county whether they want to have brand inspection or not. In regards to, I guess, and viewing this as a tax, you have a choice of-- to not participate in the registered feedlot program. You just have to submit those cattle for inspection at time of shipping or have them inspected whenever they show up at the packing plant. There's benefits to it. You can only inspect during daylight hours. So they're able to ship those cattle because they got inspected going into the registered feedlot. That trust but verify step had already occurred. And so long as those cattle don't leave the registered feedlot, they don't have to get re-inspected. They're shipped on a shipping affidavit to the packing plant.

SPIKE JORDAN: OK. Thank you.

SPIKE JORDAN: You bet.

DeKAY: Any other questions? So just to clarify, in a registered feedlot, they can be shipped at night without that Inspector On Site form.

SPIKE JORDAN: Correct. If the cattle have shown up with an inspection or they're inspected going into the feedlot if they haven't.

DeKAY: OK. Thank you. Any other que-- Senator Raybould.

RAYBOULD: Thank you for your testimony. So with the cattle that you raise and sell, do, do they wear the ear tags, or--

SPIKE JORDAN: My family puts in just a simple \$.50, or I don't know, \$.10 dumb tag. I don't have a heck of a lot of calves, but it's not a tremendously huge cost. I think it's just mostly based on principle. There's a lot of folks out there that just don't. Why we support brand

Transcript Prepared by Clerk of the Legislature Transcribers Office
Agriculture Committee February 11, 2025
Rough Draft

inspection as a mandate, there's no part of the law that says that we have to brand our cattle. We're opposed to the RF-- RFID tag mandates because then we would have to go and procure the tags.

RAYBOULD: Would you still brand your cattle then?

SPIKE JORDAN: Yes. Absolutely. Like I-- as I mentioned, you know, that do not remove under penalty of law is probably not going to stop a cattle thief from absconding with my property.

RAYBOULD: So in your years and generations of cattle ranching, have you had cattle stolen?

SPIKE JORDAN: You know, yes. And this is also the deal is fences out in my neck of the woods are up steep butte rocks and, and things like that. Calves have a tendency to crawl through, you know, my neighbor's fences. Whenever we gather in the fall to take cattle to the sale barn and sell those calves, there's a brand inspector at that sale barn. And if one of my neighbor's is in there, I can kick it back. And those, those are the kinds of exchanges that the Brand Committee has a really hard time recording. So there's lots of estrays found at points like that. But it's usually just, I'm going to kick it out into my neighbor's pasture, or I'll catch it before we've even loaded out and I turn it back into his fence.

RAYBOULD: So how do you know it's your neighbor's?

SPIKE JORDAN: I know my neighbors' brands.

RAYBOULD: OK.

SPIKE JORDAN: And they know mine. It's the cheapest form of insurance that I have. Not just for me to get my property back, but to insure that I'm not selling somebody else's.

RAYBOULD: But do you think this bill prohibits you from branding your own?

SPIKE JORDAN: No, it does not. But as I mentioned, like, the system does not necessarily work if we start making carve outs. My friend Steve Wolfe back there, I appreciate the situation that he's in as a dairy producer. But like, that's, that's kind of my hard line stance, it's a, it's a pretty black or white deal.

RAYBOULD: OK. Thank you.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Agriculture Committee February 11, 2025
Rough Draft

SPIKE JORDAN: Thank you.

DeKAY: Thank you. Senator Hansen.

HANSEN: Thanks. Now, from your perspective, as in the opposition, I want to go back to the Kansas model. So from your perspective, how do you think that would work in Nebraska, or would it?

SPIKE JORDAN: Well, and so a lot of the estrays and stolen livestock out of Kansas winds up in Nebraska because we have brand inspection. It's these-- you know, sometimes they're honest mistakes and sometimes it's less sophisticated criminals thinking that they can go and steal it from Kansas and take it up to North Platte or Ogallala to try and sell it at the livestock market, and he doesn't have any sort of proof of ownership, that brand inspector's there to catch him. So I don't believe a voluntary inspection is going to be providing a lot of these things. The investigators that I've spoke to say that they get a lot of calls from Kansas, Texas, and Oklahoma looking for missing and stolen cattle. And they usually wind up caught because in an inspection area there was a brand inspector there that had, you know, be on the lookout for this.

HANSEN: Do-- I think this might be a kind of a technical question if you don't know it, that's fine. Do you have like a, like an estimated number of cattle that are, like, that get caught here in Nebraska from other states because we have a Branding Committee?

SPIKE JORDAN: I believe the Brand Committee has caught-- has those-- that information. And it's also to be noted that the investigators investigate theft and crime outside of the inspection area, because the brand law covers the whole state. It's just inspection is this western two-thirds. So earlier, Senator Raybould, you asked a question about hogs. If somebody goes and steals a bunch of hogs from my hog barn, the Brand Committee will have their livestock investigators go after that. And to the comment that you made earlier about why couldn't the local sheriff do this, some of these sheriffs don't, frankly, don't know which end of the cow stands up first. So that's-- I know that in the past when there's been bills proposed to do away with brand inspection, the county sheriff that showed up and said something to that effect, as I wouldn't know the first thing to do whenever I was trying to look at that ownership of that animal.

HANSEN: Thank you.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Agriculture Committee February 11, 2025
Rough Draft

SPIKE JORDAN: Thank you.

DeKAY: Thank you. Are there any other questions for the testifier?
Seeing none, next opponent.

SPIKE JORDAN: Thank you.

DeKAY: Thank you.

AL DAVIS: Good afternoon, Senator DeKay, members of the Agriculture Committee. My name is Al Davis, A-l D-a-v-i-s, and I lobby for the Independent Cattlemen of Nebraska, or ICON. I am a former Cherry County rancher and former state senator familiar with the history of the brand. First and foremost, branding demonstrates ownership. Once inspected, the paperwork associated with the inspection is a title to those cattle. Within the brand area, a physical brand inspection is required whenever a change of ownership occurs. Decades ago, large feedlots asked the Brand Committee to streamline the process with fewer regulations while still guaranteeing the integrity of the transaction. This led to the development of a registered feedlot in which animals are only inspected on entrance to the feedlot and not upon exiting the lot to slaughter. Instead, inspectors conduct quarterly audits matching indu-- induction information with exit records to be sure that they balance and are ascribed to the proper owner of the livestock. Feedlots must voluntarily enter the registered feedlot program to make use of its benefits. This change produces significant benefits to the feedlot. They are free to move cattle at any time of day when-- without scheduling around an inspector's timetable. This permits them to rapidly ship when they need requires it, for example, if an animal is injured and a salvage operation is needed. And if the packer wants the cattle at 5 a.m., the cattle may leave the feedlot at midnight, providing flexibility for the limited space at the kill facility. More importantly, animals can remain quietly in their pen until ready for the, ready for the truck, since a physical inspection is not required. Any time an animal is removed from his surroundings, the animal may become agitated and injure other animals, humans, and possibly himself, incurring bruising which can result in discounts at the packing plant, as well as weight loss known as shrinkage. Capture and clipping is required if mud obscures the brand, which is time consuming, especially if the animals are mud covered. At a legislative hearing a few years ago, one feedlot owner stated that the registered program saved him over \$3 per head when all expenses are calculated. The register program also benefits the committee by limiting necessary labor. To acknowledge that, the Brand

Transcript Prepared by Clerk of the Legislature Transcribers Office
Agriculture Committee February 11, 2025
Rough Draft

Committee established a different fee structure for registered feedlots. A registered feedlot pays a fee based on the one time capacity of the feedlot. If the lot is 10,000 head, then the fee is \$10,000. However, the actual per head cost is much lower, since feedlots turn their inventory 2.5 times annually, which lowers the overall cost to the registered feedlot to about \$0.40 per head. LB646 seeks to exempt feedlots from inspection. This bill also gives feedlots the right to turn away investigators if theft were suspected. Recalcitrant feedlot owners could force the committee to obtain a search warrant, which takes time. The evidence could easily disappear on a truck headed out of state before the warrant was ever obtained. The Brand Committee is a cash funded entity. Exempting the feedlots would result in an immediate deficit of nearly \$2 million. The committee would be forced to look at the general fund for replacement revenue or increase fees to all other producers, including nonexempt feedlots. Two surveys were conducted by the Brand Committee during the past 14 years, and with few exceptions, there was widespread support for the status quo. Fat cattle are now growing around \$2,000 per head. A fee of \$0.40 equates to 2 thousands-- .002% per head, .002% per head. It doesn't seem like much of a hardship to me. The bill should be killed. Thank you. I'll take any questions.

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

HANSEN: Thank you, Chair. Mr. Davis, I know you understand fiscal notes. Do you have any-- do you have any comment on the fiscal note that was provided with this bill? It seems as simple, exorbitant, maybe about the loss of revenue. Maybe I'm wrong.

AL DAVIS: No, I think the loss of revenue is probably accurate.

HANSEN: OK.

AL DAVIS: I mean, I'm sure they got that information from the committee.

HANSEN: Yes. I just wanted to have your comment on it, so thanks.

AL DAVIS: Yeah.

DeKAY: Senator Kauth.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Agriculture Committee February 11, 2025
Rough Draft

KAUTH: Thank you, Chair DeKay. Mr. Davis, so why would there be such a loss of revenue if you're also at the same time reducing the inspections? You're not doing as much work.

AL DAVIS: Well, the loss of revenue's associated with the loss of revenue coming off the registered feedlot program.

KAUTH: Right. But you're not doing as much work. So wouldn't you have a, a reduction of expenses? I, I just--

AL DAVIS: Certainly there would be some reduction. I don't know how significant it would be because I'm not familiar enough with how the-- how much time each one of the inspectors takes that have-- at a registered feedlot when they go in there, and they go four times a year. So we would probably have some reduction in staffing, but I wouldn't think it would be a significant reduction.

KAUTH: OK. Thank you.

DeKAY: Thank you. Any other questions from the-- Senator Storm.

STORM: Thank you, Chair. Thank you. So in your testimony, on the-- oh, the second to the last paragraph, here at the bottom, it says LB646 seeks to exempt feedlots from inspection. Don't we already have that in half the state?

AL DAVIS: We do. And there's also theft that takes place. You know, one of the things that I think is important is, is to recognize that laws a lot of times are designed to keep everyone in line. And, you know, the old joke is keep honest people honest. So, yeah, east of the line there's--

STORM: Right. And the next--

AL DAVIS: --there, there like, not inspections, but it doesn't mean there's not theft.

STORM: The next sentence says doing so can result in potential fraud by unscrupulous feedlot owners. So are you saying the eastern half of feedlot owners in Cuming County are unscrupulous, or fraud's going on?

AL DAVIS: I'm, I'm not, I'm not saying that. I-- but I will say this. I do-- I had a bill to make the state all brand--

STORM: Right.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Agriculture Committee February 11, 2025
Rough Draft

AL DAVIS: --at one time. There was a sale barn operator who came to me from an area out of the brand inspection area, testified at that hearing, and he said, these cattle came in, we knew they were stolen, they were stolen ought of-- out of a feedlot. We caught it. He only caught it because he looked at the brand on the animal.

STORM: So the brand inspectors have caught the stolen cattle at feedlots you're saying? Because we just heard from other--

AL DAVIS: Not in a feedlot.

STORM: How-- they stole from the feedlot?

AL DAVIS: They stole from the feedlot. But, you know, I mean, if there was an unscrupulous feedlot owner and there was no ever-- and no inspection ever took place, don't you think that this is could easily result in someone else's cattle being stolen?

STORM: Well, what I struggle with is half the state doesn't do this and half the state is forced to do it. That's why yes, we're struggling to kind of understand that.

AL DAVIS: You know, I think I think the registered feedlot program is a privilege that they signed up for and they took advantage of it. They discount the value of the, of the benefits that they get. And remember, the reason that there are no thefts in the feedlot is because they're inspected when they go into the feedlot.

STORM: In the western part of the state.

AL DAVIS: In the western part of, of the state.

STORM: Not the eastern part of the state.

AL DAVIS: And in the eastern part, we don't know because we don't have the data.

STORM: OK. Thank you.

DeKAY: Thank you. Just to add possibly a little clarity to what Senator Kauth was asking. How many-- can you tell me how many brand inspectors are in the state and the amount of distance or territory that an average brand inspector would put on a vehicle in a week?

Transcript Prepared by Clerk of the Legislature Transcribers Office
Agriculture Committee February 11, 2025
Rough Draft

AL DAVIS: You know, I can't tell you that, but I'm sure someone that follows me will be able to answer that question.

DeKAY: All right. Thank you. Any other questions from the com--

HANSEN: I ca-- I-- Maybe it's because I can't remember for sure, but I think it's in this-- was in the '70s, I think is when we started the-- the counties opted into being the brand inspection, or the ones opted out? Was that--

AL DAVIS: Well, I think the bra-- the recent registered feedlot program, I've heard was started in the early '70s and the last change was in '92 or '93, I believe. When I was in the Legislature, there was a bill to exempt parts of Knox County that didn't go anywhere. I had the all state brand bill the same year.

HANSEN: OK. So, it's-- so a county currently right now, can they choose or not choose to be in the brand--

AL DAVIS: They can choose.

HANSEN: So they have to go to the county board, or--

AL DAVIS: I'm not-- maybe somebody that follows can answer that question, I can't.

HANSEN: That's fine. Not a problem. Thank you.

DeKAY: Thank you. Any other questions from the committee?

AL DAVIS: Thank you.

DeKAY: Seeing none, thank you. Next opponent.

MIKE KELLY: Mr. Chairman and members of the committee, I would first like to thank you for the opportunity to speak. My name is Mike Kelly, M-i-k-e K-e-l-l-y, and I am a rancher and a banker from North Platte, Nebraska. My grandfather came from Ireland in 1885 as an 18 year old and homesteaded north of Ogallala, and our family has been ranching ever since, about 140 years. I owned my first cows when I was age 21, and owned 4H calves prior to that. I am also CEO of Western Nebraska Bank with locations in North Platte, Curtis, Paxton and Thedford, which is in the heart of cattle country. We have many customers up there that are cow-calf producers. I have served eight years on the Nebraska Brand Committee myself and prior to that served four years as

Transcript Prepared by Clerk of the Legislature Transcribers Office
Agriculture Committee February 11, 2025
Rough Draft

chairman of the Brand Committee for the Nebraska Cattlemen. I am here today to visit with you about LB646. As both a rancher and a banker, I am a strong supporter of the current brand laws and regulations of the Nebraska Brand Committee. As a rancher, I have had cattle returned to me by brand inspectors, and had neighbors identify and return livestock because of our brand almost every single year. I regard a brand on a livestock as a return address and it does help keep honest people honest, as it was mentioned here before. As a banker, a brand provides a layer of third party verification of ownership, and I strongly believe that any time that we can reduce risk in the lending business, it benefits all of us in agriculture. Some banks require that livestock producers provide a brand sale clearance when purchasing cattle through a sale barn or when purchasing cattle private treaty from within the Brand Committee territory. In the past, all of us in the cattle business from ranchers, stockers, and feeders have paid their fair share of inspection fees any time that livestock ownership changed hands in the brand area. Why is this not fair? We're all in this together. And in my mind, the Nebraska Brand Committee has played a crucial role of providing a layer of protection against both theft and fraud. Unfortunately, there is bad actors in the cattle business like any other business, and we as a bank, bankers understand that. As recently as 2020, a Norfolk cattle feeder defrauded a bank and others out of \$1.5 million in a cattle scheme. Another case in the early 2000s, George Young and his cattle Ponzi scheme, was one of America's largest cattle fraud cases. The books showed that Young and McConnell were caring for 344,000 head, but they only had 17,000 actual head. The losses inflicted on banks, feeders, stockers, sale barns was estimated over \$160 million. Fraud--

DeKAY: Sir.

MIKE KELLY: --and livestock theft does occur in the county.

DeKAY: Could you sum it up?

MIKE KELLY: Let's keep our current brand inspections in place. My dad used to say that if something isn't broke, why try to fix it? With that, I'd open it up for questions.

DeKAY: Thank you. Are there any questions from the committee? Let's start with Senator Kauth.

KAUTH: Thank you, Chair DeKay. So you're on the Brand Committee, you're a committee member?

Transcript Prepared by Clerk of the Legislature Transcribers Office
Agriculture Committee February 11, 2025
Rough Draft

MIKE KELLY: No, I was in years, years ago.

KAUTH: Right. How is that committee formed? Are those paid positions as--

MIKE KELLY: Appointed by the governor.

KAUTH: They're appointed, they're not paid.

MIKE KELLY: That's correct.

