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Transcriber's Office

Agriculture Committee
February 09, 2016

[LB945 CONFIRMATION]

The Committee on Agriculture met at 1:30 p.m. on Tuesday, February 9, 2016, in Room 2102 of the State Capitol, Lincoln, Nebraska, for the purpose of conducting a public hearing on LB945 and gubernatorial appointments. Senators present: Jerry Johnson, Chairperson; Mark Kolterman, Vice Chairperson; Dave Bloomfield; Ernie Chambers; Burke Harr; Tyson Larson; Merv Riepe; and Ken Schilz. Senators absent: None.

SENATOR JOHNSON: It's just a little after 1:30. And if you've been around this morning, we're doing a different schedule today so we possibly have others that are still in some hearings or something based on our changes because of the weather last year (sic). But we need two more to have a quorum. We need to start the hearing with a quorum and we need two more senators to be here. But most of you have probably been in the room before or been in a hearing before. We ask turn off your cell phones or turn to vibrate. We don't want any exhibitions of support or contrary, and I don't think we'll have that today but that's for the record. And if you're going to testify, to bring up a green sheet with you. If you have handouts, have ample handouts and I believe that's 12 for the committee and staff. And we'll go with that. We won't use the lights today but ask that the testimony be in the neighborhood of five minutes. And I don't think we'll see any issues there. And we do have three senators here at this point and we'll hold just a little bit. Hopefully, we'll get two more and then we'll hopefully move forward so. We know Senator Harr is introducing a bill in another committee so now Senator Schilz is here we have...we need one more. Now we'll have a quorum so we will officially begin the hearing as soon as Senator Bloomfield...appreciate you coming in, Senator. It's been kind of a mixed up day so we'll go from there. And as soon as he is seated, I'll ask Senator Bloomfield to introduce himself and his district.

SENATOR BLOOMFIELD: Senator Dave Bloomfield, District 17, made up of Wayne, Thurston, and Dakota Counties.

SENATOR RIEPE: I'm Merv Riepe. I represent District 12 which is Millard, Ralston in Douglas County.

SENATOR JOHNSON: Okay. And Senator Harr will be here shortly. Senator Kolterman.

SENATOR KOLTERMAN: Senator Mark Kolterman from 24th District: Seward, York, and Polk Counties.

SENATOR SCHILZ: Ken Schilz, District 47, Ogallala.

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SENATOR JOHNSON: My name is Jerry Johnson, District 23, Saunders, Butler, and most of Colfax County and I'm Chair of the Ag Committee. Welcome to the committee. Our agenda, we'll follow that as it was posted. We have two reappointments to the State Fair Board, and we'll have Senator Hansen's LB945. And I believe we'll have ample time, we'll go into an Executive Session after that. With that, we'll open up the first confirmation hearing on the schedule, Chris Kircher. To my left is Christina Estrada. She's our clerk for the committee and Rick Leonard is to my right. So, Chris, begin your testimony. Tell us a little bit what your experience has been and what you want to accomplish in your next reappointment.

CHRISTOPHER KIRCHER: (Exhibit 1) Okay. Christopher Kircher from Omaha, Nebraska. Do you need me to spell it? I can't remember in this... [CONFIRMATION]

SENATOR JOHNSON: Yeah, spell it, please. Thank you. [CONFIRMATION]

CHRISTOPHER KIRCHER: C-h-r-i-s-t-o-p-h-e-r K-i-r-c-h-e-r. Let me just say thank you for having me, Mr. Chairman and committee members. I really appreciate the opportunity to talk with you. The last term that I served was a real learning experience for me. And the thing is, I've just really come to appreciate how great an event this is for the state and for folks who come in to visit the state. I really believe it's one of, sort of the most unique educational opportunities. In addition to being an entertaining venue, it's one of the most unique educational opportunities that folks have and it reaches quite a few people. My district in Omaha is probably...there are probably fewer farms and ranches, but it has...it's a...the fair has something for everyone. And you can't help but walk away from it without learning something about our largest industry, agriculture, and likely something as well about the state, and meet a lot of people. I think the fair has gotten more successful each year. Each year that I've been on the board during my first term I saw it progress in numbers, which largely are influenced by the weather each year, really tended to increase each year. I don't know specifically if year over year...there was one year when we had some pretty bad weather, but attendance has been very good. It does a great job of reaching so many people in the state, and we just want to keep making the fair better. I bring a little bit different perspective to the fair because I wasn't raised on a farm, although my sister and mom and brothers had horses so I've been around farms. My grandparents lived on a farm from Ohio originally so I know a little bit, just enough to be dangerous I guess about farming and ranching. But we're also in a district in Omaha where I think that since the fair has moved west there's an opportunity to bring more people from the east part of the state out to the fair and get to see what great facilities we have out there and what a wonderful event it is. My background is in marketing and public relations so I think I can continue to help increase the number of folks from the eastern part of the state coming out to the central part of the state to participate and just enjoy the fair. [CONFIRMATION]

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SENATOR JOHNSON: Thank you. [CONFIRMATION]

CHRISTOPHER KIRCHER: Thank you. [CONFIRMATION]

SENATOR JOHNSON: Committee, anybody have any questions? Dave, Senator Bloomfield.
[CONFIRMATION]

SENATOR BLOOMFIELD: Thank you. I do have a question or two and I've been out at the fair pretty regularly since it moved to Grand Island. One of the things I want to compliment you on is your veterans program out there, the parade that you put on and everything. [CONFIRMATION]

CHRISTOPHER KIRCHER: Thank you. [CONFIRMATION]

SENATOR BLOOMFIELD: But I do have a question in that I think it was two years ago you gave the city of Grand Island \$100,000. Where did that go and why did the city...why did the Fair Board feel it was necessary to give Grand Island that money? [CONFIRMATION]

CHRISTOPHER KIRCHER: We've actually...the commitment to Grand Island when the fair was moved was to be supportive of the community. When the fair first moved, and this predates my time with the board, so I just know in general kind of where this stems from. I know that the move six years ago was one where there were a lot of question marks I think, both from the fair standpoint and from the community standpoint. While they saw it was a great opportunity and certainly had been nothing but partners ever since we've moved, there were some concerns about, you know, can we do this, will it be successful, what does it mean for the community. So as I understand it, there was a commitment made at that time to be supportive of the community, particularly on behalf of the volunteers because we're talking about 900-plus or so a year that volunteer in the fair and most of those come from Grand Island. And we simply couldn't do the fair without them. So there was a commitment made back at about that time to be supportive each year of the community. And the money you're talking about was part of that commitment. As far as where the money went, I know that a portion of it went to the construction of a, I think it was a softball or baseball field. And I think Joseph McDermott who is coming up here can probably give you more of a history on that. But really that's all that it was about. It was about making sure that we were being good partners with the community and giving back to the community, and that's really what that was about. [CONFIRMATION]