KAUTH: So and then do you guys have an executive director who runs it? I guess I'm trying to--

MIKE KELLY: Yes.

KAUTH: --figure out the structure of the organization.

MIKE KELLY: Yes.

KAUTH: How many inspectors are employed?

MIKE KELLY: You know, at that-- you know, I can't say at that time. I think and this was, you know, probably 20 years ago, I think we had like four or six at that time.

KAUTH: So maybe a little more now.

MIKE KELLY: Investigator., investigators.

KAUTH: Investigators.

MIKE KELLY: Yes.

KAUTH: Thank you very much.

DeKAY: Senator Hansen.

HANSEN: Thank you. So you're a banker.

MIKE KELLY: Yes.

HANSEN: Prior to 2007, I think banking was-- had a, had a good relationship between the bank and the customer.

MIKE KELLY: [INAUDIBLE].

Transcript Prepared by Clerk of the Legislature Transcribers Office
Agriculture Committee February 11, 2025
Rough Draft

HANSEN: Then you know what happened after 2007.

MIKE KELLY: I hope to think we still do.

HANSEN: You do. The problem is, I think 2007, after the housing crisis, the federal government then decided to require you to do much more paperwork, much more responsibility to make sure honest banks were honest. I'm not in favor of that, as I'm sure you aren't, because it seemed like then that required the purchaser of the home, or the lessee, or-- it cost them more money on the end, more time, and more regulations for you, which caused more of a hassle for you. I see the Brand Committee sometimes as almost like that. Like we're the federal government telling banks what to do. Or they are. And then in turn it causes more problems, I think, for everybody. Maybe not. I'm just kind of curious to get your perspective from that angle.

MIKE KELLY: You know, I guess I wear both hats, and in, in, in, in regards to the brand inspection, we have a thing called the Nebraska Sandhills-- You know, one of the big differences is these feedlots have tremendous fences and pens and that kind of thing. Out on our, our ranch, we have-- and a lot of these cattle will run 5, 10 miles from our house. We see them maybe once a week or twice a week. We have three wire-- there's three strands of wire around our, our large pastures. And we may have a pasture with 45 head in it or 200 head. We have neighbors on three sides, so cattle do get mixed up. But that, that brand on those cattle is just-- is a return address. And, and you know, neighbors, they rotate pastures from here to here. So we may end up cattle 20 miles from our home. So the nice thing about a brand, we talked a lot about EID tags today, but you got to be within a foot or two foot to, to, to be able to read your, your gun that tells you that that-- who's cattle that was. The nice thing about a brand, maybe I can read that from 25 yards. Some of our cattle, they may be a little skittish, and you know, you drive up and they take off. So for that reason, you know, I'm very much a supporter of brands in Nebraska, especially in, in my part of the country, in the Sandhills of Nebraska, and especially compared to eastern Nebraska. That may be one of the reasons that they don't have brand laws, because the guy may have a few cows, but they may be a quarter mile from his house, 100 yards from his house. Just the mileage difference and, and the visibility of those hot iron brands is much better than an EID tag that you have to be 16 inches from, from to read it.

HANSEN: OK. Thank you. Appreciate it.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Agriculture Committee February 11, 2025
Rough Draft

DeKAY: Any other questions. Seeing none. And somebody will probably correct me if I'm wrong, but I do think there are like 46 brand inspectors in the state and some part time inspectors. But my question is, what's the difference between an investigator and an inspector?

MIKE KELLY: Well, the investigator, and again, I haven't been on the Brand Committee for, you know, 20 years, but the investigator, he, he went out and investigated theft reports and that type of thing and kind of oversaw the, the individual inspectors on a, on an area wide basis.

DeKAY: OK. OK. That clears it up. Thank you.

MIKE KELLY: All right. Is that it? Well, thank you very much.

DeKAY: Any other questions? Seeing none, thank you. Next opponent.

CHRIS GENTRY: Good afternoon, Chairman DeKay, members of the Agriculture Committee. For the record, my name is Chris, C-h-r-i-s, Gentry, G-e-n-t-r-y. I'm a member of the Nebraska Brand Committee and I'm here to testify on behalf of the committee and in opposition to LB646 that is-- as it is currently written. The current language of LB646 presents many questions regarding application of the proposed law and the operability of what it establishes. To save time, the Brand Committee will provide our detailed questions and concerns about those specific issues in writing for your review. My testimony today will instead address some larger issues of concern the Brand Committee has with the bill. The changes provided in LB646 would break the verifiable chain of custody for ownership by ending all brand inspections into what it calls exempt feedlots. This break in custody would allow cattle and proceeds to be funneled off as whomever sees fit. This creates an environment conducive to theft and related crimes, which greatly complicating and hindering the investigative process. The lack of verified ownership also impacts the financial operations of many in the industry. Issues involving loan collateral, property settlements in divorces and bankruptcies, liens, compensation, and distribution of sale proceeds all arise due to the elements of LB646. As a producer, I would not know if I was paid for my cattle or an equal number of poorer quality cattle without inspection. Bankers, lenders and insurers cannot be 100% certain that the cattle presented are an actual asset of a producer, and if the animals seized in default or lost are the same ones that secured the loan, or were uninsured. Another issue is handling cattle from other states. If LB646 passes, one avenue of verification that cattle

Transcript Prepared by Clerk of the Legislature Transcribers Office
Agriculture Committee February 11, 2025
Rough Draft

shipped from other states, any high risk areas meet Nebraska's livestock import requirements will cease to exist as Brand Committee staff will not be there to note the lack of health inspection and to report it to the Department of Agriculture. This is a risk to the entire Nebraska herd. One additional point. If LB646 is implemented as written, the Brand Committee stands to lose at least \$1.5 million, \$1.6 million in fees. As a cash funded agency, this is significant. Any operational savings due to cutting services would be minor as staff working RFLs and other lots provide other inspection services. LB646 challenges the funding of the agency requiring the burden to shift to others in the industry through increased fees. In short, LB646 provides challenges to investigations, the financial integrity of the cattle industry, and the health of Nebraska's cattle. More so, it undermines the statutory mission of the Brand Committee to protect Nebraska brand and livestock owners from the theft of livestock through established brand recording, brand inspection, and livestock theft investigation. Happy to answer any questions.

DeKAY: Thank you. Are there any que-- Senator Storm?

STORM: Thank you, Senator DeKay. Thank you. So you're a Brand Committee-- on the committee?

CHRIS GENTRY: Correct.

STORM: OK. So if I have a cow-calf herd in Lancaster County, by Waverly, because I have a friend that does. He's not a feedlot. That's nothing to do with the branding, right? So you can run his cow-calf herd and there's nothing to do with the brand inspection or-- He's totally exempt, too. Correct?

CHRIS GENTRY: Correct.

STORM: OK. I had one more question, and I'm trying to think. So isn't this kind of really basically about revenue? Is this what we're getting to, the crux of this? Revenue?

CHRIS GENTRY: No. No, absolutely not. This, this bill is important to the proof of ownership. The cost of this-- I mean, if you guys were to pass LB646, it's our responsibility to go back with your statutory limits and find money. Could we do it? I don't know. That's, that's not my key thing. My key thing is proof of ownership. These cattle-- so if I sell cattle today and I send them to a feedlot, obviously in a brand inspection area, as you guys are all hashing out. So if those go

Transcript Prepared by Clerk of the Legislature Transcribers Office
Agriculture Committee February 11, 2025
Rough Draft

through there, who's to say all those cattle are mine? That would never be known, ever. So they would go through there. I could have five of his, I could have five of his, and I could have ten of theirs in my lot, not know it, not-- me not know it. Their cattle are gone, stolen. Would you do that with an automobile? There's titles, registrations, and they're protected by state law. Why? How many cars are stolen? You guys keep asking about estrays. I don't know estrays. But you protect that. You protect the cattle livestock industry because of banking issues, divorces, partnerships. What if you and I own cattle together and I say, you know what, Senator Storm? You don't know it, but I just sold the cattle. They were investigated. So your cattle got stolen.

STORM: But what I understand is half the state doesn't do this.

CHRIS GENTRY: Absolutely. And they should be. They should be expanded.

STORM: But there doesn't seem to be a humongous--

CHRIS GENTRY: Listen, listen, listen. This whole state should be an inspection area. The state of Nebraska is a great state, an awesome state. We have higher standards than other states, and we are proud to live here because of that. And I'm here to defend that. I spend my time on this Brand Committee. \$0 am I paid.

STORM: So--

CHRIS GENTRY: I'm adamant about it, sir.

STORM: So let me ask you-- yeah.

CHRIS GENTRY: Are you [INAUDIBLE]?

STORM: [INAUDIBLE] question. So if there's theft in Lancaster County, Waverly cow-calf herd, don't they call the sheriff? So they do have some oversight, correct?

CHRIS GENTRY: They do.

STORM: So there's no brand--

CHRIS GENTRY: And they can call, and they can call our investigators.

STORM: Right. They can do that. So--

Transcript Prepared by Clerk of the Legislature Transcribers Office
Agriculture Committee February 11, 2025
Rough Draft

CHRIS GENTRY: Our investigators operate on the east side of the state, too.

STORM: So there is some protection in the east part of the state.

CHRIS GENTRY: Absolutely.

STORM: They're going to call the sheriff.

CHRIS GENTRY: Absolutely, but here, here lies the issue. So let's say a feedlot in your district, sir, did have illegal activity. And let's say that that was going on. Now, one of our investigators gets a little wind of this, right? What is it going to take for them to go in there to figure it out? They're going to have to have a search warrant. You don't need that in western Nebraska because you have the inspection process. And if you didn't have the inspection process as the first step, then you don't have the investigative authority to go in there and find the theft. It's a lot easier in the inspection area to prove the loss, to prove the theft, to prove that somebody is stealing cattle from you on an il-- on just a bad business deal. Theft isn't always stealing three cows out of someone's back yard. It's not stealing a dozen eggs out of your grocery store. You know, this is major commerce. This is major amounts of money. Think of how much ten potloads of cattle are. That's a lot of money. And if somebody wants to steal it, they'll send it through.

STORM: I have one more question here. So, I've been to your website here, looking on this little bit. And it does show missing and, and-- let me get back to this. But you're on the, the committee, so can-- and it's got it by the month is how it's kind of broken up. But do you have a number, like, like for 2024, or 2023? How many animals were recovered and that were stolen? Can they provide that?

CHRIS GENTRY: I, I don't, I don't have that number. You're talking about estrays or theft?

STORM: Well, I would-- in here it looks like they're all estrays. That's what this is saying, I--

CHRIS GENTRY: And the--

STORM: And I'm just curious-- you'd probably know, you know, this-- you know, you're on the committee--

Transcript Prepared by Clerk of the Legislature Transcribers Office
Agriculture Committee February 11, 2025
Rough Draft

CHRIS GENTRY: The stray, the estray issue is, is a hard number to put on paper because the majority of estrays are not reported to our inspectors or our investigators because say I have three cattle on my neighbors. I just call them and tell them to come get them. Why? Because I have that physical brand. And I know they're there.

STORM: And that doesn't get reported.

CHRIS GENTRY: It does not. It does not. So those numbers are not-- they're not accurate.

STORM: The committee should have a hard number, I would think, of how many cattle are stolen and recovered in the state of Nebraska every year.

CHRIS GENTRY: And I believe we do, and--

STORM: OK.

CHRIS GENTRY: --my team would have that and I would be happy to give that to you.

STORM: OK. I'm just-- I've never been able to find that number, and no one's ever been able to tell me.

CHRIS GENTRY: I apologize for that, sir, I--

STORM: No, I just--

CHRIS GENTRY: They would have that and they would be happy to-- our executive director would get that for you.

STORM: OK, great. Thank you. That's all I have.

DeKAY: Senator Kauth.

KAUTH: Thank you, Chair DeKay. So I have a question, though. Couldn't-- I mean, there's nothing in this bill saying that you cannot choose to participate in the branding. Correct?

CHRIS GENTRY: Say that again?

KAUTH: There's nothing in the bill saying that you, you cannot use branding. I mean, you still can brand, you can still--

CHRIS GENTRY: Correct.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Agriculture Committee February 11, 2025
Rough Draft

KAUTH: --ask the inspectors to do things.

CHRIS GENTRY: Correct.

KAUTH: So, so isn't that a choice matter? So if somebody chooses not to, then isn't it kind of on them if, if things go awry?

KAUTH: Well, it would be, yes. But we still have the power to inspect them. So when those cattle are sold, our inspectors have the authority to inspect that cattle. Then they start using other evidence, evidence to verify that ownership, because they still have to verify legal ownership. So they have-- then it's much more difficult without the brand, but they can go through and inspect, and then they'll ask for health papers, bills of sales, and other documents which they would be more than happy to tell you what all that is. I'm not an investigator. These guys are really good at what they do, and they'll find who owns that cattle to the best of their ability.

KAUTH: OK, but, but what I'm saying is you're saying everyone has to do this, but if you choose to do this-- I mean, I'm getting stuck on the, the, the east side doesn't do it and they're fine. The west side does do it and they're fine. So why not--

CHRIS GENTRY: I don't believe the east side is fine, ma'am.

KAUTH: Well, but they, they do, they think they are. So I guess offering the choice to the west side to continue doing branding as they're doing it or to opt out of it, I guess to me would seem a little bit more fair because I, I just, I'm confused about why there's such a discrepancy.

CHRIS GENTRY: But, but, but the bill before us isn't, isn't even discussing that, ma'am. The bill before us is discussing registered feedlots.

KAUTH: Right.

CHRIS GENTRY: So it's their participation in registered feedlots bring a lot of cattle in and send a lot of cattle out. That has a lot of chance for theft.

KAUTH: But if you have your brand on your cattle then you can always prove it, even if other people don't. Correct?

CHRIS GENTRY: Correct.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Agriculture Committee February 11, 2025
Rough Draft

KAUTH: So you should, you should-- if you're worried about yours.

CHRIS GENTRY: Oh mine are branded, believe me.

KAUTH: Great. So, so then why would you worry if somebody else doesn't?

CHRIS GENTRY: Again, the, the-- what, what-- I don't understand what you're asking. You're going to have to clarify this.

KAUTH: Why would you worry if someone else is being forced to do the branding?

CHRIS GENTRY: Because the integrity of the cattle business in this state needs to be bar none. So that when I'm going through that, we know that we're buying legal cattle. We want to protect the bankers and all these people that have invested rights to cattle. Do you not?

KAUTH: But I, I think [INAUDIBLE].

CHRIS GENTRY: Do you, do you-- you have a you have an automobile, do you question that you need to title and register that car?

KAUTH: But the question is not that, it's on the east side of the state, you don't have it, and--

CHRIS GENTRY: Right. Do you believe that an automobile should be not registered on the east side of the state?

KAUTH: I would love it, quite frankly, because out taxes are way too high.

CHRIS GENTRY: Really? Really. That's interesting. I'll bet your banker wouldn't like that.

KAUTH: Thank you.

DeKAY: Senator Hansen.

HANSEN: I, I think I'm picking the least passionate person to ask this question.

CHRIS GENTRY: I love your humor, sir.

HANSEN: Well, thanks for being here, too, by the way.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Agriculture Committee February 11, 2025
Rough Draft

CHRIS GENTRY: Absolutely.

HANSEN: I think your expertise does help, does help us out a lot here. Can brand inspectors arrest or bring charges if theft or fraud is taking place?

CHRIS GENTRY: The inspector?

HANSEN: Yeah.

CHRIS GENTRY: No. That would be the investigators.

HANSEN: So the investigators can go into somebody's private property without a warrant and arrest somebody?

CHRIS GENTRY: No. The investigator?

HANSEN: Yeah.

CHRIS GENTRY: If an inspector found a problem. I believe so. They probably could answer that better than I could. I'm not, I'm not sure on the legalities.

HANSEN: OK. Because you used the analogy of a car and stuff like that, and a warrant and getting-- I guess I was kind of curious, it kind of brought that to my attention. And I want to ask you the same question I asked somebody else before about the Kansas model. And I know you're passionate about what we have now, I'm not going to deter you from that.

CHRIS GENTRY: I don't want to be Kansas, sir.

HANSEN: But do you think that model-- why wouldn't that model work in Nebraska, in your opinion?

CHRIS GENTRY: So having I'm not 100% sure how Kansas operates, but, you know, they're a volunteer system. Is that correct?

HANSEN: I believe they have some inspectors that are regulated by the government, but then they also use local law enforcement more than we do. I think, from what-- from the years I've heard this on here.

CHRIS GENTRY: On the law enforcement side, it is my understanding, and any law enforcement could argue, but I don't believe they want to get involved in this. They have enough on their plate. We have very good investigators that know what they're doing, so that I think that is

Transcript Prepared by Clerk of the Legislature Transcribers Office
Agriculture Committee February 11, 2025
Rough Draft

impact, impactful to, to keeping brand to the, to the utmost. We need that investigative level. And a volunteer brand inspection, so all you're doing is you're stating that if I volunteer to have my cattle inspected, I'm already honest. If, you know-- does that make sense? If I'm not honest, I'm not going to volunteer and say, hey, you want to come and inspect my cattle?

HANSEN: You have been in politics before then.

CHRIS GENTRY: Sir, this is not my wheelhouse.

HANSEN: OK. All right. Thank you.

CHRIS GENTRY: You're welcome.

DeKAY: Thank you. Are there any other questions? Sir, I just have one. If--

CHRIS GENTRY: Sure.

DeKAY: Say, if you have cattle come from Kansas to a Nebraska packer that's inside the brand inspection area, are they subject to inspection at the packing plant or not?

CHRIS GENTRY: I believe they would be. Is that correct? Yes.

DeKAY: OK. Thank you. Any other questions?

STORM: I got one last one, I got-- So, thank you. So I'm reading on the Kansas website right here, and it says, while brand inspection is not mandatory in Kansas, the state has six contract brand inspectors who provide brand inspection upon request for a fee. In addition, these inspectors serve six Kansas livestock markets that have chosen to contact with the Department of-- Department for Inspection Services. They're out of Saint Francis, Lenore, Syracuse, Hayes, Norton. So it is kind of a private verse system. How they do it in Kansas. So just right off the website. So. Just getting that out there. That's all I had. Thank you.

DeKAY: All right. Thank you. Any other questions? Thank you, sir.

CHRIS GENTRY: You're welcome.

DeKAY: Next opponent. Are there any other opponents?

CRAIG UDEN: Good afternoon, Chairman DeKay and members of the Ag Committee. My name is Craig Uden, C-r-a-i-g U--d-e-n. I'm president-elect of Nebraska Cattlemen. Nebraska Cattlemen is comprised of over 3,000 members and represents every segment and every size of operation in Nebraska from small cow-calf operations to large commercial feedlots operating both in and outside the brand area. I'm an owner of Darr Feedlot, a registered feedlot, as well as an owner and partner in three cow-calf operations. Based on our grass roots policy, I'm here on behalf of Nebraska Cattlemen to respectfully oppose LB646 as written. Because of the broad diversity of our membership, this issue is challenging to work through. As introduced, the exemption of registered feedlots with no other adjustments to current statutes gives the Brand Committee few options to offset the cost of doing business. We have engaged in open and honest conversations with Senator Ibach, and appreciate her willingness to consider potential amendments to help move NC in the direction of support as we are committed to working on solutions to preserve brand and make it more equitable. We suggested increases in the research and recording fees to be more in line with other states and still have-- that still have brand inspection. We'd also like to see expansion of forms of ownership to include modern technologies already being used, including electronic IDs and less labor intensive for inspection. Our membership also recognizes that different sectors realize different values in brand inspection and would support moving away from the current fee system based on annual capacity for registered feedlots to a flat audit fee that better reflects actual services rendered for inspection. Lastly, NC supports the movement of animals between grow yards associated with registered feedlots with no additional inspection, as long as cattle are inspected under the yard. Shifting per-head inspection fee based on handling capacity to an audit fee will significantly decrease the fees paid by registered feedlots for animal ID inspection. As an example, our feedlot currently remits about \$45,000 in inspection fees. Under the suggested amendments that fee would be reduced probably around \$1,000 a year. Nebraska Cattlemen have long supported brand inspection in Nebraska. Over the past decade, we have worked diligently with a variety of voices in our membership to find solutions that help bring about changes producers can accept. We are here today to encourage the committee to give strong consideration to adjusting current fees and processes rather than simply exempting one sector. We realize this bill requires much give and take. Our members are ready to stand to be part of the solution to help modernize brand

Transcript Prepared by Clerk of the Legislature Transcribers Office
Agriculture Committee February 11, 2025
Rough Draft

in Nebraska. Thank you for your time and consideration. I'll be happy to answer questions.

DeKAY: Any questions from the committee? Go ahead, Senator Hansen.

HANSEN: I'm going for record today on how many questions I can ask, so I apologize. You talked about being more equi-- equitable in different sectors of the industry, and you also say we realize this-- wait-- consideration to adjusting current fees and processes rather than simply exempting, exempting one sector. From your members who are on the non-branding section of Nebraska, are they in favor of being included in the branding area?

CRAIG UDEN: No, they're not.

HANSEN: Why?

CRAIG UDEN: Well, they've never been in it. They've never been in the brand inspection area and so they've never been required. We-- visiting with our membership, we look at it, there's more value to-- if I'm running my cows, because I have cows, in large areas of the state of Nebraska as well as some cows out state, I rely on inspection to make sure those cattle come back. I'm willing-- a lot of our members are willing to pay more for that service than when they go on the feedlot. Cattle are still going to have to be inspected into the feedlot because we're not getting rid of inspection, we're just getting away from the fees that are on-- currently placed upon the feedlots that benefit the least. It's kind of like tax without representation. So there-- but we do feel that there is a lot of value for cattle that are yearling cattle and cow-calf operators out there. The audit system is-- as we, as we look at reason to keep the audit system, it allows for the inspectors, or the investigators particularly, to come in and review your records. And most people are keeping records anyway, in and out of the brand area. We've discovered that, OK? It is [INAUDIBLE] that cattle, by the, by the state vet requires health papers on all cattle that come into the state of Nebraska in, in both east and west to be-- have health papers coming out of state and into feedlots. So we keep that. We think that it gives us a starting point if we have an audit system, if we left the audit system in place, we could do that. But we don't want to pay the fee per, per head because really there's nothing that gets reco-- recovered. We've had a lot of long debates on this issue.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Agriculture Committee February 11, 2025
Rough Draft

HANSEN: Yeah, I can imagine. And if I can ask one more question here from just a different perspective. Right now, if we didn't have a Branding Committee in the state, Nebraska and we didn't have branding lines, and we didn't have mandated branding laws. And we were-- I use the Kansas model because that's just the one I always go to, right? If we were like them currently, and then I brought a bill here saying I'm going to mandate that we have a Branding Committee and we mandate that we-- you pay a fee to, to-- so we could recognize your brand in the sa-- in the nature of safety and making sure people are honest. Would you think you'd be in favor of that, if we didn't have a mandate and I came here in favor with a bill saying we're going to mandate you do it now?

CRAIG UDEN: On regis-- on, on purchasing a brand or inspection, which one are you-- or both?

HANSEN: What we have currently right now.

CRAIG UDEN: OK. I wou-- I would, as a cow-calf operator working in the greater part of-- whose, whose cattle are out, out, out in the wide open, yes.

HANSEN: OK. All right.

CRAIG UDEN: There's a vast, you know, the Sandhills a vast, vast area, and there's a lot of, a lot of acres. So--

HANSEN: All right. Thank you.

CRAIG UDEN: I think there's value in inspection, particularly in the cow-calf and the yearling operators.

DeKAY: Any other questions? Seeing none, thank you. Next opponent.

ROLAND PADDOCK: My name is Roland Paddock, R-o-l-a-n-d P-a-d-d-o-c-k. I'm a semi-retired rancher and Independent Cattlemen of Nebraska secretary--treasurer. And Senator Ibach's not here to give my regards to her, but I think this is a bad bill. And I'm going to reduce-- I'm going to start on the back of my testimony in case I run out of time. We live in a different time than we did 60, 70 years ago when we were kids. I'm going to ask you, how many people lock their house at night? Everybody? How many of you locked your car when you came in here today? Everybody? Yeah. But we live in a world where we, we think everybody is a potential thief. We've got phone scams, packages stolen off of porches, home break ins, shoplifting. Just last week, they

stole a truck full of eggs. Those are petty crimes compared to what cattle are worth. I heard one person testify today that it's hard to steal cattle. I don't think he's got very good cowboys, because it's not that hard. There are portable panels you can set up, get a trailer load. If, if any cow-- cowboy is worth is worth, he can do that. If this bill would advance out of committee and become law, and I was a thief in the brand area, I would take them to one of these feed yards that do not have to have inspection. They would have no proof of ownership, I would not have to provide that. I could have stolen cattle, they could go right through the process and never get caught. They need to be inspected somewhere along the line for proof of ownership. The more our society degrades as far as personal property rights, the worse this will get. Back up to my point, other point here, the bigger the feedyards, the bigger the chances of error. Have any of you ever worked in a feedyard? None? That it?

STORM: I have.

ROLAND PADDOCK: OK. Let me tell you some experiences here about why there might be a problem. There's more paperwork, more employees. Not everybody is a good employee. Maybe on the weekend you hire a high school kid that helps guard cattle back out of the sick pen. Doesn't know the system, puts it in the wrong pen. Or maybe you've got a dyslexic pen writer, and he disposes a number on where he put that cattle, those cattle in the wrong pens. Or maybe on a Monday morning, you got a half-hungover cowboy, and he just didn't give a damn. And he might leave the gate open. He might yard something back wrong. It just, it just can happen. Maybe the pen cleaning crew comes in there and they leave a gate open and cattle get out and mixed up. Maybe you've got a disgruntled employee and says, I'm not getting paid enough. And he's got a chance to back his trailer up, load up the fat cattle, fat critter, take it home to his garage and butcher it. If you don't believe these things happen, they do. I find it almost unbelievable when some of these feedyards say they have zero loss. Zero. Cattle are known to be fence crawlers. Every herd out here has, has something that they don't like to be penned up. And we sell those and they go to the feedyard. Now, whether they're in a grow yard with an electric fence wire, one wire, and they get mixed up because something-- a deer come through, coyote, they bust out, get mixed up with the neighbor's and don't all get back, or some of the neighbor's are in there. That'd be one way. You get a blizzard. And I know cattle have piled up in a corner on snowdrifts and gone over fences. That happens.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Agriculture Committee February 11, 2025
Rough Draft

DeKAY: Sir, could you wrap it up in a couple of sentences?

ROLAND PADDOCK: OK. These big feedyards already have a discount with their registered feedyards. The bigger these lots are, the more chance for error. And thieves will have a heyday by being able to process cattle through the system without ever getting caught for lack of proof of ownership.

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

STORM: Thank you, Chair. Do you want to finish? Do you have more?

ROLAND PADDOCK: I, I, I could provide examples that I know of how this is worked. When registered feedlots came in, I had a guy that was much older than me, he's dead now, and his son's [INAUDIBLE] had passed the feed yard down to another person. They thought it'd be a great deal to be a registered feedyard. They shipped this guy's cattle, came back into the office. The secretary said there's one more head on there than what he's got recorded. This has got to be a bookkeeping error. Well, during the week they went out, they found four more of his head in the sick pen. So they shipped five head that weren't his. And they, they worked to try to rectify that. I know a guy that, it was a family deal, they had a couple hundred head of feeder cattle they were feeding at home. They went on vacation, their hired man fed them. While they were gone, the hired man loaded up 14 head, took them outside the brand inspection area and sold them. When they got back, they didn't realize it. The guy quit, was gone out of the country. When they shipped those cattle, lo and behold, the herd's short 14 head and they traced back to him, but they couldn't prove anything. I know a guy over by North Platte. He borders a feedyard place, where they have grow cattle out in a grow yard on a cornfield with an electric fence. He says almost every year something gets mixed up. I go get my cattle. Sometimes we straighten it out all by ourselves, but it's a possibility that they need to be inspected again when they come back into that feedyard because they're running just on a hot wire out there, or an open space where they can get mixed up.

DeKAY: Any other questions? Senator Hansen.

HANSEN: Thank you, Chair. I did lock my car and my house.

ROLAND PADDOCK: Good for you.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Agriculture Committee February 11, 2025
Rough Draft

HANSEN: But I didn't have to pay a fee and nobody mandated that I do it. That's says-- that's I think is a good example, I think. But I think that's the point that we're kind of going back to. Most people are going to do it. But that's the rub for me, right? The idea of the government mandating that we do something and pay money to do it.

ROLAND PADDOCK: OK, these counties opted into the brand area. So it's the law in that county. The other counties didn't. So when we say we're equitable among the law by eliminating this so that they're equal with the eastern part of the state, they're operating under a different set of cattle rules because these other counties have opted to be in the brand area. So you're trying to differentiate operations within that brand area to be equal, and it won't be equal if you eliminate this brand inspection for these big operations.

HANSEN: If I can ask one question about an analogy, analogy that you gave about a feedlot with a history of stolen cattle and it's the idea that if we didn't have the Branding Committee, what would we do? I consider myself a free market capitalist, and I'm sure many people in western Nebraska do as well.

ROLAND PADDOCK: Exactly.

HANSEN: And the idea of a free market capitalist is that if the feedlot has a history of stolen cattle, people won't bring their cattle there anymore and so it's behoven upon the owner of the feedlot to say, I better make sure I double my security, make sure the cattle coming here are doing it the right way, so then they won't have stolen cattle, otherwise it's gonna hurt their business model. Would you agree with that?

ROLAND PADDOCK: I would agree with that. And I have an example of that. I've fed cattle in a feed yard. The day they were to be shipped, they said one died. I got no way of proving it. The looked all healthy to me the day before. Whether they took that critter and butchered it for one of their help or whatever, or whether it actually died or whatever, I have no way of knowing about it and I didn't go back to that feed again.

HANSEN: Thank you.

DeKAY: Senator Kauth.

KAUTH: Thank you, Chair DeKay. I did want to point out that Senator Ibach is back here. You couldn't see her, she's behind me.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Agriculture Committee February 11, 2025
Rough Draft

DeKAY: Any other questions from the committee? Senator Raybould.

RAYBOULD: You know, I have been sitting here listening, and I'm a business owner, business person, and I'm just thinking there's got to be a more cost-effective deterrent out there than the current program that I hear from the opponents of doing that. And I'm thinking of the other side of the state that doesn't brand, or have inspectors come. It seems like it still operates fine. So I'm, I'm and you know, for those that still want it, they can-- it should be voluntary, they can still do it. So I'm trying to ask the question of you is, is there in your mind, since you've been doing this longer than a lot of people, is there a better, more cost-effective way of, of doing this?

ROLAND PADDOCK: It all boils down to proof of ownership, just like that title to your car. No matter how big your auto dealership is, you all got to have proof of ownership. Banks are all inspected so that they're not bad actors out there absconding with funds. Proof of ownership of cattle is-- I don't know how people do it outside the area because I've always lived inside the area. I know we've had a guy from eastern Nebraska bring cattle to our ranch for summer pasture and he said, you guys are dumb out here. He said, you steal cattle, you just got to bring it back to eastern Nebraska and you can peddle them. I, I don't know how they get along back there in the eastern part of the state without-- there are fewer cattle there, for one thing, outside of feedyards, I mean. You guys put a lot of cattle in feedyards.

RAYBOULD: OK. Thank you.

DeKAY: Any other questions? Seeing none, thank you. Next opponent? Senator Holdcroft is going to start vice chairing the committee now.

HOLDCROFT: Next opponent. Just a warning to the testifiers. When you hit the red light, I stop you. If you're not finished, well, Senator Hansen will ask you another question because he's out to break the record.

BRUCE RIEKER: Yes, Admiral. I got the message.

HOLDCROFT: Go ahead.

BRUCE RIEKER: OK. Good afternoon, members of the Agricultural Committee. My name is Bruce Rieker, it's B-r-u-c-e R-i-e-k-e-r. I'm the senior director of state legislative affairs for Farm Bureau, here testifying in opposition to LB646. Nebraska Farm Bureau's a grassroots

Transcript Prepared by Clerk of the Legislature Transcribers Office
Agriculture Committee February 11, 2025
Rough Draft

organization with more than 55,000 members. Because we're a grassroots organization, our members develop our policies on matters such as this through a rigorous process that culminates with more than 150 delegates from across the state assembling at our annual meeting to debate and vote on what our policy should be. For the matter before us, our policy is quite clear. The sections of our policy that pertain to this proposal state, we support the work of the Brand Committee and believe the committee should have the fee authority necessary to adequately fund its programs. We recognize the need for a registered feedlot inspection program and believe an equitable fee structure should be developed to continue the program. We do not support an exemption from fees for feedlots participating in the program. We support the state developing a policy for equitable and efficient transference of cattle across the brand inspection area line, excuse me, the brand area line providing no change of ownership exists. There was one part as I prepared our testimony that I did leave out, not, you know, but since the question has come up, if you ask me, would our members prefer that we abolish the Brand Act or make it statewide, our members would say that they would want it statewide. And I want to make sure that you understand that comes from our leaders in counties such in the area that does not have the brand inspection. I will also point out that the majority of our members that are in the cattle business are cow-calf operators. OK? I just want you to know that. Last week our board met to provide guidance to our public policy team on this matter. After an in-depth discussion, they told us that we should oppose this measure until there is a resolution that all parties can agree to. We hope you understand that we are willing to work towards a resolution. Appreciate some of the things that Mr. Newton put on the table about ways to modernize us. We are aware that there are amendments in the works. However, we have not seen them, and until we see them, we have to, to stand on our position of opposition, until we're able to see the amendments and work through those with our members and other stakeholders. Thank you.