SENATOR BLOOMFIELD: Thank you. [CONFIRMATION]

CHRISTOPHER KIRCHER: You bet. [CONFIRMATION]

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SENATOR JOHNSON: Thank you. Senator Riepe. [CONFIRMATION]

SENATOR RIEPE: Thank you, Senator Johnson. Can you give me some idea, maybe three things that you would either change or you'd like to see initiated with the State Fair going forward. I think it's a constant process. [CONFIRMATION]

CHRISTOPHER KIRCHER: Yeah. I think there are a couple of things, and I think we've started some of these already. Last year for the first time we were able to throw...bring in some talent from a concert standpoint that was something we hadn't tried before. And part of the challenge is you have to have a venue capable of holding the number of people you need to do one of these concerts. And because the venue out there isn't big enough, it's harder to bring on top acts regardless of what genre it is because they require a certain amount of attendance in order to come perform. So we tried something new last year with the Keith Urban concert, and it was a phenomenal success in terms of I think critically, but also in bringing people to the fair. We think there's a real opportunity to expand off of that, try different genres of music, bring in different groups of people, looking for talent. So I think that's an area where you see a lot of state fairs that are ahead of us, but it also helps your numbers, you know, year over year. So that's an area I think from a marketing opportunity. I also think having an eye toward diversity and looking for opportunities maybe to bring folks to the fair who had not been before to celebrate whatever their ethnicity or diversity is. There's an opportunity to look at that better. And I would say that the third thing we can do is I think the fair has done a good job growing centrally, but I think there's still a lot of room for growth reaching out to folks on both ends of the state. I think the Omaha and Lincoln numbers have gone down a little bit in terms of participation since the fair moved to the center of the state. But there's some opportunities to reengage some of those folks or bring some new folks in as well. I think we can do that through outreach, through marketing, and through public relations. [CONFIRMATION]

SENATOR RIEPE: We're always talking about competing with the Big Ten. Do we have a butter cow or not? [CONFIRMATION]

CHRISTOPHER KIRCHER: It's a popular one at Iowa, isn't it? [CONFIRMATION]

SENATOR RIEPE: (Inaudible). [CONFIRMATION]

CHRISTOPHER KIRCHER: We don't...to my knowledge, we don't have a butter cow. [CONFIRMATION]

SENATOR RIEPE: Oh, okay. [CONFIRMATION]

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CHRISTOPHER KIRCHER: I suppose it's something we could look at. That's a little bit outside of my wheelhouse, but I'll certainly run it up the ladder. [CONFIRMATION]

SENATOR RIEPE: Thank you. [CONFIRMATION]

SENATOR JOHNSON: Thank you. Any other questions from the committee for Mr. Kircher? Senator Chambers. [CONFIRMATION]

SENATOR CHAMBERS: In lieu of a butter cow, you could have buttered toast, couldn't you? (Laughter) [CONFIRMATION]

CHRISTOPHER KIRCHER: That's right. That's right. [CONFIRMATION]

SENATOR JOHNSON: Any other questions? Thank you, Mr. Kircher. [CONFIRMATION]

CHRISTOPHER KIRCHER: Thank you very much. [CONFIRMATION]

SENATOR JOHNSON: Proponents for this appointment. Welcome, Mr. McDermott. Please state your name and spell it, please. [CONFIRMATION]

JOSEPH McDERMOTT: Name is Joseph McDermott, that's J-o-s-e-p-h M-c-D-e-r-m-o-t-t. I'm the executive director of the Nebraska State Fair. Senator Johnson, members of the committee, I'm here to testify in support of Chris Kircher. Chris is the current vice chair of the committee and chair of our PR committee. He's a marketing professional. And as he mentioned, we're really starting to focus on bringing more people from eastern Nebraska, specifically Lincoln and Omaha. When the fair was in Lincoln, approximately 55 percent of our attendance came from Lincoln and Omaha, the majority of that from Lincoln. And right now I think we're probably around 18 percent. So we have a ways to go and we do have a lot of loyal followers in Lincoln and Omaha. So being the marketing professional that he is, he can help us with that. And Chris mentioned the fact that we are starting to bring in bigger names. We think that will help draw some people from Lincoln and Omaha. We're also focusing on partnerships in eastern Nebraska. As a matter of fact, we just announced a partnership with the Omaha Children's Museum. And we think that's going to be a fabulous partnership for not only the Nebraska State Fair but also the Children's Museum, and there's going to be some cross-promotion between the two entities. Chris has also been involved in trying to identify ways that we can get corporations involved in the Nebraska State Fair, and one of those ways is through offering a corporate gate ticket. So his ability to identify better ways to market, better ways to reach people in Lincoln and Omaha so

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far has been a tremendous benefit. So again, I'm here testifying in support of Chris Kircher.
[CONFIRMATION]

SENATOR JOHNSON: Any questions of Mr. McDermott? Senator Bloomfield.
[CONFIRMATION]

SENATOR BLOOMFIELD: Thank you. It's nothing to do with the appointment, but it's a question I've kind of wanted to ask since you're in the chair. [CONFIRMATION]

JOSEPH McDERMOTT: Okay. All right. [CONFIRMATION]

SENATOR BLOOMFIELD: There have been feelers put out from members of the Legislature dealing with horse racing to see if there was any way we could ever get horse racing combined with the fair. Have there been any moves made toward that? [CONFIRMATION]

JOSEPH McDERMOTT: Senator, there hasn't. And I can tell you, I've been with the Nebraska State Fair for 28 years. I joined the fair in 1988. There was an attempt back in the mid '90s, as a matter of fact, we actually held a live race meet during the Nebraska State Fair; and they didn't work well together. Horse racing fans, quite honestly, didn't want to have to deal with all of the hoopla, traffic issues, whatnot associated with the Nebraska State Fair. And quite honestly, our fair patrons weren't interested in horse racing. So we actually did try that, but it wasn't successful for either event. So we really haven't talked about it since then. [CONFIRMATION]