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

KAUTH: Thank you, Vice Chair Holdcroft. Nice job on your timing, Mr. Rieker. OK.

BRUCE RIEKER: I'm working on it.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Agriculture Committee February 11, 2025
Rough Draft

KAUTH: So, so it is a position of Farm Bureau that everyone should be, that the Eastern exemption should be done away with so that everyone is doing it.

BRUCE RIEKER: Well, that, yeah, that, I know that's not the option on the table, but if the question were to arise, that's where they would be is that--

KAUTH: Would the people who are currently not paying for it and not in that inspection area on the eastern side also say that?

BRUCE RIEKER: Yes, good, because I wanted to make sure that you understand that our delegates who put this together, it's actually in the neighborhood of 100 to 185 people come from the eastern end of the state as well, that they're cow-calf producers on the eastern end, the northeast, the southeast. So I wanted to, to make that point that our members have developed policy that said that they would prefer the whole state was in.

KAUTH: Can't they do it voluntarily on the eastern side?

BRUCE RIEKER: I suppose they could.

KAUTH: OK. All right. Thank you.

BRUCE RIEKER: Welcome.

HOLDCROFT: Any other questions from the committee? Seeing none, thank you, Mr. Rieker.

BRUCE RIEKER: You're welcome. Thank you.

HOLDCROFT: Next opponent.

BRENDA MASEK: Hello. I guess I can't address Chairman DeKay, but thank you for having me. My name is Brenda Masek, that is B-r-e-n-d-a M-a-s-e-k. As a disclaimer, I am a member of the Nebraska Brand Committee. But I am here today as a cow-calf producer from the Sandhills of Nebraska. There has been a lot of really good testimony today, and I wanted to reiterate a couple of things. Senator Hansen, I have a couple of questions I can't answer it for you, but I'll get into that if you would like me to later on. But yes, especially when cattle are worth what they are today, the reason there are so few estrays and stolen cattle is a testament that this law enforcement agency does their job well. The Nebraska Brand Committee's inspectors

Transcript Prepared by Clerk of the Legislature Transcribers Office
Agriculture Committee February 11, 2025
Rough Draft

and investigators, investigators, excuse me, stand as a deterrent for the dishonest ownership of cattle. And I will expand on this later if in questions if you, if you wish. Having brand inspection on a voluntary basis is like having self-checkout at Wal-Mart be voluntary, which is kind of what happens anyway. This example goes back to the Ernie Chambers days of our Legislature. As many of you know, Ernie Chambers was a member of the Ag Committee here. And in, in getting him to understand, and he did support in the end brand inspection because he understood that you needed that receipt to prove those cart of goods were yours when you left the store. I am more, I more than understand that brand laws need to be modernized and I am in favor of working on some balanced scales. Cow-calf producers that have their cattle graze on range as I do, do benefit more than confined lots do. But one segment of our state's largest cash commodity cannot be exempt from the checks and balances of proof of ownership. The old time rustling is still a concern, but not as large as the white collar crime that would have the opportunity to corrode our industry if there is not a law enforce-- law enforcement component of ownership of cattle in feedlots, as Mr. Kelly testified. And unfortunately, there were some county sheriffs that were going to come, planned on testifying on this subject, but with the incoming weather, they were not. But they are-- please look for their testimony to be coming in your, in your inboxes. And if you-- Oh, yes, Senator Hansen, the, the investigators can serve arrest warrants on-- And I have some other answers to some of the questions if you would like me to answer them that I've got from staff on the email.

HOLDCROFT: OK. Thank you. Questions from the committee? Senator Storm.

STORM: Thank you, Chairman, or I guess you're Senator Holdcroft.

HOLDCROFT: Vice Vice Chair.

STORM: Vice Chair Holdcroft.

McKEON: Vice Vice Chair.

STORM: General Affairs. Yeah. So one question I have was, I think they were going to have you look them up, how many have been recovered?

BRENDA MASEK: Yes.

STORM: Do you have all that?

Transcript Prepared by Clerk of the Legislature Transcribers Office
Agriculture Committee February 11, 2025
Rough Draft

BRENDA MASEK: The recovered, the value of last fiscal year is the value of \$780,000, and 434 head recovered. Now, there, there is a lot of that that we do as producers amongst ourselves that don't get reported. I know that I have called my brand inspector a few times and said, hey, here's a picture of a brand that I've got on a calf for on a cow that ends up in my pasture. I usually can take care of it myself. So those don't get--

STORM: Right.

BRENDA MASEK: But--

STORM: Are these strays or stolen cattle? So you know-- do you have that?

BRENDA MASEK: That is not defined in here. We will have to get back to you on that.

STORM: Just curious on that.

HOLDCROFT: Senator Kauth.

KAUTH: Thank you, Vice Chair Holdcroft. So would, would health papers or a bill of sale, or are there any other things that could be used for proof of ownership?

BRENDA MASEK: Yes. When, when cattle come across from states that don't have brand inspection, and they come with health papers and they're not always correct when they come out of other states. I-- One of the very big problems we have is that nonbrand-inspected states, say somebody goes down to Georgia and they buy 300 head of feeder calves. There's no brand inspection in Georgia. But they've got to find a brand, or they've got to find a, a veterinarian that will sign off. And so they've got to go with them. So they load up these, these three potloads of cows and they say, head to Nebraska, we'll tell you where to go. So sometimes the, the name on those health papers, they don't know where they're going when they leave there. So it's it's, it's very hard to trace them sometimes with that.

KAUTH: But you do do business with other states like Kansas and other states that don't have brand inspection, correct?

BRENDA MASEK: Yes.

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Agriculture Committee February 11, 2025
Rough Draft

KAUTH: OK. And you said that you work it out yourself a lot of the times, just individually without the brand inspectors being involved if you find cattle that are not yours on your land.

BRENDA MASEK: Not to come across a line, that's just coming from my neighbors and I.

KAUTH: OK.

BRENDA MASEK: That does not come across the state line or the brand line.

KAUTH: Right, right, right. But, but you're able to work that stuff out on your own.

BRENDA MASEK: Yes. Yes.

KAUTH: OK. Thank you.

HOLDCROFT: Senator Hansen.

HANSEN: Thank you. Vice Vice Chair. So you mentioned they can serve a warrant. But I think the question is, are they-- do they have the ability to go on somebody's private property without a warrant?

BRENDA MASEK: Yeah. Well, if they have, if they have warranted. If, if the inspectors have been there and saw something that the investigators need to go and invest-- investigate. Now, I could be wrong on this because I am not an investigator. We are just overseeing our executive director as far as a board. And-- but, yes, they-- and it was in-- it was a recent legislation where they can go and arrest people, arrest people that are breaking the law.

HANSEN: The inspectors can?

BRENDA MASEK: Yes. Because it used to be they have to go through the, the county sheriffs. But now they can go and do and, and write tickets and serve arrest warrants.

HANSEN: And they can physically arrest a person.

BRENDA MASEK: Yes.

HANSEN: OK.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Agriculture Committee February 11, 2025
Rough Draft

BRENDA MASEK: And a lot of these-- and unfortunately, a lot of what the Nebraska brand committee does, what these investigators do and probably some of the inspectors is on, is-- we don't want to talk about it, but it's also on neglect issues.

HANSEN: OK.

BRENDA MASEK: There's a big part of the Nebraska Cattlemen is, is it goes for animal neglect.

HANSEN: OK. And how many stolen cattle come from feedlots according to your data? Do you know?

BRENDA MASEK: That I don't-- it's not broke down.

HANSEN: OK.

BRENDA MASEK: That, that I have right here. We would have to refer back to the executive director and the staff and see what we can find out.

HANSEN: OK. And if I can ask one more question, and this is that-- the situational question again, I think. From your opinion, if we didn't have this law right now, and you were able-- and you did inspections on your own, or just like some other states have done without mandates, without fees, and then here I come along with a bill saying, we're going to mandate that you do this now and you have to pay a fee for this. You would be in favor of that, or you'd not in favor of it?

BRENDA MASEK: Yes, I would, because I've seen what it could do. I could see if you hadn't been, if you, if you weren't as involved in, in, in this process as I have been all my life, I could see where, oh, well, we don't need to do that. But we might be part of the wild, wild west then, too.

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

HOLDCROFT: Senator McKeon.

McKEON: I want you to finish the statement you, you're talking about on paperwork if you're bringing those 300 head from Georgia. I don't know if you finished how that paperwork would go.

BRENDA MASEK: Well, a lot of times when they, they come out of there, they're going to be light cattle. So they're going to go to a grow

Transcript Prepared by Clerk of the Legislature Transcribers Office
Agriculture Committee February 11, 2025
Rough Draft

yard. And they might not all go to the same grow yard. And then when, when our inspectors need to inspect them back to a feed yard, sometimes the paperwork doesn't have the correct names on these. And this is something we need to fix within the Brand Committee, Committee and with, with, with legislation and stuff like this. And it's not necessarily a state thing. It's a, it's a, it's a, it's a, it's a nationwide problem that we have with these different states that have different, different laws.

McKEON: Thank you.

HOLDCROFT: Senator Hansen.

HANSEN: The inspector's thing, going on a private property, arresting somebody still bothers me. Who, who makes a-- who's an inspector? Are they law enforcement?

BRENDA MASEK: Well, the inspectors can't. Investigators can investigate.

HANSEN: The investigators can.

BRENDA MASEK: The investi--the inspectors will find the problem and they will go back and they will discuss it with the investigators and they will do what they do, which not sure whether they-- if there's been like a lot of complaints, again, we're going to we're going to kind of go back to the neglect. Say there's been people report that these cattle are not being fed.

HANSEN: OK.

BRENDA MASEK: That there, there, you know, there's a lot of death loss. And then they go back and they'll say, OK, well, this is like the second or third time we've done this. Then they can. Or same thing with inspection. They're like, OK, so and so just shipped out cattle, a pot load of cows, and we know they're going across the state line and they're not. So there's, there is habitual people that I'm sure get watched more than, than others. There's a lot of times that they, they will, they will check trucks on state lines or the brand line, different things like that, that they have the ability to, you know, serve tickets and, and things like that. As far as going onto private property, I am really sure they probably have to have an arrest warrant. They can't just all of a sudden go on there.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Agriculture Committee February 11, 2025
Rough Draft

HANSEN: And investigators are typically made up of local law enforcement?

BRENDA MASEK: Pardon me?

HANSEN: An investigator is typically made up of local law enforcement?

BRENDA MASEK: No, we have four investigators on staff.

HANSEN: That are not law enforcement?

BRENDA MASEK: They are law enforcement. I'm sorry, that that they worked-- I, I, I'm sorry, I misunderstood the question. I thought you said that they were like part of like the county.

HANSEN: I think the answer is right. So I, I didn't know if they're-- if you were using local law enforcement to, to make these arrests.

BRENDA MASEK: They, they help sometimes, but we have four investigators that have been through the--

HANSEN: Police training or--

BRENDA MASEK: The, the the, what's it.

_____: The academy.

BRENDA MASEK: What?

_____: The academy.

BRENDA MASEK: The academy. Sorry. That's, that's the word, yes. The law enforcement academy. Yes. Yes.

HANSEN: Thanks.

HOLDCROFT: Any other questions from the committee? Thank you, Ms. Masek, appreciate it.

BRENDA MASEK: Thank you.

HOLDCROFT: Next opponent? Whenever you're ready.

DAVID WRIGHT: Thank you, Mr. Chairman. My name is David Wright, D-a-v-i-d W-r-i-g-h-t. W-r-i-g-h-t. Now. You ever have those times when your whole testimony gets blown and you got to start all over?

This is it. So that was premade. And I want to touch on things in there that, that I just want to get right to the back-- well, I want to get back to the middle of the book. In the middle, there's a survey that was done by the Brand Committee in 2013 that says number 10 says, would you be willing to pay more inspection fees per head to allow for the reduction of and or exception, exceptions to fees to feedlots, feedyards, registered within Nebraska Commi-- Nebraska Brand Committee. 77% said no. They are not willing to let you cut some-- the, the registered feedlots' fees so you can raise theirs. 77% with 4,300 returned, right? Now, I would like to just go back to the last four pages because here's the point. This is not about branding. This is not about chain blocking. This is not about, about materials moving forward to the grocery store. It's not about tags. It's, it's about proof of ownership. That's all it's about. So if you read LB-- or you read 54-, 1116, which is the fourth page from the back, it's the statute. It says all livestock shall be sold, otherwise disposed shall accompanied with a property executed bill of sale. No matter whether you're in a brand area or not, it is the law that when you sell livestock you are to provide a bi-- a bill of purch-- bill of sale. So the brand inspection area has what we would call the cops to force those of us to obey the law. Those of you who outside, you're neglecting the law. You're out of compliance with the law. You are not-- you go to the West Point sale barn, there is not a dep-- a county deputy sitting there making sure that there's a bill of sale on every animal that comes in that he knows that belonged to you when you brought it to the sale barn. Same at the packing plants, everyone outside. Everybody inside the brand inspection area, we're in compliance with this law because the brand inspector makes us comply. You have no compliance outside the law. So I'll just put it in a real simple way. Let's say the law-- the state has a-- we put a state speed limit in at 65 miles an hour. But on our side, we have state troopers. On your side you have none. We're going to have tickets on our side, right, for people who sped. How about on your side? For what's-- have, have there been ticketed people for driving over? Well, no, we're all good drivers over here because there's no one to enforce the law that's on the books. No one. Now, if you want to change this, it's really simple. There's nothing-- there's no voluntary in it. You guys have talked about what can be voluntary in and voluntary out. You change this statute to say voluntary--

HOLDCROFT: That's your time, Mr. Wright. We'll see if there are any questions from the committee. Any questions? Senator Kauth?

Transcript Prepared by Clerk of the Legislature Transcribers Office
Agriculture Committee February 11, 2025
Rough Draft

KAUTH: Thank you, Vice Chair Holdcroft. I actually have a question about the survey. Nebraska Brand Committee Agency survey, but it's as of March of 2013. So that's 12 years. So do you think things have possibly changed in 12 years?

DAVID WRIGHT: Well, no, because it's the State Farm Bureau. Farm Bureau told you that, that the people want to have proof of ownership because that's all it's about.

KAUTH: And who is this sent to? It-- you said it's got 4,385 returns.

DAVID WRIGHT: Right, that was sent by the Brand Committee out to the people in the brand area and the brand inspection area.

KAUTH: Only, only to the people in the brand area.

DAVID WRIGHT: Only them because-- correct.

KAUTH: So you didn't actually ask the people who are not in the brand area.

DAVID WRIGHT: They don't pay a fee.

KAUTH: OK. So--

DAVID WRIGHT: The question is, were you willing to reduce your-- increase your fee to offset the feedlots' fee? And 77% said no. Those outside don't pay. Remember, they don't have law enforcement on their side. They're just running with the wild west.

KAUTH: OK. Thank you.

HOLDCROFT: Any other questions? Senator Storm.

STORM: Thank you. So, so you're talking proof of ownership--

DAVID WRIGHT: Correct.

STORM: --That's the big thing. So the eastern half of the state's feedyards, you're saying don't.

DAVID WRIGHT: Everybody. Not just feedyards. Everybody.

STORM: Yeah, I know, you don't think they don't care about proof of ownership? If I have a feedyard in Cuming County, you don't think I'm

Transcript Prepared by Clerk of the Legislature Transcribers Office
Agriculture Committee February 11, 2025
Rough Draft

going to care whether or not whose cattle those are and what's going on, and--

DAVID WRIGHT: That's why I'm saying, if you read the law, says you have to provide a proof of ownership, you have to provide it when you sell so that the buy-- the buyer knows you own it.

STORM: But don't you think those feed yards produced something to show that they have proof of ownership?

DAVID WRIGHT: Well, ask them? When they sell their cattle to--

STORM: Well they have to.