SENATOR BLOOMFIELD: Okay. The issue came up when we were debating the historic horse racing gambling expansion, and there were several senators at that time thought maybe it's something the fair could do. But you don't think it's a good idea. [CONFIRMATION]

JOSEPH McDERMOTT: It didn't work 10, 15 years ago. I'm not sure that things have really changed all that much. [CONFIRMATION]

SENATOR BLOOMFIELD: Okay. Thank you. [CONFIRMATION]

JOSEPH McDERMOTT: You bet. [CONFIRMATION]

SENATOR JOHNSON: Any other questions? I have one and you probably can't answer this or don't want to answer this. But when you talk about corporate involvement, do you have any concerns that Chris, with his position with ConAgra, that he's going to be able to be here the full

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time with the exodus of ConAgra? If you don't want to answer that, I understand.
[CONFIRMATION]

JOSEPH McDERMOTT: No, I'll be happy to answer that. And Chris and I have had that conversation, and I know Chris has had the conversation with other board members. Whether he stays with ConAgra or not, he's made a commitment to stay in Nebraska and wants to stay on the Nebraska State Fair Board. So I don't believe that's an issue. [CONFIRMATION]

SENATOR JOHNSON: Thank you. Any other questions? Thank you. Other proponents. Mr. McClymont. [CONFIRMATION]

PETE McCLYMONT: Chairman Johnson, members of the committee, for the record my name is Pete McClymont, P-e-t-e M-c-C-l-y-m-o-n-t. I'm on staff with Nebraska Cattlemen and we would like to testify in support of Mr. Kircher. I've got to know him over the years through his employment and so he's an excellent connection as we want to have people understand, especially in the urban setting, where their food comes from and connect it back to agriculture via the State Fair. So to that point, we want to be on record in support of Mr. Kircher's reconfirmation. [CONFIRMATION]

SENATOR JOHNSON: Okay. Any questions of Mr. McClymont? Seeing none, thank you.
[CONFIRMATION]

PETE McCLYMONT: Thanks. [CONFIRMATION]

SENATOR JOHNSON: Other proponents? Any opponents? Seeing none, anyone in neutral position? Again, seeing none, we will close the appointment hearing for Senator Kircher or Chris. Excuse me, he's not a senator yet. Your next job maybe. [CONFIRMATION]

CHRISTOPHER KIRCHER: (Inaudible). Takes one to know one. [CONFIRMATION]

SENATOR JOHNSON: Okay. Moving on the next confirmation hearing is for Lowell Minert. Lowell, if you would come forward, state your name, and spell it for us, please. Welcome.
[CONFIRMATION]

LOWELL MINERT: (Exhibit 2) Well, thank you very much, Chairman, members of the committee. It's been a real honor for me to serve two terms and this is my third term as the Governor appointee from the Third District. My background obviously is in livestock, especially in the cattle industry. I came to the fair with extensive work with our own children in 4-H and

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FFA through times that they went through the fair system and then also we've also been involved on a national level so I had an opportunity to be in different venues across the country to see what works and doesn't work. And I came on board after the first year of the fair. It was a great event to start with. And the first thing that I got thrown at when I went on the board, they created the livestock committee and made me chairman. That was the first meeting we had. But we did...we went through some growing pains. And in the last three years since then, we have another person that's...another board member that's chairman of the livestock committee now. But we have really moved forward and made a lot of strides in that area. A lot of people that came to the fair was in awe of our great buildings and everything. But, you know, it didn't take us long to get them overflowing and so we had complaints that it wasn't enough room. So we're always challenged to try to figure out ways to make things work and work better. And, of course, we need to continue to look at capital improvements at the fair. There was a question earlier about moving forward. To me, that's one area that we continue to have to look at. Nebraska is, of course, an agriculture state with cattle, but also it has a huge horse interest too. And in our scope down the line, it would really help us a lot to have a really nice horse facility, not only for the horses but also it would open up and give us more room for our current activities because we're stretched pretty tight. We have a tremendous crew that helps turn around from one event to the other in those buildings. It's pretty efficient. But it's always a challenge to try to make it better. I obviously was more in the livestock, but I've enjoyed serving in a lot of capacities on the Fair Board--I'm the current chairman of the finance committee--and all the other activities. We've had different events come on board. I would like to...we had an event a year ago that Discovery Channel came in and had on Discovery Channel the birthing center. That was well received around the world. And it really give attention to Nebraska I think, and hopefully we can find other things like that. This past year we had the firefighters event which was very good, and they're going to be back at least for next year. So we're always looking for new things to do that way. I guess the thing that I look at is the fair is a family event. And as Chris comes from Omaha, I come from outstate, but the outstate people has really received the fair in Grand Island well too. And so there are a lot of people that come now that didn't come for recent years before it left Lincoln. And so it's growing in that venue all the time too. I guess I'd like to close with here two years ago, three, we had a new contract put together for a new midway contractor which is Wade Shows, a topnotch company across the country that came in. And the owner, the year before he was actually at the fair with the midway, he came and spent a day at the fair and the next morning he told me, he says, I don't know what you guys are doing right in Nebraska. But he said, I spent the day at the fair and I saw parents walking around the fairgrounds with their teenage children. He says, I don't see that anywhere else in the country. And he said, you're doing something right. Keep doing it. I guess that's all I have. Any questions?
[CONFIRMATION]

SENATOR JOHNSON: Thank you. Any questions? Senator Bloomfield. [CONFIRMATION]

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SENATOR BLOOMFIELD: One of the things that I've thought about every time I've been out there is that faraway parking lot and you run the trailers back and forth. You have that beautiful tram system that goes virtually from nowhere to nowhere as far as I'm concerned. Did you ever think of putting a tram from that parking lot into the center of the fairgrounds?
[CONFIRMATION]

LOWELL MINERT: You mean the overhead tram? [CONFIRMATION]

SENATOR BLOOMFIELD: Yeah. [CONFIRMATION]

LOWELL MINERT: We've...not clear from the parking lot. We have discussed about a tram going to the east. It kind of got put on hold when to do it we were going to have to do a lot of other things along with it, and it's a pretty high-dollar item. And so it's kind of on hold now because the street needs to be widened. What ideally would be the tram would be put in the center with lanes on both sides. And then we have to deal with the big red barn is kind of sitting in the way so we haven't decided exactly... [CONFIRMATION]

SENATOR BLOOMFIELD: (Inaudible). [CONFIRMATION]

LOWELL MINERT: ...what to do with that. So it has been discussed, it has been.
[CONFIRMATION]

SENATOR BLOOMFIELD: Okay. Thank you. [CONFIRMATION]

SENATOR JOHNSON: Other questions? I have a quick...when I think of the State Fair, whether it's Lincoln, wherever it is, there's the entertainment factor, you've talked about that; the events, you've talked about that; vendors; midway; commercial exhibits; you're interested in livestock. What's happened to the exhibitors and the livestock? Did they adapt? What's their feelings toward it and has that phase of it grown? Because to me, that's the State Fair.
[CONFIRMATION]

LOWELL MINERT: It's grown some. And that's a pretty good statement because economics the way it is, there isn't as many people pull show cattle around the country as there used to be.
[CONFIRMATION]

SENATOR JOHNSON: Right. [CONFIRMATION]

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LOWELL MINERT: But we've been able to hold our numbers in areas that increase it a little bit in that area. [CONFIRMATION]

SENATOR JOHNSON: Okay. Thank you, appreciate that. Any other questions? Seeing none, thank you, Mr. Minert. [CONFIRMATION]

LOWELL MINERT: Thank you very much. [CONFIRMATION]

SENATOR JOHNSON: You bet. Proponents for Mr. Minert. [CONFIRMATION]

JOSEPH McDERMOTT: Senator Johnson, members of the committee, again, my name is Joseph McDermott, J-o-s-e-p-h M-c-D-e-r-m-o-t-t. I'm here in support of Lowell Minert. As Lowell mentioned, he's the current chair of the finance committee, a longtime member of the livestock committee. And as you can imagine, he's been in livestock all of his life. He has more connections than probably any of us even know about, and that's very valuable when it comes to livestock shows at the Nebraska State Fair. And the livestock shows are actually a big reason for our success, one of the big reasons for our success. We have some of the best shows in the Midwest, not only during the fair but outside the dates of the fair. Some of you may not be aware, but we have about \$50 million in new facilities that were built out there in the last six years; and they're not just busy during fair time. Those livestock buildings, each year we bring in somewhere between five and six national livestock shows, which keeps those buildings busy. So livestock is important not only to the Nebraska State Fair but outside the Nebraska State Fair, and they provide a significant economic impact to the community. Lowell has also been involved in the design and the creation of a new outdoor arena that we hope to have open for the 2016 fair. So again, that's played a tremendous role in the success of the Nebraska State Fair, and I'm here to testify in support of Lowell Minert. [CONFIRMATION]

SENATOR JOHNSON: Thank you. Any questions of Mr. McDermott? Seeing none, thank you. Other proponents. [CONFIRMATION]

PETE McClymont: Mr. Chairman, members of the committee, for the record again, Pete McClymont, P-e-t-e M-c-C-l-y-m-o-n-t. I'm on staff with Nebraska Cattlemen. And Mr. Minert is a longtime member of ours. And given his experience and commitment to the State Fair, he's an excellent person to represent the livestock interest and how it's brought forward in the State Fair. So we are here in strong support of his reconfirmation. [CONFIRMATION]

SENATOR JOHNSON: Okay. Any questions of Mr. McClymont? Seeing none, thank you. [CONFIRMATION]

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PETE McCLYMONT: Thanks. [CONFIRMATION]

SENATOR JOHNSON: Any other proponents? Any opponents? Seeing none, neutral? Again, seeing none, that concludes the hearing on Mr. Minert and the hearings on our appointments. And we will be getting back to you fairly shortly I would assume. Thank you. We will now move and Senator Larson has just entered. Thank you. We will move to LB945, Senator Hansen. Welcome to the Ag Committee. [CONFIRMATION]

SENATOR HANSEN: Thank you. [LB945]

SENATOR JOHNSON: You bet. I think you probably know the procedure so. [LB945]

SENATOR HANSEN: I believe I do. [LB945]

SENATOR JOHNSON: Okay. Name and not your address, just your name. [LB945]

SENATOR HANSEN: (Exhibits 1 and 2) Well, thank you and I must say this is my first time in front of the Ag Committee so checking another one off the list. Good afternoon, Chairman Johnson and members of the Agriculture Committee. My name is Matt Hansen, for the record, M-a-t-t H-a-n-s-e-n, and I represent District 26 in northeast Lincoln. I'm here today to introduce LB945, which would adopt the Nebraska Healthy Food Financing Initiative Act. Access to healthy food is a basic human necessity. When healthy foods are not easily available or affordable, people face serious barriers to eating a healthy diet. The massive research done on food deserts has proved many findings, including living closer to healthy food is associated with decreased risk for obesity and diet-related diseases; that healthy food retail stimulates economic activity; and when people have access to healthier food, they typically make healthier choices. The relationship between obesity and food deserts may seem ironic, but food deserts are often associated with a higher proportion of fast food restaurants and other more expensive but lower quality fresh food availability. Lack of access to healthy, affordable food ultimately contributes to higher societal costs, including increased public costs for providing health services. While there are many definitions of food deserts, we use the U.S. Department of Agriculture's definition. Census tracts qualify as food deserts if they meet low-income and low-access threshold. For their purposes, low income is defined at having a poverty rate of 20 percent or greater or a median family income below 80 percent of the area median family income. Low-access communities are defined as having at least 500 persons or at least 33 percent of Census tracts population, whichever is more; living more than one mile from a grocery store in an urban community or ten miles from a grocery store in a rural community. Low-access food affects rural and urban communities alike, but low-income communities and minority communities are disproportionately affected. These communities face higher prices for healthy food, largely