DAVID WRIGHT: --when they sell their cattle to Schuyler, do you think they send a whole box full of proof of ownership? Do they send a whole box? And this says a bill of sale. The law says you have to have a bill of sale showing it. So you don't, you don't. The only way you can enforce it would be, because some of you have talked about the sheriff, the county sheriff. He would have to put a county deputy at the West Point sale barn, at the, at the Albion sale barn, at the Elgin sale barn to sit there and make sure that as you brought your cattle in, you had a proof of sale that you own them to insure the buyer that you actually own them, somebody else doesn't. But you-- then you'd have to increase property taxes so that you could have more county deputies on hand to do this. But there's-- so there's no law enforcement on your side at all.

STORM: Well, but if there is this massive fraud going on in the eastern part of the state, I would think the-- cattle rustling, or stolen cattle, or cattle we can't account for, the Lancaster Sheriff or the Saunders County sheriff would get involved with that.

DAVID WRIGHT: So the next statute says LB172, and that statute talks about what you sell. See, I did, I did eight years on the Nebraska Beef Council, and the six years on the Cattlemen's feed board. The checkoff dollars collected at the ch-- at the, at the, at the change of ownership, \$1 checkoff. And it says here, this is Nebraska law, it talks about what a, what a bill sale means and on and da di da di da. At the end it says, which the producer or the collecting person purchases for the purpose of collecting and remaining for assessment the, the checkoff. OK? Now, under Nebraska Beef checkoff, the sale warrants collect, the packing plants collect, and inspectors collect on country sales. So they sold out in the country, like you might--

like back home Our gro-- our, our newspaper guy likes to go in the feedlot and he'll buy like three pens of cows. As an investment. So they changed ownership, right? All right. So that would be a country sale, right? According to the checkoff and the brand area on country sales, we collect \$420,000. How much do you think we collect in the non-checkoff area, or in the nonbrands area? Because there's no fraud, right? \$2,500. See, it's the same thing. There's no-- it's just like the speed limit. There's no crime over here because there's no policeman. We can drive 80 mile an hour and nobody's going to stop us because we don't have a state patrol on this side. Thos--

STORM: But if you, if you had criminals, if you had somebody that was a crime taking place, there would be a complainant, someone who would make a complaint about that. So you, you would take that to law enforcement. That's what I'm-- it's what I guess I don't understand, I don't connect that the brand authority are on the eastern half of the state, you're saying it's the wild, wild west. There's all this crime taking place. But we heard all the proponents come up here and say there's not.

DAVID WRIGHT: Right. So, so if you're on the side where there was no police enforcing a 65 mile an hour speed limit, would you say that it's infested over here, would you say, no, it's pretty good because I'm driving 75 and it's OK. We can all handle that. So my point goes back to the check off though. The point goes back to the checkoff. I know producers that bring their cattle from the west and take them to Cuming County and put them in a feedyard and then they sell them there in the feedyard. The check off's not paid. Is that criminal? It's because there's no compliance on a change of ownership. That's what I'm getting at. None of this is about branding. None of this is about blockchain. It's all about the change of ownership. You have to prove that it's yours to sell it to someone else. That's all it's about. That's all it's about. And if, if-- I would suggest that maybe, maybe you bring a bill that has just your district and says, I would like to make my district outside of the brand area. Do you see, and then your constituents in your district will be the ones who say that's a good idea or it's not a good idea. When you do a bill like this, you're affecting everyone in the brand area as opposed to just-- because, like we talked about earlier, Knox County is the only county that the line goes down through it because that's how they decided they wanted it. And then there's a county down to the south where it just comes up off the Kansas border because they decided they wanted that. But when you bring a bill like this that affects the whole brand inspection area, you're going to get everybody riled up as opposed to just

saying, so I live in Holt County. Holt County is in, Antelope County's out. I cross that line six times a day. But it's because that's what they want over here, and that's what we want, we want over here. But nobody stepped up and said, hey, we're going to exempt this, the group that pays probably the most or pretty close to most of them of a dollars, which is not a dollar, they only pay, they pay on, they pay, they pay on one time capacity. So if they roll the capacity over two and a half times, it goes from a dollar to \$0.40 a head. The rest of us still pay a dollar. But my point is still the same. All those guys are is enforcement. They're law enforcement. That's all they are. And they're just, just making you prove that you own it. Nobody's-- you don't have to brand them. You have to do anything to-- I don't got to to brand my calves. All I-- and if I don't brand them and I come with them with them, then all they got to go on is I have possession, they're mine. Because I don't have any ear tags or anything in them. See, that's all they are, is law enforcement. You don't have to brand, you don't have to put ear tags in. You don't have to do anything. But the law says you have to prove ownership no matter where you are in the state. We just happen to have cops on our side. The other side does not. And that's basically what the senator's bill is. They want to remove the law enforcement, remove the inspection from them. So how does that work out?

HOLDCROFT: OK. Are there any other questions? Senator Hansen.

HANSEN: Thank you. I feel like your argument is flawed.

DAVID WRIGHT: Sure. Let's go.

HANSEN: --because you're talking about inspection versus violation of law. So in branding areas, you're talking about a violation of inspection, which then you have investigators then to enforce the law. In the non-branded areas you have a violation of laws, which right here, according to 54-1,116, a peace officer shall have the authority to write a citation. So that requires a complaint about the person who's been wronged going to a peace officer, writes a citation, and then if you look at what you provided two pages down, if you don't brand your cattle, which you have a right not to, however, it's prima fashion evidence. If not, you have documentary evidence with a bill of sale. So then if you do neither one of those, you're putting yourself in a pretty bad position to prove that those cattle are yours. So I don't know why you wouldn't do that. But there is a difference. We have peace officers in a nonbrand area to enforce a law, you have

Transcript Prepared by Clerk of the Legislature Transcribers Office
Agriculture Committee February 11, 2025
Rough Draft

investigators. Ultimately you have the court at the end to determine whose cow that is. So we do have enforcement on the east side.

DAVID WRIGHT: But--

HANSEN: It's a peace officer which is right here, a peace officer with authority to write a citation if there's an infraction, which is what Senator Storm, I think, is kind of getting to.

DAVID WRIGHT: OK. But the point is, you have to show it at the-- you have to show at the change of ownership.

HANSEN: Yeah.

DAVID WRIGHT: So you have to show--

HANSEN: Which is a bill of sale. However, if there's a, if there's a dispute, or if they're going to contest that, that's then, two pages later, we're talking about what's evidentiary, evidence in a court of law. And we're talking about branding and other documentary evidence, such as a bill of sale or certificates of brand clearance transferring title owner. So that's what you would need [INAUDIBLE].

DAVID WRIGHT: A whole list of things to prove evidence, and then what does it say At the very end? It says that-- which number are we looking at? That you're looking at?

HANSEN: I was on 54-1,107.

DAVID WRIGHT: -1,107?

HANSEN: 1, yep. Which then determines-- which then helps determine [INAUDIBLE].

DAVID WRIGHT: Well, that's where it's talking about brand as a prima facia in, in the court of law.

HANSEN: Yes. What determines--

DAVID WRIGHT: Correct.

HANSEN: --as evidence of who is--

DAVID WRIGHT: Correct.

HANSEN: --bill of sale and transfer was--

DAVID WRIGHT: Correct.

HANSEN: --in a court of law.

DAVID WRIGHT: Correct.

HANSEN: So when using the east side, you were talking about the enforcement part, which says we have no way of to enforce it on the east side. We do, by a peace officer, which would probably be, I'm assuming, local law enforcement or county officials.

DAVID WRIGHT: Right. Are they providing it at the point of sale?

HANSEN: If they do not provide it, it looks like right here, then that would be in violation, and they have a right to write a citation.

DAVID WRIGHT: OK. So are they providing it at the point of sale in the sale barn? Are they providing these, on your side, on the west -east side? When the ow-- when a seller comes in, he just brings cattle in and turns them out and says they're mine.

HANSEN: Yep. We're getting in the weeds a little bit, however, only if there's a violation or complaint.

DAVID WRIGHT: So if I bought your calf, if I buy the cattle and come home with it, I got three of them that I assume are stolen, do you think I'm going to call you up and say, I think I got three stolen ones I bought out the Elgin sale barn because now I lose my money. Now I lose the cattle I got.

HANSEN: Yeah. If you want to prove that they're stolen, then yes, you have to make a complaint.

DAVID WRIGHT: I don't want to prove them, because I own them now. I bought them through the sale barn. the sale barn says they're mine.

HANSEN: So you have, you have evidence of something that's illegal, however you don't report.

DAVID WRIGHT: What I'm saying is it's just when, when you sell something, you have to prove that you own it. And you're saying you don't have to prove you own it to [INAUDIBLE].

HANSEN: You don't have to prove it, but you have to provide evidence in case there's a complaint by appealing for a citation by a peace

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Agriculture Committee February 11, 2025
Rough Draft

officer. It'd be the same as somebody sitting in your car making sure that you drive the speed limit all the time. We've got peace officers doing that, but only if there's a violation of the law that's [INAUDIBLE].

DAVID WRIGHT: Right. So if I take your car and I drive around town all night long and have a good time with it, and I thought, well, it's my car, it's my car, and I have it. OK. The police officer comes and stops me and says, you don't have proof of ownership of that car. Well, it was mine until you came. If you never would have stopped me, I could have drove it to California or New York or Mexico or wherever. So I stole the car, didn't I?

HANSEN: Yes.

DAVID WRIGHT: Because the person didn't sell it to me showing me a proof of ownership. That's what's going on in the sale barn. I'm not showing you that I own it. That's the same thing that's going on in the packing plant. The packing plant's not going to say, oh doggone, we just slaughtered two semi loads of stolen cattle. They're not going to do that. They're going to say, we got meat, we're selling it.

HANSEN: So I think that's a difference of opinion is you think it should be mandatory.

DAVID WRIGHT: The law says that, I can't help that. You change the law to say voluntary--

HANSEN: Not in a non-branding area.

DAVID WRIGHT: You what?

HANSEN: Not in a nonbranding area. You want, you want it to be mandatory everywhere.

DAVID WRIGHT: That's what, that's what, 54-1,116 says. 54-1,116 says you shall, no matter where you are in the state, when you dispose of livestock, you have to have a bill of sale. And if you don't have a bill of sale, then what?

HANSEN: I'm not going to get too much into the weeds [INAUDIBLE].

DAVID WRIGHT: Right? But do you understand what I'm trying to say?

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Agriculture Committee February 11, 2025
Rough Draft

HOLDCROFT: Thank you. Any other questions for Mr. Wright? OK. Thank you, Mr. Wright. Next opponent.

JOHN HANSEN: Members of the committee, for the record, my name is John Hansen, J-o-h-n, Hansen, H-a-n-s-e-n. I'm the president of Nebraska Farmers Union. And we just spent an afternoon that, that sounds a lot like policy day at Farmers Union State convention. So I want to point out several things here that, that I think might try to help focus a bit on, on what we're doing here. We, we have heard the folks who represent the cattle industry in this state. We've heard from the Farm Bureau, the largest general farm organization, Nebraska Farmers Union is the second largest general farm organization, the Nebraska Cattlemen, the Independent Cattlemen of Nebraska. All four of those organizations are certified beef nominating organizations. They have been audited by USDA, and we have a substantial percentage of our members are cow-calf producers so that we're eligible to be USDA nominators to the National Cattlemen's Beef Promotion Board. And so at least those of us who are representing our members. And what I gave you is a copy of our state policy, which certainly starts out by saying that if we had our druthers, the way that we would run things would be to clearly have the entire state in the brand area. So that's been our policy for a long time. So we feel like there's an inequity there as an organization and that we have the security and the benefits of the brand area in, in two thirds of the state, and a third of the state we don't. And I would tell you that even though I'm Norwegian and a little slow, if I were stealing cattle, I know that I would be trying to sell them in the area of the state that does not have brand inspection. That would be where I would head for. And so the two things that we think about when we talk about this in our policy is the viability of the, of the fee based system itself, number one, and two, the viability of the entire inspection system. So when you don't have the whole state in, you have holes in the system. So when you have holes in the system, you have invitations for abuse that can come. And then the honest people get less honest when there's less law enforcement. There's just no question about that. So the viability of the system will be undermined, in our opinion, if this bill goes forward as is. And there will be a shift to a, to the other folks still in the system that are not the feedlot folks. And if you were to ask most folks in the, in the cattle industry, who makes the more money, the folks who takes the risk produces the cattle or the folks who feeds them, the folks who feed the cattle can afford a 40%, \$0.40 on the dollar discount better than the folks who, who do more of the work. Take more of the risk. And that's--

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Agriculture Committee February 11, 2025
Rough Draft

HOLDCROFT: That's your time, Mr. Hansen. Let's see if there are any questions for you. Any questions from the committee for Mr. Hansen? OK. Thank you very much.

JOHN HANSEN: Thank you.

HOLDCROFT: Next opponent. Anybody further for opposition? Anyone testifying in the neutral?

RYAN McINTOSH: Thank you, Vice Chair Holdcroft and--

HOLDCROFT: I'm the vice vice chair.

McKEON: He's the vice vice.

RYAN McINTOSH: Vice Vice Chair Holdcroft and members of the committee. My name is Ryan McIntosh, M-c-I-n-t-o-s-h, appearing before you today as a registered lobbyist from the Nebraska Bankers Association in a neutral capacity on LB646. First, we very much appreciate Senator Ibach's work on this, or willingness to discuss this issue thus far. You've heard a lot of information today on the varying sides of this issue and the varying interests. We appreciate Mike Kelly of Western Nebraska Bank, who is both a banker and a cattle producer, sharing his point of view on this. We, much like the testifiers today, have a lot of varying opinions from our members, and a lot of that is dependent on geography. So again, we appreciate the opportunity to be here today, and to work with the stakeholders moving forward to find a solution that protects both the producers and creditors. Thank you.

HOLDCROFT: Any questions for Mr. McIntosh? Thank you, sir.

RYAN McINTOSH: Thank you.

HOLDCROFT: Next person testifying in the neutral, neutral? Anyone testifying in the neutral? OK. Then with that, we will ask Senator Ibach to return for her closing. There were, there were 3 proponents, 45 opponents, and no neutral.

IBACH: Thank you, Mr. Vice Vice Chair. Gosh, I made so many notes that it's going to be hard for me to get through some of this because I think that some of it might be redundant. But I just want to make sure that I thank all the testifiers, even Farm Bureau, Nebraska Cattlemen's Brand Committee. I, I know, I'm really confident that we will come together to find a solution because of their expertise in each of their own areas and the common goal of Nebraska beef

Transcript Prepared by Clerk of the Legislature Transcribers Office
Agriculture Committee February 11, 2025
Rough Draft

producers. I think everyone listened, I think they understand the intent of this bill, and I think, I think the conversation was really good. And honestly, what a great room to be in today with all these cattle producers near and dear to me. There were a couple-- couple of testifiers who mentioned that the brand is a cheap form of insurance. 100%. I will never, on our operation, not brand our cattle because it is insurance. As I mentioned in my opening, if cattle are being stolen, I think we heard testimony today to prove that they are not showing up in feed yards. That's, that's just an attest to how well we manage it. I have 25 feedlots in my district. In 1909 and 1941, I'm guessing I had zero. And as feedlots, I, I've gotten several, I don't want to say how many, Nebraska Department of Environment and Energy approvals for more feedlots to set up in my district. So I know there are going to be more. There are 93 today in the brand inspection area, actually 94, because Blackshirt Feeders is not listed on that list. And to my knowledge, there are 44 full time inspectors and 42 part time inspectors. And I've heard nothing but great things about the investigators that we have. They do their job. They're diligent. Everyone that I've talked to said, please don't do away with the investigators, they do great work. So congratulations to those of you that are in the room. I did reach out to the Sheriffs Association last week because I wanted some kind of validation that sheriff's departments are involved with any type of fraud or theft. They provided me with the list, but it's not very inclusive and it's across the state. There's-- but their, their, their comment to me was, it's not conclusive because we don't know if they're estrays, we don't know if somebody just lost five head of cattle and the neighbor brought it back. It's just reported issues with the, with the state sheriff's department. To Senator Hansen's point, I don't lock my house at night, but I shouldn't admit that on the mic. And we just trust our neighbors. But I know that's probably a dying fact. So what if this does make sense, honestly? Your questions were so good, we were so thorough with identifying the need and identifying maybe a path forward. Ms. Masek is a neighbor of mine in Thomas County. There are, there are circumstances where we don't have eyes on our cattle, myself, sometimes up to 30 days. And so I, I understand that conflict and I understand their passion for, for the brand. Are there solutions? I absolutely think there's a solution built into this conversation today. I really feel like we can do this. I, I think we are going to continue to respect the rights of every cattle producer in our state, and I truly believe that we will find a path after this conversation today. So I appreciate everyone. I would welcome any questions.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Agriculture Committee February 11, 2025
Rough Draft

IBACH: Thank you, Senator Ibach. Are there any questions from the committee? Thank you very much. This closes our hearing on LB646. We will now open our hearing on LB665, Senator Storer. I stand relieved. Sorry. I'm going to get myself organized, Senator Storer. OK. We will open the hearing for LB665, Senator Storer. Can I get you guys to take your conversation outside?