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because of a lack of supermarket availability in their neighborhoods. For example, the three food deserts in Lincoln coincide with some of the lowest income neighborhoods in the city. Across Nebraska, most of the low-income areas also have low access to healthy food as referenced by the USDA's food desert mapper. While not every person in these areas is considered low income, poverty places a burden on the entire community, from neighborhoods to entire counties that have no healthy grocery options. Today, there are approximately 325,000 Nebraskans living in a food desert. The prevalence of food deserts is on the rise, and their existence indicates that we must build more sustainable food systems in Nebraska. By increasing access to healthy foods, we can lower healthcare costs and prevent poor nutrition and other chronic diseases. Improving access will also foster job opportunity and lessen the need for more expensive programs. The Healthy Food Financing Initiative will foster local solutions determined through public-private partnerships to help build from the ground up. The Initiative will help to revitalize communities by bringing new projects and ensure that healthy communities...and help promote and preserve jobs. So what LB945 seeks to do is to create a fund administered by the Department of Economic Development's Division of Community and Rural Development, involving the public, private, and non-profit sectors to increase access to healthy foods. The division shall contract with one or more community development entities in order to develop and administer the Initiative, in addition to raising other funds, marketing the program, and evaluating the program. Financial assistance shall be provided on a competitive, one-time basis for projects that create or improve healthy food outlets that meet the intent of the bill. Projects can include things like store renovations, the establishment of farmers' markets, food cooperatives, community gardens, mobile markets or delivery projects, or other distribution projects. Funding will be provided in the form of grants or loans. LB945 also outlines what the funding can be used for, such as applicant criteria and evaluation criteria. LB945 provides that the Legislature appropriate \$150,000 annually the next two years with a sunset provision on funding. In the first year, it also tasks the Public Policy Center of the University of Nebraska to prepare a research report on the limitations to healthy food access and the existence of food deserts in Nebraska. With the report, we've also asked the division to provide recommendations for the level of program funding needed to support the purposes of the bill in the future. Now I must give credit. LB945 was inspired by LB200, which was introduced by Senator Brenda Council in 2011. And again, I give her credit for being a champion of the issue and for everyone who worked on and supported that bill. From that inspiration, there are several changes we made to address concerns, some of which I will highlight now. For example, this version of the bill does not include construction of new grocery stores as a proper use of the funding, because we believe viable solutions for Nebraska can result from smaller-scale projects and because of concerns that the fund might be used for a single project if construction of a new building was included. We added a requirement that projects applying for funding demonstrate financial need, so that these awards will support projects that likely would not happen otherwise; in other words, not support the big guy who already has access to significant capital. Additionally, we have added language specifying that projects awarded have to be a significant distance away from competitors, to prevent the fund

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from picking winners and losers in the same neighborhood or same small town. We also added that funding can be used to purchase and equips places with EBT equipment and upgrades, to ensure that all Nebraskans can have access to healthy foods. I will note that we have a couple of technical amendments which may need to be adopted. One amendment, AM2060, which I hopefully have gotten to you before the committee hearing, addresses concerns that the green copy of the bill required those receiving funding to accept WIC, regardless of whether or not the groups receiving funding were actually eligible under federal law. This amendment would clarify that limit and limit to those who are truly eligible. I understand that other groups, including the bankers, will be testifying in a neutral capacity with technical amendments to the funding provisions of the bill. I would just like to say I'm very happy to work with the committee and all stakeholders to making sure this is the best vehicle and the best opportunity that we can. With that, I will ask the committee to advance LB945 and happy to answer any questions. [LB945]

SENATOR JOHNSON: Thank you. Any questions? Senator Riepe. [LB945]

SENATOR RIEPE: Thank you. Thank you, Senator Hansen. One of my initial questions is the cover sheet talks about the Agriculture Committee and yet the green sheet and the bill says Banking, Commerce and Insurance. Is there some...are you at the right meeting or? [LB945]

SENATOR HANSEN: It depends. How much do you like the bill? [LB945]

SENATOR RIEPE: Good answer. [LB945]

SENATOR HANSEN: This bill was originally this session referenced to the Banking Committee and then...but the prior bill when it had been introduced, LB200, was referred to the Agriculture Committee. And it's my understanding that as a matter of precedence this bill was rereferenced to Agriculture since it had already been an issue and bill that they had looked at. [LB945]

SENATOR JOHNSON: That was an agreement between the two Chairs to go to the Exec Committee. [LB945]

SENATOR HANSEN: Thank you. [LB945]

SENATOR RIEPE: Okay. Thank you. [LB945]

SENATOR JOHNSON: Senator Bloomfield. [LB945]

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SENATOR BLOOMFIELD: Thank you. Part of the issue back on LB200 when Senator Council brought it was what to do with the small towns in western Nebraska where they may have a store and it may be 30 miles to the next town. [LB945]

SENATOR HANSEN: Um-hum. [LB945]

SENATOR BLOOMFIELD: We're not going to run out in the middle of nowhere there and build a store. What do you propose to do? [LB945]

SENATOR HANSEN: So that's something that I think would be kind of a case-by-case basis. Obviously, you know, it's difficult to balance the needs between urban and rural. For small towns, it would be something that if it qualifies as a food desert and a mom and pop corner shop wanted to get a grant or a loan to put in coolers so they could have milk and eggs and whatnot that they previously didn't have, that would be something they could look for. Or if they needed to do renovations and clear some space to start selling more produce or other things, they certainly could. We actually, in part because of the dollar amount we're appropriating, removed, you know, new construction. So this goal isn't to build a super mega store every ten miles on the interstate. It's for... [LB945]

SENATOR BLOOMFIELD: The interstate wouldn't be the issue. [LB945]

SENATOR HANSEN: Right, right. Or super mega store, you know, exactly every ten miles on a grid system throughout Cherry County. It's wherever there is need and the division sees fit to work case by case. You know, I think some of the projects, I'm forgetting the town, but I know there's one town that has a small co-op that I think is run by their high school that's been a solution. [LB945]

SENATOR BLOOMFIELD: That would be Cody. [LB945]

SENATOR HANSEN: Cody. If somebody wanted to...frankly, if Cody needed--I would have to double-check to see if they're exactly in a food desert--but if they needed more support and wanted to, say, upgrade their cash register or whatnot system, they could apply for a one-time grant and get something there. [LB945]

SENATOR BLOOMFIELD: I guess my question goes more to the definition of a food desert because those people from the last 200 years have been traveling more than ten miles to get their supplies. And I don't know of any of them that thought they were deprived by that travel. [LB945]

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SENATOR HANSEN: You know, and I appreciate it's different. You bring that up and I think of a story, I forget the small town it was, but I was talking to somebody who is from I want to say near Henderson and he talked about driving for Lincoln to get groceries. And since he'd already driven that way, he drove up to Dinker's in Omaha to get lunch. And it is a different reality and I understand that. [LB945]

SENATOR BLOOMFIELD: Okay. Thank you. [LB945]

SENATOR JOHNSON: Senator Riepe again. [LB945]

SENATOR RIEPE: Thank you, Senator Johnson. Obviously one of the questions or concerns that I have is regarding the fiscal note... [LB945]

SENATOR HANSEN: Um-hum. [LB945]

SENATOR RIEPE: ...and also in that regard sustainability, if you will, of the program. I think sometimes we give false hope if we do grants and we don't sunset them...is it the intent to sunset this as well? [LB945]

SENATOR HANSEN: So in the green copy we have sunsetted the funding so my intent would be to create a cash fund that we can award grants from and give it two years' worth of funding. After that, the funding automatically stops. And at that point, you know, if there's a mad rush and we give away all of the money and there's more applicants than we could possibly have, you know, we can look at refunding it at that time. But that would be a separate A bill. Or if it's a situation where the money is going much slower and our two years' of appropriations is actually five, six years' worth of grants, we can worry about it then at that time. But the funding only carries through for two years until 2018. [LB945]

SENATOR RIEPE: And that's out of the rainy day fund, is it? Is that the intent? [LB945]

SENATOR HANSEN: So we put it out of General Funds. [LB945]

SENATOR RIEPE: Out of General, okay. Okay. And the tax credit here, I assume that's a federal tax credit. It's on the back (inaudible) on the sheet that I have. [LB945]

SENATOR HANSEN: Sure. [LB945]

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SENATOR RIEPE: Oh, this is my working paper. [LB945]

SENATOR HANSEN: Which paper are you on? [LB945]

SENATOR RIEPE: I think I may be on my working paper. [LB945]

SENATOR HANSEN: Okay. I will say...let me make sure I have... [LB945]

SENATOR RIEPE: My note here to myself says tax credits available under the Community Development Assistance Act... [LB945]

SENATOR HANSEN: Yes. [LB945]

SENATOR RIEPE: ...was lowered from \$350,000 to \$200,000. [LB945]

SENATOR HANSEN: So in an attempt to make this kind of budget neutral this year, we lowered the appropriation for the Community Development Assistance Act and that's noted in the fiscal note. So if you notice in the fiscal note, there is \$150,000 in General Fund expenditures. But because we reduce the tax credit there's also \$150,000 worth of revenue so those cancel out and equal zero General Fund dollars. That's something...that fund is designed to provide tax credits for community betterments in areas of kind of similarities to what we're looking for in the food deserts. So considering this bill would be approximately 10 percent of what Senator Mello is leaving us to play with the floor, I thought at least it would be fair to have a proposal that was budget neutral. So that's the way the fiscal note looks currently. [LB945]

SENATOR RIEPE: Okay. Thank you. [LB945]

SENATOR JOHNSON: Other questions? I have a question. The study that's involved that evidently would be done this fall... [LB945]

SENATOR HANSEN: Um-hum. [LB945]

SENATOR JOHNSON: ...how critical is that to getting this program started? Do we need to know a lot about what we're studying before we move forward or what's your thoughts on that? [LB945]

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SENATOR HANSEN: There's a couple of different ways we can go on it, and I'd be willing to kind of work with the committee and get what their sense was. We could either, you know, kind of leave it how it is and kind of do a study contemporaneously with setting up the fund. Because, you know, even if we pass this, it's going to take a little while for the Department of Economic Development to set it up. Otherwise, if the committee felt that there was enough research on food deserts in the state of Nebraska, I know it's something that I believe the policy committee has looked at before. If there's enough research already, that might be something we don't necessarily have to wait for or appropriate money to. Or if it's something we want to have kind of a working type book, a working guide book and have the university help us out before we give any grants, those are kind of our three options. I would certainly be kind of willing to talk and work with the committee if there was one that stood out as being the best option. [LB945]

SENATOR JOHNSON: Okay. Senator Bloomfield. [LB945]

SENATOR BLOOMFIELD: Thank you again. Back under LB200 there was some proposals to help a young man, if I remember right, create a fish farm in downtown Omaha where he would raise both fish and vegetables. Is there anything like that tucked away in this bill? [LB945]

SENATOR HANSEN: I will say this bill does not have any specific allocations it brought in or specific allocations or appropriations brought in. So if someone wanted to have a fish farm in downtown Omaha, he would have to go through the grant process and explain how that fit. [LB945]

SENATOR BLOOMFIELD: And it wasn't a bad idea. It's actually being done up in northeast Nebraska. [LB945]

SENATOR HANSEN: One of the things we did allow for is Community CROPS so potentially starting...I didn't necessarily think of Community CROPS as being urban fish farms but... [LB945]

SENATOR BLOOMFIELD: I believe it was fish and tomatoes if I remember right (inaudible). [LB945]

SENATOR HANSEN: That's very interesting. But that's something to look at. But, no, there's not a specific appropriation for any individual... [LB945]

SENATOR BLOOMFIELD: Okay, thank you. [LB945]

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SENATOR HANSEN: ...I guess is where I should leave it. [LB945]

SENATOR JOHNSON: I would just add for the record two years ago this last summer the Ag Committee did hold an interim hearing in this part of Omaha, I think kind of maybe between Senator Chambers' district and Senator Harr's district, on community gardens and that and got some good response, some good input, which I think would, you know, fit in with what you're targeting here so. [LB945]

SENATOR HANSEN: Absolutely. [LB945]

SENATOR JOHNSON: He would comment on that if he would be here but he's still introducing evidently. Any other questions or comments? No. Okay. Will you stay for closing or are you... [LB945]

SENATOR HANSEN: I (inaudible) yes. [LB945]

SENATOR JOHNSON: Okay. Thank you. Proponents for LB945. Welcome. [LB945]

KATE SPECK: (Exhibit 3) Good afternoon. Thank you very much, Senator Johnson and members of the committee. My name is Kate Speck, K-a-t-e S-p-e-c-k, and I'm here to testify...provide testimony regarding the Healthy Food Financing Initiative in a positive way, want to support the bill. I work at the University of Nebraska and I am not testifying in behalf of the university. I'm testifying as a citizen. Nebraska rural communities continue to change and face challenges, including population loss, lower than average household incomes, aging populations, and, unfortunately, the number of institutions in small towns is also declining. Rural grocery stores are crucial in sustaining small towns. Not only do rural grocery stores provide sustenance, they provide local jobs and a gathering place that is important in small town life. When grocery stores close, the individuals in those communities quickly become food insecure. Towns can often withstand the loss of some of their other institutions, but the closing of grocery stores makes it relatively difficult to remain viable. Depopulation of rural communities often occurs when a lack of access to grocery stores coupled with low access to jobs and schools contribute to individual decisions to relocate out of the community. Many Nebraskans are impacted by the lack of access to and options for healthy and affordable food. Especially promising is the support from members of the Legislature and the possibility that state-level policy will fund significant change in access to healthy, nutritious food for Nebraskans by connecting partners and leveraging resources for healthy food options. The USDA estimates that portions of numerous Nebraska counties are food deserts and include a higher proportion of low-income individuals, populations of people over 65, and residents who must travel over ten miles to access fresh foods. That might not be as quite the problem; but, again, transportation may be