HOLDCROFT: You've got the gavel there.

IBACH: Thank you. Oh. Thank you.

STORER: Thank you, Vice Chairman Ibach, members of the Agriculture Committee. I have to confess that I feel kind of at home amongst the cowboy boots and hats here. So, again, good afternoon. My name is Tanya Storer, T-a-n-y-a S-t-o-r-e-r, and I represent Nebraska Legislative District 43. That is 11 counties that make up a good portion of the Sandhills. We, we-- it includes number one and number two cow counties in the nation. I'm here today to introduce LB665, a bill designed to safeguard Nebraska's food supply and protect the state's livestock industry from foreign surveillance and tracking. This legislation will prevent the mandatory use of electronic identification devices manufactured by foreign adversaries as defined in U.S. code, which could compromise the security and privacy of Nebraska's agricultural data. These surveillance risk pose significant threats to national security, which this bill aims to address by prohibiting foreign made devices that could expose Nebraska's agricultural sector to such dangers. These concerns are not new to Nebraska. In 2023, the Nebraska Legislature passed LB683, which recognized the threat of communication equipment on cell phone towers manufactured by foreign adversaries to our national security. And in fact, that equipment is being removed as we speak. Last year, LB1370 was passed, recognizing the threat of components and or equipment manufactured by foreign adversaries being used on or near our electric infrastructure facilities, specifically those within ten miles of a sensitive military installation. I believe we're updating and cleaning up that bill yet to tighten that up this year. What we're talking about today are those same risks in relation to our livestock herds, which is indeed a matter of national security. This bill does not prohibit the use, the voluntary use, of EIDs manufactured in the United States or from trusted allies, as they do not-- those, those do not pose the same risks to our national security. Some opposition groups are likely to come up behind me and argue that there is uncertainty about the real risks of foreign surveillance or that the bill may restrict access to valuable technology. While there may be

debate about the extent of these risks, foreign manufactured devices do pose a risk of unauthorized surveillance, data manipulation, exploitation by adversary nations, cloning and virus threats that could compromise Nebraska's agricultural systems, and we cannot afford to ignore those vulnerabilities. There will be some testimony, expert testimony, following, following me that will go into more detail on exactly what those vulnerabilities look like. While some EIDs may be manufactured by the U.S. or its trusted allies, many critical components may still be sourced from foreign adversaries, parts such as microchips, antennas, and other integral components that could come from countries that are engaged in foreign surveillance efforts. This makes it difficult to guarantee that EIDs are fully secure and not vulnerable to exploitation or manipulation by foreign adversaries. You're likely to hear some opposition to this bill as written, that this bill as written will mean Nebraska producers are unable to be in compliance with federal guidelines for animal identification. And I forgot I had something for the page to pass out for me, if you will. I think these are all the same. And that is simply not true. I have provided, am providing you, with copies of 9 CFR 86.4, which addresses all allowed methods for animal identification for traceability under APHIS rules, which include the use of the EID tags, but also include, interestingly enough, registered brands, tattoos or other I.D. methods used by our breed associations for registration purposes. With that, I am-- I, I could go on, but I guess what I really want to emphasize here is sometimes we don't, we can, we can talk the talk, and we can, we can agree that, you know, Trump needs to go after TikTok and the communication devices on our cell phone towers are dangerous, and we pass legislation to support that on the federal level, on the state level, and this body supported that. But when-- sometimes people get, get a little nervous when it actually is going to impact their industry. That does not make it less serious. We are talking about food security, which in essence is national security. And the more I have looked into this issue and come to understand that, quite honestly, the more questions I have. What I don't think anyone can get up here today and say is that they have 100% certainty due to independent studies that there's nothing to worry about. I can guarantee you that cannot be said today. So with that, I am happy to answer any questions. Again, there is going to be some expert testimony behind me that I think will be able to answer even more.

IBACH: Thank you very much, Senator Storer. Are the questions from the committee? Senator Kauth.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Agriculture Committee February 11, 2025
Rough Draft

KAUTH: Thank you, Vice Chair. Senator Storer, so it says the bill seeks to prevent the state from mandating EIDs. Is there, is there a push to do that, to mandate those right now?

IBACH: Yeah. If you read further, mandating EIDs in essence made by foreign-- manufactured by foreign enti-- entities.

KAUTH: OK. So, so-- but there's currently a push to do that because it looks like I mean, there are several different ways you could--

STORER: Yes.

KAUTH: --identify them. Is there a push to make it the electronic?

STORER: Well, APHIS passed rules, I believe, last November that went into effect that the EID is, is the option that you do not-- states do not have to get sort of cooperative agreements. That is universal.

KAUTH: Got it. That's a federal thing. So if it, if it goes across state lines, that's fine.

STORER: Right. So what they were replacing was what we have used for years, which was a bangs tag. Those were a little metal clip that we put in, the vet would put them in, and they had a number on them, but they were just a physical, there was no electronic component to that. So the EID tags by APHIS were, were meant to replace the traditional metal clip bangs tags.

KAUTH: And you can you can re-- you can take a little gun and read off the tag, I'm guessing [INAUDIBLE].

STORER: Off the EID tag?

KAUTH: Of the, yeah, yeah.

STORER: Correct. So EID tags are all electronic. They operate on radio frequency technology. So sometimes they're referred to as an RFID tag.

KAUTH: Is there any other data that's put on them besides just the number?

STORER: Yeah. Producers will u-- producers have used them for years in their own business and oftentimes they're used for a program for source verification. Some people will use them just to manage data within their own herd. They, they can store a variety of things on

Transcript Prepared by Clerk of the Legislature Transcribers Office
Agriculture Committee February 11, 2025
Rough Draft

them, quite frankly. The, the number that's associated, they all have a number that is-- that cannot-- should not. You'll hear that it could be duplicated, however. So the tags under the APHIS rule have to be what's an-- called an 840 tag. Those have to be issued through USDA.

KAUTH: OK. Thank you.

STORER: You're welcome.

IBACH: Thank you, Senator Kauth. Senator Raybould.

RAYBOULD: Thank you, Senator Storer, for bringing this to our attention. I'm, I'm trying to get my head around some of the breaches in our food security that you have heard about or are citing that prompts us to take this type of action. So could you go over some of those actual cases that you've heard about where our food security has been compromised?

STORER: Yeah. Like I said, there is going to be some expert testimony following me. I think that can give even more detail to that. And, and it's what oftentimes we don't know until it's too late to know what we know. Right? And when we look at the, the knowledge that we've obtained over the last several years in terms of China's capabilities, when they're manufacturing the device and it's an electronic data collection device in this case, and radio frequency technology, they-- there's an opportunity to, to, I would say, hack, for lack of a better word, not only the device itself, but then they all have a reader that is, that is used to collect the data off of those devices. So again, when I, when I come to close if some of your questions haven't been answered, we'll circle back.

RAYBOULD: OK. Thank you.

STORER: You're welcome.

IBACH: Thank you, Senator. Any other questions? I just have one.

STORER: Mm hmm.

IBACH: So the 840 tags we use on our operation, USDA approved. There's also, like, there's several different EID manufacturers and companies out there, 982s, we use some of those. Does your bill mandate the use of the 840 tags?

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Agriculture Committee February 11, 2025
Rough Draft

STORER: No, it is not specifically mandating the use of any, any specific tag. What it's prohibiting is the use of any tag, regardless of manufacturer, that it has ma-- is being manufactured, or components are being manufactured, by foreign adversaries.

IBACH: OK. So I have another question.

STORER: So not advocating one specific, prohibiting the use of those manufactured by foreign adversaries.

IBACH: Even though it's a cost-effective thing for a lot of producers? I mean, we just had heard four hours of cost-effective testimony.

STORER: Yes, Senator Ibach, I don't, I don't think that there's a dollar figure that we put on our food security. I don't believe that we could-- I could not stand here in good faith and say, well, it's worth the savings of a couple bucks a tag, and we'll take the risk that China can surveil our, our, our herd, our livestock breeding herds.

IBACH: Well, and to your point, EID tags were created for disease traceability.

STORER: Mm-hmm.

IBACH: And so I'm not discounting the fact that we want to save food supply. I'm just saying there are other mechanisms that would allow producers to still be efficient--

STORER: Right.

IBACH: --without the extra cost involved. So. That's OK. Someone will answer that question. Thank you very much. Any other questions? Seeing none, first proponent. First proponent. Are there any proponents for LB665. OK, don't fight. Welcome.

ROLAND PADDOCK: I am Roland Paddock, R-o-l-a-n-d P-a-d-d-o-c-k. As I stated before I am a semi-retired rancher and the secretary treasurer for Independent Cattlemen of Nebraska. I would like to support Senator Storer's efforts here and I would reinforce some testimony that she gave. We probably wouldn't be talking about this if back in November, USDA did not mandate that all cattle crossing state lines have these EID tags. I contacted one of the largest tag makers and had a real nice conversation with him, and he says he does not know of a tag made it does not have foreign components in it. And he told me, and I

didn't write him down, but I know he said China. And he said-- [INAUDIBLE] too much. He said India, he said Malaysia for sure, and I think he also said Vietnam and Taiwan. But he did say there are not any tags made without foreign sourced EID ta-- or components, the chips and antennas. And they might come, those antennas and chips might come from two different countries. They just source them as where they can get them. So I would like to verify what she said there, that these tags now are there. If anything that 9/11 taught us is that we have foreign adversaries out there and they're meant to do harm to the United States. We don't know the capabilities of what's in these chips. You know, 40 years ago, we didn't be carrying these cell phones. We couldn't just say, Sirius, answer this. We don't know what the capabilities of these chips are that these foreign manufacturers make. Think Star Wars. They might be able to drive our cattle mad and make them jump over a cliff. The possibilities are endless as to what they could have and in these tags to thwart our industry. And the only thing I find wrong with this bill is that maybe it didn't go far enough. That, that, this, that needs to be Nebraska needs to have voluntary use of these EID tags like we had years ago. South Dakota and Wyoming both have in their state constitutions, they could see this coming when they had to locate 48 and stuff. They've got it that these will be voluntary use. I know people that use them and they get along fine with them and they use the information they get off of them in their, in their operations. The retaining part of them is one guy told me they're fine till about five years old and then they start falling off. And so how good are they for a long term deal?

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

RAYBOULD: Yes. Thank you, Mr. Paddock, for coming back and testifying on this bill. You know, in the Agriculture Committee, we do focus on certain bad players in the world like China, Russia, Iran, North Korea. And I'm sure I'm missing one really bad guy out there. But the point is, you know, we are very mindful of that, and those are the ones that we focus on that, that usually are not our allies, they are adversaries. And so some of the manufacturers you read off, Malaysia, Vietnam--

ROLAND PADDOCK: India.

RAYBOULD: --India, I mean, they're not our adversaries. And so we, we have extensive trade with all of those countries. And so, yes, I am concerned about the bad guys, the real bad guys that do things that

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Agriculture Committee February 11, 2025
Rough Draft

are not in our best interest or in our national security interest. So how can we craft this to really target those bad actors and then also focus on those incidents? I haven't heard any real life actual cases of where there's been some breach or unknown or reported incidents where some type of nefarious activity has occurred involving our herds.

ROLAND PADDOCK: I believe you're right.

RAYBOULD: OK.

ROLAND PADDOCK: This bill is proactive, forward looking, as fast as technology increases. This is just a proactive approach to protect what could happen.

RAYBOULD: And so in-- I'm going to just-- in other bills of a restrictive nature that the agriculture and the United States has put forward, they really just target those bad actors and maintain trade with those other good players that have not demonstrated ill intent. And so I'm hoping maybe that would be the right approach for this type of bill. But it seems like you want to lump in all foreign. Or am I misinterpreting the intent?

ROLAND PADDOCK: You know, you can have fifth party columns here in the United States even, manufactured probably here in the United States, and have somebody in that company nefariously do something wrong, too. In any of these other countries, maybe even easier than here. Like I say, this is a forward looking approach. And I just wanted to say that independent cattlemen are supporting Senator Storer in this and we think it's a good idea.

RAYBOULD: OK. Thank you very much.

ROLAND PADDOCK: Thank you. Any other questions? Senator Hansen?

HANSEN: Thank you. I think foreign adversary is defined in federal, yeah the federal government determines who a fe-- do you know if-- and somebody can answer this afterwards too? I know China is, I think, classified as a foreign adversary. Do you know if those are the ones that make it?

ROLAND PADDOCK: I, I do not know.

HANSEN: That's all right, somebody coming you can probably answer that. Thank you.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Agriculture Committee February 11, 2025
Rough Draft

ROLAND PADDOCK: And, and I should have written down when that tag guy told me, what all the countries were that they use, source them from, but I know there were at least six. What he said is we source from at least six different countries.

HANSEN: OK. Thank you.

IBACH: Thank you, Senator Hansen. Any other questions? Thank you very much. Sounds like you want to modernize the EID system.

ROLAND PADDOCK: Hmmm?

IBACH: It sounds like you want to modernize the EID system. That's just a comment.

ROLAND PADDOCK: I want it voluntary and not mandatory.

IBACH: Thank you. Next proponent. Do we have another proponent for LB665? Welcome.

AL DAVIS: Thank you, Senator Ibach, members of the Ag Committee. Al Davis again, A-l D-a-v-i-s. I'm the contract lobbyist for the Independent Cattlemen of Nebraska, ICON, which was founded in 2005. ICON is a grassroots organization made up largely of cow-calf, stocker, and feedlot operators located across the state, but concentrated in the Nebraska Sandhills. We want to thank Senator Storer for bringing LB665. Senator Storer is attempting to protect Nebraska operations, but also challenging the industries which supply the tools of our trade to have a made in America stamp of approval, not unlike ICON's desire to require mandatory country of origin labeling on beef products sold in grocery stores instead of the fictional product labeling we have today. In November 2024, the USDA adopted a new rule requiring all sexually intact cattle over 18 months of age, rodeo, exhibition, and dairy cattle moved inters-- interstate to wear an electronic identification device, or EID, which we oppose. ICON is conducting a grassroots effort opposing the requirement, and several Nebraska counties have signed resolutions opposing that rule. Nebraska is one of the top five states in cattle numbers, so actions taken in our state have national implications. To be perfectly clear, we support the use of voluntary EIDs for those who wish to take advantage of the benefits tracking can provide ranchers. Livestock which are source verified are eligible for premiums which can bring more money, so many operators will stand the additional expense of adoption. Others have different motivations and shouldn't be forced to

Transcript Prepared by Clerk of the Legislature Transcribers Office
Agriculture Committee February 11, 2025
Rough Draft

implement a rule which will not benefit them and may actually hurt them. This ruling is the first step in replacing the brand as the primary means of identifying livestock. RFIDs have their purpose, but they are far from foolproof. RFIDs can be easily removed either by the cow unintentionally rubbing against a post or by intent from cattle rustlers or by falling out due to age of the tag. Further, as Senator Storer highlighted in her statement of intent, there is a possibility that the information could fall into foreign hands via chips embedded in the tag, giving nefarious interests the opportunity to manipulate product pricing via the use of the futures market. This has happened multiple times when too much information is held in too few hands. The industry is already dominated by a very few big packers with enormous ability to sway prices by their actions. And while USDA claims that RFID is to facilitate tracing for disease control, the existing health papers and brand titles have been effective in disease management for over a century. The system works well, is robust and effective, and there's no need to further burden ranchers. If the USDA ruling does stand, it is inevitable that USDA will want to add calves and feeder cattle to the tagging requirement. This will reverse the tables on ranching families who implement a tagging program for profitability. Instead of getting a premium for a tagged animal, the premium will disappear and untagged animals will be discounted by the feeders. While this is not the intent of the ruling, it is inevitable and has happened in the past. Finally, the cost of the tags in-- installation and implementation are an additional unfunded mandate foisted on unwilling producers for no purpose except a campaign by tag producers to open a multimillion dollar revenue stream at the expense of hard pressed ranch families. Thank you, Senator Storer. Your bill sends a message to USDA about useless mandates and opens a window for producers in our state to ignore USDA's mandate until tag manufacturers can guarantee that their product is 100% American made. That looks like a win to us. Thank you.