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an issue with that. If the trends of food insecurity and depopulation continue to increase, Nebraska will face more food deserts and possible increases in health problems associated with those food deserts. Research measuring health impacts of food deserts include higher rates of chronic diseases such as diabetes and adult and childhood obesity due to the lower access of affordable healthy foods. Research also shows that poor nutritional outcomes impact child development and academic performance. A review of the literature will synthesize academic and policy research to describe food deserts and their economic and health implications in Nebraska and will outline policy responses particularly in terms of how the community or supply side interventions can align with economic development initiatives. A geo-spatial analysis will integrate the data with other research on food deserts and causal factors in Nebraska's food environment. Strengthening local food systems in the food desert areas is highly dependent on building and maintaining community engagement. Engagement strategies will assess public understanding and behavior relevant to food deserts from consumers and stakeholders, including agriculture producers, food and grocery sector professionals, economic development, and financial sector representatives and others. Strengthening local food systems in the food desert areas is highly dependent on building and maintaining community engagement. The study will assess the gaps in our knowledge about Nebraska food environment and causal factors which impact the lack of access to healthy foods. We have good information on food disparities in our urban areas, but we lack information on rural food deserts and food insecurity. The study will provide an opportunity for collaboration of researchers and community members to partner on effective approaches that are individualized to each community. The establishment of a funding source will enhance Nebraska's response to the need for healthy affordable foods in food desert areas, along with access to healthy affordability of food in an important component of food deserts. Individuals will often adjust the types of food that they purchase based on availability. Food is one of the more discretionary items in a household's budget so many individuals adjust their food purchases according to the price. Furthermore, some researchers have found that healthier foods are often more expensive to purchase than low-nutrient foods. The University of Nebraska Public Policy Center provides a unique environment for policymakers and researchers to work together to address the challenges of local, state, and federal policy. The Center researchers combine professional expertise with rigorous academic methods and stakeholder engagement. The Center brings commitment to collaborations such as timely processes and outcomes. The Public Policy Center researchers come from diverse disciplines. including: business, economics, family and consumer sciences, law, political sciences, psychology, sociology, with a history of collaboration and track records of publication. Our staffers typically participate in projects through grants, contracts, and federal GSA MOBIS opportunities. The Center has worked with a wide variety of local, state, and federal organizations over the last 15 years. We are leaders in utilizing university resources to research important questions and bring about real-world solutions. The Center is poised to assist with policy-oriented research, consulting, data collection, such as interviews, focus groups, surveys and analysis, program evaluation and management, as well as strategic planning and facilitation. Faculty and staff are

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dedicated to employing their disciplinary approaches, along with the expertise of policymakers and the voices of stakeholders to create responsive public policy. The Center has undertaken dozens of applied research and public engagement activities in the last decade, informing local, state, and federal public policy. The Center has served as an evaluator of the CDC's public engagement project on pandemic influenza, which was chosen as co-winner of the International Association for Public Participation's 2007 Project of the Year Award. The Center recently led a multimethod engagement effort to produce public input to Lincoln's annual budget. The Center convened a seminar at the University of Nebraska at Omaha in 2011 on the topic of food deserts and public policy. The seminar featured a panel of experts and advocates on the issue, including non-profit sector advocates, economic development researchers, local food producers, and nutrition scientists. The testimony document includes the web address, which is at the bottom of the document. And I thank you for your time. [LB945]

SENATOR JOHNSON: Thank you. Any questions? Senator Riepe. [LB945]

SENATOR RIEPE: Thank you, Senator Johnson. These food deserts that you refer to, are they most in urban or in rural? [LB945]

KATE SPECK: We have both. They're both in urban and rural and it has to do with access, people's transportation and access to those healthy food options. [LB945]

SENATOR RIEPE: I find it a bit of an irony that in a state like Nebraska, an agricultural state but in a rural market, do people not understand or know how to plant a garden anymore? [LB945]

KATE SPECK: I think they do, but I think our times have changed a lot in that we don't rely as much on those kind of self-sustaining types of activities as we used to. [LB945]

SENATOR RIEPE: Do you think we should? [LB945]

KATE SPECK: I'd like to see that more, personally, but I don't have a garden, except for flowers. [LB945]

SENATOR JOHNSON: Senator Bloomfield. [LB945]

SENATOR BLOOMFIELD: Thank you. Do you really think the state should get involved in trying to eliminate what we want to refer to here as a food desert in an area where your nearest neighbor may be ten miles away, let alone the nearest grocery store? Does that require state involvement? [LB945]

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KATE SPECK: I think the study will help kind of take a look at that where it may or may not be appropriate in different areas. So for some areas, it may not be appropriate, that ten miles away. There may be plenty of options there, but in other areas that may not be the case. So I think we have to look at that in individual situation. [LB945]

SENATOR JOHNSON: Any other? I have a question. When we had our hearing a couple of years ago, there was...the outcome of that somewhat was the community gardens and farmers' markets and those types of things. [LB945]

KATE SPECK: Right. [LB945]

SENATOR JOHNSON: But the concern at that point was growing it for yourself or growing it for someone else and selling it to someone else and the security involved. There was even a bill, I believe, you know, to be able to sell that through the grocery stores, that chain. But I don't think that...I know that didn't go. From your perspective, how big a hurdle is that or how big a risk is that for people to be selling to in a farmers' market? [LB945]

KATE SPECK: That I don't know the answer to frankly. But I will have to say that we do have successful food farmers' markets all over the state. And can people get to them and get that fresh and healthy food is the option. Being able to sell that to grocery stores, we now have grocery stores all over that are looking at...they are bringing in locally grown produce, which is amazing and a good thing for our economic development. [LB945]

SENATOR JOHNSON: Okay. Thank you. Any other questions? Seeing none, thank you. [LB945]

KATE SPECK: Thank you. [LB945]

SENATOR JOHNSON: Other proponents? Welcome to the Ag Committee. [LB945]