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

KAUTH: So-- Thank you, Vice Chair Ibach. So you said until they can guarantee that they're American made, so once they're American made completely the chips and everything?

AL DAVIS: Well that, that's the way I read the bill.

KAUTH: Well, but, but, so you'd be OK with the mandatory if it's all--

Transcript Prepared by Clerk of the Legislature Transcribers Office
Agriculture Committee February 11, 2025
Rough Draft

AL DAVIS: No, I wouldn't.

KAUTH: OK.

AL DAVIS: I think need to-- I'd like to see the state of Nebraska stand up against the federal government on these, on these rules.

KAUTH: OK.

AL DAVIS: Right now. You know, because of the USDA ruling, that is the law. So we would be in violation if we did that.

KAUTH: Got it. OK. And so, so voluntary for, for participation versus--

AL DAVIS: I'm all for voluntary, you know, because that's a choice people make and people do it to--

KAUTH: Based on what's best for them.

AL DAVIS: --get further information about their livestock or, you know, for the some of the premium programs that are available out there. They require that.

KAUTH: Thank you very much.

AL DAVIS: Thank you.

IBACH: Thank you, Senator. Other questions from the committee? Seeing none, Thank you, Mr. Davis.

AL DAVIS: Thank you. Next proponent. Proponent. Welcome.

DAVID WRIGHT: Hello again. My name's Dave Wright, D-a-v-e W-r-i-g-h-t. God, I've been spelling that for years and I just-- Anyway. Anyway. I agree with the senator's concern about security in this. As I said earlier, I did eight years on the Nebraska Beef Council. I did six years in the Cattlemen's Beef Board. And I have seen how the Taiwan wife goes through the lines to buy U.S. beef. I've seen the Japanese wife do it. I've seen South Koreans do it. The US beef is valuable outside of these borders and that's what our checkoff does, pays for that. And I've seen it. So in Neligh, we have, we have what's called the Neligh Mills and that's mills right along the river, and they use make flour for the, for the tribes, and they also make Gold Bond flour. You've all heard of go Gold Bond Flour, right? It was made in

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Agriculture Committee February 11, 2025
Rough Draft

Neligh Nebraska? The mills from up north came down, and you know what they bought? The label. Well, them guys sold it thinking ha, we got the flour. But the flour's just flour. See, they had already created a name for themselves with Gold Bond Flour. Now Gold Bond Flour's everywhere, but it's-- the money doesn't come back to Neligh. So with that said, my problem becomes with security in those tags. I know that our beef is valuable all over the world. I know that. And if we cannot secure that information on those tags, you don't got to steal my cattle. All you got to do is take my information and then you can sell your-- then take that information and and not confiscate, but pirate, you know, beef with that name on it, with that information on it, and put it in the marketplace. It's not that-- once they've figured that out, it won't be that hard. So I don't know how secure these tags are. I would assume they'd be a little more secure if they're made with all American products. But still, this is an issue. I'm not-- all they've got to do is gain the information. I don't got to gain your actual cow. And then I can substitute your information for an imposter calf. Do you see what I mean? And we're good to go in a foreign market rather quickly.

IBACH: Thank you very much. Are there questions from the committee? Seeing none, thank you, Mr. Wright.

DAVID WRIGHT: Thank you.

IBACH: Next proponent. Welcome, Mr. Hansen.

JOHN HANSEN: Good afternoon again, members of the committee, Vice Chairman. For the record, my name is John Hansen, J-o-h-n, Hansen, H-a-n-s-e-n. I'm the president of Nebraska Farmers Union. So I'm giving you a handout, which is the Nebraska Farmers Union's policy on the National Animal I.D. Program. And so, as you can tell, our folks have spent a bunch of time thinking about this. The last 2, 6 and 7 are kind of the key. 6 says NEFU supports the use of voluntary electronic identification tags. 7, NEFU opposes the mandatory use of electronic identification tags in livestock of any age, whether imposed by USDA or the state of Nebraska. So our logic for support of this bill is to look at our policy, but to also look at this policy and some of its other broader implications relative to how it is that we have represented our policy in those areas. And so we were in support of LB683, LB1370. And so to our mind, were applying a lot of the same kind of rationale for national security interest to these particular devices as that we have already done to the building of communication towers and-or the buying of farmland. And so what we

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Agriculture Committee February 11, 2025
Rough Draft

know today about what the capabilities of the technology that can be embedded in different kinds of devices will be outdated before long. That's the one constant that we know is that the technology and the rate at which it moves is, is substantial. And so as, as you've probably been able to figure out if you haven't been told before, is that there's a fair amount of suspicion in the livestock industry about the use of, of information and data. And so this kind of falls into that category as well. And that is that if you look at our policy, there's a genuine concern across the board about who it is that owns who controls our data and what it is that they're able to do with it. And so this is, in our view, a proactive bill that simply says relative to animal ID tags, if there is risk there, why would we take it when we don't need to? And we don't need to take that risk, and so we thank Senator Storer for bringing this bill forward.

IBACH: Thank you very much, Mr. Hansen. Are there questions from the committee? Seeing none, thank you very much.

JOHN HANSEN: You bet. Thank you.

IBACH: Next proponent. Welcome.

CHRIS GENTRY: Thank you. Not about the [INAUDIBLE].

IBACH: Changing shirts?

CHRIS GENTRY: Yeah. Chairman DeKay and members of the Agriculture Committee, for the record, I am Chris, C-h-r-i-s, Gentry, G-e-n-t-r-y. I'm a cattle producer in Cherry County, and here to testify in support of LB665. I would like to bring to attention to the committee key evidence stating the state of Nebraska and its current brand laws fully support the USDA requirements for disease traceability, as stated in Part 86 of Title 9. Specifically in section 86.4 official identification. This section states what devices qualify for adequate traceability. In subsection (a)(1)(ii) it states, brands registered with a recognized brand inspection authority and accompanied by an official brand inspection certificate when agreed to by the receiving state or tribal animal health authorities. Current brand law statutes fully recognize that a physical hot and freezed brand trump any other proof of ownership and should stay that way. Legal certified brand inspection across the entire state is stronger evidence and proof of ownership than any electronic device, especially those that are made by our foreign adversaries. Thanks for your time.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Agriculture Committee February 11, 2025
Rough Draft

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

HANSEN: Thank you. I'm unfamiliar with the cost for these devices. So we then ban foreign adversaries from making them. Would you expect the cost to go up or would it make a big difference?

CHRIS GENTRY: I would-- Probably. It usually does.

HANSEN: And who pays for that?

CHRIS GENTRY: Well, whoever is buying the EID tag, on hopefully a voluntary basis, right?

HANSEN: Yeah. Voluntary basis.

CHRIS GENTRY: Yes. You're good, sir.

HANSEN: So may-- maybe, maybe the Trump tax cuts will help us, the tariffs, the tariffs--

IBACH: Tariffs.

HANSEN: --will help us now. American-made EID tags, so. Thank you.

IBACH: Thank you very much, Senator Hansen. Other questions from the committee? Seeing none, thank you very much.

CHRIS GENTRY: You're welcome.

IBACH: Other proponents. Are there any other proponents? If not, are there any opponents? Anyone opposing LB665.

IBACH: Welcome.

SCOTT REYNOLDS: How are you, Doctor-- Senator Ibach? Good afternoon, Chairman DeKay's not here, but-- and members of the Ag Committee. My name is, excuse me, Scott Reynolds, S-c-o-t-t R-e-y-n-o-l-d-s, and I serve as the chair elect of Nebraska Cattlemen Animal Health and Nutrition Committee. In addition to my leadership role with Nebraska cattlemen, I'm also a partner with Broken Bow Animal Hospital, where I've been practicing veterinary medicine for nearly 30 years. I've worked with producers on utilizing EID devices to advance the animal management practices for over a decade. I'm here on behalf of the Nebraska Cattlemen and the Nebraska State Dairy Association to oppose LB665. EIDs are the best way to conduct a trace in the face of a

Transcript Prepared by Clerk of the Legislature Transcribers Office
Agriculture Committee February 11, 2025
Rough Draft

foreign animal disease outbreak, as they will reduce the economic follow up-- fallout. Producers are also worried about risk protection against the spread of disease with the potential to decimate, and it will decimate, our industry. EIDs do not carry any information other than the animal ID number. I repeat, do not. No other information is stored on these tags, and we-- so we cannot risk producers' access to the most efficient form of animal disease traceability today. Further, LB665 is a way-- is directly contradicts the intent of the Animal Disease Control Act. If the purpose is to further the best interests of Nebraska's livestock industry and grow Nebraska agriculture, LB665 would be-- would do the exact opposite by limiting the producers' access to EIDs and therefore restrict their ability to protect their operations. Nebraska producers deserve the freedom to choose how you operate the business as they see fit, using products and vendors that they believe are best for their business' profitability. As of November 5th, 2024, the USDA finalized a disease traceability rule requiring producers to use EIDs for sexually intact 18 month and older animals moving interstate. Risking or outlawing the legality of EID use in Nebraska would also put our producers in noncompliance with the federal law. Just to be clear, federal law supersedes state law when moving cattle interstate. LB665 does not address the implementation or enforcement of the bill if it were to become a law. We do know that the cost to Nebraska taxpayers and producers if the state would have to hire people and create new processes in order to enforce LB665. If keeping Nebraska's producers' herd safe is the goal, risking access to EIDs is not the answer. LB665 is risking our animal health surveillance guidelines and indirectly, our state's beef industry. Thank you very much, Committee, for your time, and I'm open to many questions.

IBACH: Thank you very much. Questions, questions from the committee? I have-- I just have one. So tell us, with your experience as a veterinarian, tell us, how does it, does this process simplify how producers control and keep records with the EID system?

SCOTT REYNOLDS: When the animal disease traceability rule was put in place, even when the EIDs were made mandatory, EIDs must be visually able to be read and electronically be able to be read. But Senator, there was some implication, or I took it as an implication when, when Senator Store was introducing the bill. We all need to be-- understand 100% that these tags are 100% passive and it's just the number. Yes, we're reading those-- that 15 digit code 840003 and then nine more digits after that. That's going to a computer system, a scale head, an Allflex scale head, or com-- laptop or whatever. But I will challenge

Transcript Prepared by Clerk of the Legislature Transcribers Office
Agriculture Committee February 11, 2025
Rough Draft

that the accuracy of the use of the EIDs is making our animal disease traceability more accurate. Because in the past the bangs tag was, for example, 47VHH50213. I'm not saying I'm dyslexic, but it was pretty easy for me to transpose some numbers by the time I got over to that piece of paper and wrote it down. In the event that that animal had-- was needed for traceability purposes, and that number was wrong, woo, where do we go from here? So-- but I really want you guys to understand this. When Senator Storer implied that there's stuff stored on the tag, that is not true. They are 100% passive and it's only a 15 digit number. Also, there's been several testimo-- testifiers on regards to the manufacturing. This bill states that it's that foreign adversarial countries. Those six countries are China, Cuba, Russia, North Korea and--

RAYBOULD: Iran.

SCOTT REYNOLDS: Iran. And there's one more. But you understand the concept. We, we have been in contact with some of the manufacturers of the tags. And it, to our surprise, we-- when we met with Senator Storer a week and a half weeks ago, we were assuming some of the components were made in China too. I'll, I'll be 100% factual with you. That is not the case. When talking with these companies, they're already being made in friendly countries that, as somebody said, we trade beef with on a daily basis also, which we want to keep that obviously. These companies were way ahead of us knowing that we don't want to make any of these components for an EID in a foreign adversarial country. So they've already moved beyond that. So the chips or whatever are not made in China. And I'll-- I'm guilty. I thought it-- I thought the answer was probably going to be some components are made in China and that's not the case.

IBACH: So as far as disease traceability and, and food safety, you think the EID tags still are a very secure method--

SCOTT REYNOLDS: I do.

IBACH: --of ensuring our food safety?

SCOTT REYNOLDS: Yeah. And, and speed of commerce, I was concerned, Senator Ibach, when we had to start using them at the sale barn to ID cows that did not contain a bangs tag in their ear, so it's-- we're only putting those in the cows that are missing a bangs tag, traditional bangs tag. And I thought it would probably slow us down just because I'm 56 years old and don't like technology. But, but bear

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Agriculture Committee February 11, 2025
Rough Draft

with me here. It actually sped us up and I'll guarantee our accuracy is better.

IBACH: How many EID tags do you go through?

SCOTT REYNOLDS: Well, we-- right now we're, we're going through, we're, we're putting them in in all the bangs vaccinated heifers, but those are the orange ones. But we can also put them in, we got white ones and, and the state supplied these tags to our producers so they can comply with the national program. So it's not costing that producers any more money. In fact, if this bill goes through, I'm in fear that the USDA APHIS is going to say, you can't get any more tags, you're gotta go buy your tags from some other source, which obviously adds cost to our producers and to our state.

SCOTT REYNOLDS: Very good. Any other questions from the committee? Come on, Dan, you got a question, don't you?

McKEON: Jared's gonna ask it.

SCOTT REYNOLDS: OK. All right.

IBACH: Oh, sorry, Senator Storm

STORM: Thank you. Couple questions, the last adversary's Venezuela.

SCOTT REYNOLDS: Thank you.

STORM: So, and, so, how many different types of, and maybe this has been asked, but is there different brands of, lack of a better word, sorry about that, different companies that make ear tags? Or not-- EIDs?

SCOTT REYNOLDS: The, the two companies-- in order to supply it for the ma-- the program that's, that was implemented on November 5th, 2024, they had to submit a bid to USDA APHIS and get approved for that program. They've already agreed to sign off-- when they sign a contract to bid to supply tags to this program, they've already agreed that they're not purch-- that none of the components of that tag are made in a foreign adversarial country. So that's already being covered for us. But there's basically two, as of today, Datamars and Allflex to be the two companies. But not saying there won't be more down the road. We as an, we as an industry, we as a state are all open for free commerce. But as of today, those-- that's the two companies that are-- have agreed to bid on them today.

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Agriculture Committee February 11, 2025
Rough Draft

STORM: Those are two U.S. companies that--

SCOTT REYNOLDS: Well--

STORM: They're outsourcing their parts?

SCOTT REYNOLDS: Allflex is actually owned by Merck Animal Health, which is a worldwide company. Datamars is worl-- is in other countries also. But we have visited with both of them. And I'm not going to-- I don't want to speak for them. If you want to find out where their components all come from, I'd be glad to share that with you, but I'd rather not do that on record.

STORM: Do they manufacture them overseas? Did they tell, tell you that ?

SCOTT REYNOLDS: Most of them are-- s-- I, I, I can't answer that because they-- Merck's, I know, are put together here in the United States, Allflex, I mean, are put together mostly here in the United States. But I would rather-- they, they shared some confidential information with us that I'd rather not share. I cou-- I'll give you the information that so you can contact them yourself.

STORM: Yeah. Well, I'm just curious about it. And, you know, just --do you, do you view China as a threat to our beef industry?

SCOTT REYNOLDS: Yes.

SCOTT REYNOLDS: OK. I'm just curious.

IBACH: Thank you, Senator Storm, but they're great purchasers of--

SCOTT REYNOLDS: They're, they're a great purchaser, too, but sometimes it's a statement is if you can't trust me [INAUDIBLE], throw them also.

IBACH: Thank you very much. Other questions? If not, thank you very much.

SCOTT REYNOLDS: Thank you, Senator Ibach. Thank you, committee. Appreciate it.

IBACH: Any other opponents? Anybody opposing LB665. Welcome.

JEREMY YOUNG: Thank you, Vice Chair. And thank you to the members of the Agriculture Committee to listen to this testimony. My name is Dr.

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Agriculture Committee February 11, 2025
Rough Draft

Jeremy Young, J-e-r-e-m-y Y-o-u-n-g. I'm a practicing veterinarian from Elgin, Nebraska, and have clinics in Albion and Elgin. I'm here today representing the Nebraska Veterinary Medical Association. We're testifying in opposition to LB665, simply out of a concern for, for us as veterinarians, our ability to comply with federal requirements that have been talked about quite a bit today under, under the animal ID rule. If this were to be enacted in Nebraska, it, it, it could prove problematic. Our organization's been in contact with Senator Storer about our concerns. She's indicated a willingness to work with us to attempt to alleviate our concerns. So we, we do greatly appreciate her willingness to talk to us. So that these concerns are on record, we just want to share, share these points with the committee, many of which have already been made. So accredited veterinarians across the country, including Nebraska, are tasked with reading or applying official identification in cattle for, for things like bangs vaccination, and then official ID that needs to be recorded for certain classes, sex, and age of cattle on, on certain certificates of veterinary inspection for interstate travel. As of November 5th of 2024, of course, that federal ruling went into effect mandating that these RFID or EID tags are this official identification, and that just discontinues the previous use of the orange bangs metal clips or the the silver brite tags, metal clips that we, we used to use for, for this purpose. So the concern from our organization is that if L665 is passed into law and broadly applied, there could be no EID tags that comply with Nebraska state law or in many cases, we might not know if the tag in our hand does or doesn't. In that case, veterinarians will be either in violation of the federal law for not putting that tag in or, or with state law, which would prohibit the application of the EID manufactured by an entity with even indirect ties to countries defined as foreign adversaries if this were the case now or would be in the future. We don't want to find ourselves stuck between these two unworkable options. Hope the concerns about data security can be addressed without passing this potentially conflicting law. So with that, I'd thank you for your time and be happy to answer any questions.

IBACH: Thank you very much, Doctor. Any questions from the committee? Seeing none, thank you very much.

JEREMY YOUNG: Thank you.

IBACH: Other opponents. Anybody opposing this bill. If not, is there anyone in the neutral on LB665? Welcome.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Agriculture Committee February 11, 2025
Rough Draft

ALLEN GEIST: Thank you and good evening. My name is Allen Geist, A-l-l-e-n G-e-i-s-t. I want to thank you for allowing me to talk about RFID vulnerabilities. Quick background on me. I'm a retired Air Force-- I retired from the Air Force as a colonel after 25 years of service. I flew B-1s for the Air Force and F-18s and F-16s for the Navy during my exchange tour, where I also graduated from Topgun. My command tour work was at Naval Air Station Whidbey Island, where I commanded the 390th Electronic Combat Squadron, which flew the nation's only tactical radar jamming aircraft, the EA-18G, in conjunction with the Navy. The platform's mission is to jam and deny enemy radar systems from seeing friendly aircraft. I've been an electronic warfare officer my entire time in the military. And it is with this experience that I'm here today speaking as a subject matter expert and citizen of Nebraska. With respect to RFID, the vulnerabilities have been well documented. Just for some background for the committee and basics of RF, understand these tags and readers operate at either a lower or higher frequency. When we talk about frequency, there are some basic principles. Lower frequency allows for longer range, but you cannot push as much data in the lower frequency signals. Higher frequencies operate at shorter range, but you can put much more data into those signals. Again, the RFID vulnerabilities are well documented. These signals can be easily manipulated if the supply chain has been manipulated or manufactured by a nefarious actor. They could easily inject a virus into the readers of these chips that could then be transmitted to the system of the user, at which point they could have access to the data and manipulate it or shut down the respective system. Also, because the signal is transmitted through the air, people with information on the signal parameters in its encryption can intercept it and read any data that's being exchanged. This is known as eavesdropping. They could also spoof or create a fraudulent signal that could mimic the true signal, thereby providing the user data or information a bad actor-- that a bad actor would want the user to see or use. Cloning is when the attacker copies the information through a legitimate tag onto a counterfeit tag. If anyone has information on these tags, they can easily scan to interrogate the tags purely-- just to read the information provided by the tags. This could easily be done anywhere, anytime, assuming they have access to scan these tags. These are some of the vulnerabilities with RFID, but history has proven that adversaries always look for innovative ways to squeeze every advantage they can. And technology has provided a fertile ground for asymmetric competition between nations. Thank you, and I'll take any questions I may be able to answer.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Agriculture Committee February 11, 2025
Rough Draft

IBACH: Thank you very much and thank you for your service. Do we have questions from the Committee? Senator Hansen.

HANSEN: Thank you. Being the subject matter expert, how close would you have to be to read one of these tags?

ALLEN GEIST: So again, depends on atmospheric, but my understanding is anywhere from 10 to 30 feet.

HANSEN: OK. And-- I think I answered my second question. OK. That's mainly what I needed. I'm just, I'm trying to figure out how, how it would work. So we do have a nefarious agent who's like, OK, we manipulate these tags and not so much what they do with the information, but how they would garner the information. But they would have to be within 10 to 30 feet to read the information that's on there.

ALLEN GEIST: Or if they could inject code from a tag in this case into the reader. Then the user would take the reader and put the data into the system, at which point--

HANSEN: That would make more sense. OK. All right. Thanks.

IBACH: Thank you, Senator Hansen. Senator--

STORM: Thank you. So you said this is low frequency? These tags are--

ALLEN GEIST: My understanding. I'm not expert on the tags themselves, but my understanding is--

STORM: You said low frequency goes farther?

ALLEN GEIST: Yes. But you can-- can't put as much data into a low frequency signal.

STORM: OK. And this only has a 15 digit code, you're saying, on these. Is that right?

ALLEN GEIST: I don't have any answer to that.

STORM: OK. I guess that's what people testifying to is a 15 digit code. But you're saying it's potential to put other information on there that we, we could really tell what was on there?

ALLEN GEIST: Yes, sir, I mean, these are-- vulnerabilities are generic and organic to all RFID systems.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Agriculture Committee February 11, 2025
Rough Draft

STORM: OK. Thank you.

IBACH: Thank you. Any other questions? I just have one. Do you think USDA would approve a mechanism that would be harmful to an industry?

ALLEN GEIST: Ma'am, I'm not prepared to answer that.

IBACH: OK. Thank you. With the wheels. Thank you very much. Any other neutral testimony? Anybody else in the neutral? Not? Oh, we got one. Welcome, Mr. Rieker.

BRUCE RIEKER: Thank you.

IBACH: Welcome.

BRUCE RIEKER: Thank you. I don't even want to try and follow that. Vice Chair Ibach, members of the committee, my name is Bruce Rieker, B-r-u-c-e R-i-e-k-e-r. I'm here on behalf of Farm Bureau testifying in a neutral position. We definitely support the intent of what Senator Storer is trying to do. I personally was not able to pull together all the resources that I would have liked to pull together for her to help with this before the hearing. And we are hopeful that we take a deep dive into this, not only during the session and get what we can done, but also take a deeper dive into this in the interim. A little bit of experience. The threats to agriculture are real. Nebraska has the third largest ag complex in the country. We are the beef state. There's a lot of data being collected. Most of my work has been on the policy side in the last four years on machine data, but there's also livestock data. And when you take this information and enter it into artificial intelligence and things like that, that's when it gets much more complicated and concerning. To give you an idea-- And what-- another thing that our board told me to, to make sure I say is that, and I've-- you've talked about it a little bit, it's the wands and how we save the data, things like that. Senator Raybould, I think, I can't remember exactly what your question was, but something about are these things really happening? And the answer is yes. I have worked extensively with the FBI, Homeland Security, several Department of Defense contractors, and other people in this space to figure out how we develop policy that protects the data associated with agriculture. Most of the things going on in agriculture right now with regard to the data, and it isn't just those six nefarious actors, but several other entities as well, is when we sign contracts to, to use certain inputs. But I will use China in this case. They own Syngenta. And Merck is another. They're not a nefarious actor or at least not owned

Transcript Prepared by Clerk of the Legislature Transcribers Office
Agriculture Committee February 11, 2025
Rough Draft

by a nefarious actor, but they have data where they put this into artificial intelligence and then they take all that data and figure out how to do predatory pricing, or preferred pricing, depending on who they want to farm their land or farm land or else raise certain livestock, things like that. So we are taking a deep dive into the impacts of artificial intelligence in this space as well. I am not the expert, but I have met incredibly intelligent people with Homeland Security, the FBI, and I know my red lights on, but I will also tell you, It, it-- Nebraska sits in a wonderful position to lead the nation in policy about protecting ag data, and I appreciate what Senator Jacobson introduced in LB525, but we have Offutt Air Force Base, we have all the defense contractors, the National Security Administration, and we have an entity called NCITE. I know that-- sorry, I'm taking too long here. It's on the UNO campus. It's called the National Counterterrorism Innovation, Technology and Education Center. They were some of the key players in identifying ISIS after 9/11. Those are the people that I sit in a room with and talk about what policy should be put into place to guard against nefarious, both domestic as well as foreign, nefarious actors taking our data and using it against us. So.

IBACH: Thank you very much. Are there questions? Senator Hansen.

HANSEN: I'm being, I'm being a little cheeky here, but--

BRUCE RIEKER: What's that?

HANSEN: I'm going to be a little cheeky here, but this would be a good amendment to a right to repair bill probably, wouldn't it?

BRUCE RIEKER: That's where I got all my experience. OK. I wrote part of the, the-- I spent six months out of a year writing the policy for the things that we've been negotiating at the federal level on right to repair, as well as data, data security.

HANSEN: This is similar to what we're talking here, like, it's, it's security issues, not how--

BRUCE RIEKER: These are data security issues.

HANSEN: --what about livestock as opposed to, now, machines--

BRUCE RIEKER: Yeah.

HANSEN: --and how they all line together, so.

BRUCE RIEKER: Yeah. And just anecdotally, I'll tell you, my, my favorite advice that I got, I was pointed in the direction of talking to the two gentlemen that proved a Jeep, that they could hack their Jeep Cherokee while it was out on the tarmac. And so I was asking this guy, it's like, where do I start with policy in this space? And he said, you know, you need to start with people you trust. I'm like, OK, since I'm a neophyte here, who do I trust? And he said, nobody. And he wasn't joking. And so I've learned a lot about zero trust architecture, about how you set up systems to protect the data. This is something that's incredibly important. And I hope that the Legislature in mass takes this on to, to be something that we are working on much more in depth throughout the, the future because it's our number one industry. And if-- I'll give you an idea about machine data. I'm not trying to indict any company or thing, anything like that. But John Deere collects data on 300 million acres of farm ground in this country out of 275,000 machines. And it's hundreds of lines of data about how the machine operates, what goes through it, whether it's seed, chemical, whatever it may be. The combines, when they're harvesting, they are collecting and putting all that data in the cloud. But all of that information, the end user agreements say that our producers own it. But in all intents and purposes, the end user agreement also says John Deere or Bear [PHONETIC] or whomever is collecting that has the right to use it however they want. So, yeah, this has been the most fascinating intellectual journey I've taken. But it's a huge issue.

IBACH: Thank you very much. Senator Raybould.

RAYBOULD: Thank you, Mr. Rieker, for your testimony. I did want to clarify something. My, my specific question was on the specific elements of the EIDs and cases of those type of activities that we know do occur. But I was talking about that specific device and any evidence that could be presented on that. So that's, you know, thinking of going further into, into the conversation. I do appreciate it.

BRUCE RIEKER: I appreciate that, and I couldn't answer the-- your question.

IBACH: Thank you, Senator. Other ques-- Senator Storm.

STORM: I've got one last question, I'm-- everybody wants to get out of here. So does China have a beef industry? Do they have feedlots? Do they have-- I'm just curious. I don't know.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Agriculture Committee February 11, 2025
Rough Draft

BRUCE RIEKER: Yes, but not nearly to the magnitude that we have.

STORM: OK. They're more pork?

BRUCE RIEKER: Yeah.

STORM: OK.

BRUCE RIEKER: Yeah.

STORM: But they're not going to be-- OK, just curious. That's all I have.

IBACH: More people than beef.

BRUCE RIEKER: Right.

IBACH: More people than cows.

BRUCE RIEKER: Yep.

IBACH: Right. Any other questions? If not, thank you very much.

BRUCE RIEKER: You're welcome. Thank you.

IBACH: Any other neutral testimony? If not, we will invite Senator Storer back up. And while she comes up, we have 15 proponents, 2 opponents, and 1 neutral. Senator Storer.

STORER: Thank you. You guys are starting to feel like Judiciary Committee now.

IBACH: No, we're not.

STORER: Well, I have been taking some notes as, as we listen to the conversation, and it's always encouraging to see how good communication can often flesh out good questions, which ends up with good information. At the end of the day. I want to, I want to bring us back full circle, because we heard a lot of testimony up here, particularly that which was in opposition. You know, there's an old, and I'm not saying this was intentional, but the old saying, sort of baffle and bedazzle, right? And get everybody confused. I just want to come back to what this bill is and what this bill is not. This is not an anti EID-- EIDs good, EIDs bad. That is not what this bill is. This is, this is a bill that is very specific, and it is prohibiting the use of EID tags, R--manufactured with RFID technology that are

Transcript Prepared by Clerk of the Legislature Transcribers Office
Agriculture Committee February 11, 2025
Rough Draft

manufactured part in-- in whole or in part by a foreign adversary as defined by US code, and we've all established who those countries are. This is not a bill to go back and debate the APHIS rule, if it's good or if it's bad. And there was some confusion there. So I just want to be sure that we're all on point. There was testimony in most of that that was in opposition was in regards to the concern that this would put us out of, out of compliance with the APHIS rule. Much of that same testimony, however, assured us that there were no EIDs being manufactured by foreign adversaries. So as I sat and listened, I was scratching my head. What really is the concern with this bill? If there is confidence today that we are not using products manufactured by foreign adversaries, then there should be zero opposition to my bill. In addition to that, I do want to clarify that, that in the event, if some crazy scenario that we discovered that, gosh, we're going to have trouble getting tags to comply with our APHIS rule because we find out down the road that they are being manufactured all or in part by a foreign adversary, as I provided you, there are backup plans for compliance. The EID tags are one method provided by USDA and there are four others on that sheet that I gave you that would allow Nebraska to remain in compliance with USDA rules. So noncompliance is not a concern. So back to that point, if they aren't made in China, what are we even here to oppose, if there, if there is no concern about that? If there is concern about tags being manufactured in China, and, and to address, Senator Raybould, some of your questions, you know, this is a matter of being proactive, not reactive, because we are indeed talking about our food supply. This is not something that if we're aware, and we are, you heard expert testimony here from Mr. Geist who, who, by the way, is employed at, and I never get the acronym for it right, NCITE, of which Mr. Rieker from Farm Bureau referred to. That is, that is where Al does his work. So we clearly acknowledge the dangers of TikTok, and they were getting away with what they were doing for a while before we recognized some of the dangers. We've now taken some strong measures to rein that in because we see what it's done for-- to our, to our country and the social engineering going on. I'm not willing to wait, all due respect, for a major event where our data is hijacked in all of the variety of ways. And just to review a few that Mr. Geist went over, that when you really start to process, what can be done with some of that data, interrupting it, spoofing it, otherwise mimicking that. So, so we're currently using EID tags through USDA, people that can use them in their own herds for, for source verification, to, to garner a premium for their product. USDA says they're very valuable to us for disease traceability. If they're, if they're valuable to USDA, they have

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Rough Draft

value. Right? That even if it is that number, just a number, I think I heard it said just a number. What kind of, what kind of power would there be in a foreign adversary having just a number of breeding livestock in our herd? And any of you in the finance world can just let your mind think for a minute about the power in manipulating markets. There's a reason that USDA, when they release the market reports, they lock everybody in a room and make them leave their cell phones outside until that report is released for a period of time, because there's power in numbers in terms of market manipulation. And so even if that was it, even if that was the only risk, I want you to contemplate that and how quickly an industry could be broke. Cloning. There was some talk about how viruses could be inserted into readers as well. What we didn't go into a lot is the potential of the virus, the information being, being accessed once it's in a USDA database. That really wasn't talked about. The other thing we haven't talked about today is the fact that these tags aren't magically activated once they're in an animal. There's a potential that they can be, they can somehow be manipulated even without being activated and in use in an-- in livestock animals. These are, these are USDA recorded numbers. So, again, just to wrap that all up in a, in a nice, pretty bow. This bill is not pro EID, anti EID. This bill is prohibiting the use of electronic identification tags made by foreign adversaries. As we've acknowledged those, those risks in other segments of the United States in industry and commerce. This is no different. With that, I think I've kind of covered everything in terms of some of the questions that I heard come up and, and some of the confusion in, in some testimony and some concern that, you know, there, there's legitimately some confusion what this does and what this doesn't do. So, again, this is not banning the use of EIDs. And I'll say it one more time, this is banning the use of EIDs manufactured by foreign adversaries. And, and in that event, there are backups for any sort of compliance that we would be concerned about with USDA. So with that, I'm happy to answer any questions. It's getting late in the day. I don't know how much snow is outside.

IBACH: Thank you, Senator. Any questions from the committee? Seeing none, thank you. That closes our hearing on LB665.