TRACI BRUCKNER: (Exhibit 4) Thank you. Chairman Johnson, members of the Agriculture Committee, thank you for the opportunity to testify today. My name is Traci Bruckner, T-r-a-c-i B-r-u-c-k-n-e-r, and I'm testifying on behalf of the Center for Rural Affairs in support of LB945. Research shows that access to food, especially healthy food, is a challenge, particularly in rural communities across the Midwest and Great Plains. Rural grocery stores are slowly disappearing across the nation. While I do not have specific data for Nebraska, we do have such data for two similar neighboring states, Iowa and Kansas. In rural Iowa, 43 percent of grocery stores in towns with populations less than 1,000 have closed. In Kansas, 82 grocery stores in communities of

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fewer than 2,500 people have closed since 2007, and nearly 1 in 5 rural grocery stores has gone out of business since 2006. In total, 38 percent of the 213 grocery stores in Kansas towns of less than 2,500 closed between 2006 and 2009. The loss of rural grocery stores has significant implications. All residents in many rural areas of the nation are affected by the growing phenomena of rural "food deserts." In 2010, USDA classified 418 counties as food deserts where all residents of a county are 10 or more miles away from a full-service grocery store; 98 percent of those counties were rural, so this is a significant rural challenge. Nebraska has a large concentration of such of those counties. I have attached a map that shows the areas of Nebraska that demonstrate where our food deserts exist. This map shows those areas that are considered both low access and low income. And that map was available from USDA Economic Research Service. It's a really nice tool that you can go in and put many different levels of information into to get what you're looking for. The real-life consequences of living in a food desert are less access to a full range of healthy foods, less healthy eating, and less healthy people. The long-term consequences of less healthy individuals, families, and communities are, of course, substantial. LB945 provides the opportunity to address food deserts statewide by addressing the capital needs of grocery stores, developing farmers' markets, food cooperatives, community gardening projects, mobile markets and delivery projects, and distribution projects that enable food retailers in underserved communities to regularly obtain fresh produce. LB945 could help community and school-based projects like the school-run store in Cody, Nebraska. Students at Cody-Kilgore--I'm sure you're all familiar with that project--but they wanted to start a student-run, community-owned grocery store when they lost their store and residents were forced to travel 70 miles round trip for groceries. The student-run store fosters entrepreneurship, it enhances education, and provides inspiration to students and community members alike. In addition, it provides a market for farmers who want to sell their products locally, creating additional economic development opportunities within the local community. The study component of LB945 I think is really beneficial. It will help us understand these limitations of healthy food and access and the existence of food deserts in Nebraska. It gives a better understanding of what's actually happening here in our state. And it will also include recommendations regarding appropriate funding and avenues for such funding to support the goals of the initiative. LB945, I think it's a really small investment that has the potential to yield positive outcomes statewide. And in addition, it is complementary to a lot of...there's a lot of programs in the federal farm bill that actually look at local food initiatives and food access, but they're highly competitive with limited funding; and they don't necessarily address food deserts specifically. So while they're complementary, they aren't specifically targeted at that. And working on some of those federal programs, I know just how competitive they are. I mean, you're talking maybe \$15 (million), \$20 million available nationwide. So, you know, not a lot of those dollars flow to Nebraska, but the dollars that do could really complement the things that could come out of LB945. And I'd take any questions. [LB945]

SENATOR JOHNSON: Are there questions? Senator Chambers. [LB945]

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SENATOR CHAMBERS: I was just going to say that I had no idea that this problem existed in rural areas to the extent that it does. Because in the city, you get the idea that everybody can grow what they need just, you know, easily. But it shows how you can be in the same state and be very ignorant of what goes on in other parts of that state. And on the floor, they often hear me recite a poem or try to sing. But, look, as you talk, this is not even from a song, but this guy had written about an individual who would kill an albatross, which is bad luck on the sea. And the line said, water, water everywhere and all of the boards did shrink. Water, water everywhere nor any drop to drink. So with all that salt water, it was not what you would need in the way of water. So I appreciate your coming here. I appreciate Senator Hansen bringing the bill because it taught me something about this state. And it kind of underscores what I say on the floor sometimes that we are elected by district, but our title is state. So everybody in the state is a part of our constituency. The state is our, if you want to call it, jurisdiction. And when we can find a point of commonality in something as basic as food, that might can break down some of the lack of communication on other issues too. So you have improved my education and I thank you. So how much do I owe you for that? [LB945]

TRACI BRUCKNER: Free of charge. [LB945]

SENATOR CHAMBERS: Okay. [LB945]

SENATOR BLOOMFIELD: Or at the university rates, it would be considerable. [LB945]

SENATOR JOHNSON: Thank you. Senator Bloomfield. [LB945]

SENATOR BLOOMFIELD: Ms. Bruckner, you talk about the grocery stores that have closed and whatnot, and I'm eminently familiar with that, having been in that business for a while. But I think that's more because of competition. We just lost a store in Senator Larson's district over at Wakefield just within the last year. People will get in their car and drive to Norfolk 30 miles away. [LB945]

TRACI BRUCKNER: Yeah. [LB945]

SENATOR BLOOMFIELD: Maybe they work there already or maybe they just go there to shop. There's several big stores there. And these small town stores... [LB945]

TRACI BRUCKNER: I think there's a myriad of challenges that create that problem. One of them is population loss. This study that we did looked at they say now what is the population...how many people do you need to keep a grocery store economically viable? And it's

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like 2,650-some people I think it what our study showed. And, you know, and people do...so you have a loss of population, you have lowering economic opportunities in some rural communities and people are leaving. You know, they may live in a small community but they drive outside to work. And when they're there working, then they'll take the time to pick up groceries there and those kinds of things. I live in Wayne, which is in your district, and I'm fortunate. We have two grocery stores that are...you know, one of them is four blocks from my house so I can walk and get my groceries. But I know there are towns around me where it's a real challenge to keep the grocery stores functioning. And I think there's also another thing is when people retire who had the business for a long time, if they have no one to transition that business to, then they just decide to close when they're ready to retire. So there's a myriad of issues there that we hope to address in the future. [LB945]

SENATOR BLOOMFIELD: But even when they do have someone there, and that's the case in Wakefield, there was a young man there that had taken over his father's store several years ago. [LB945]

TRACI BRUCKNER: Um-hum. Well, and I think... [LB945]

SENATOR BLOOMFIELD: And he couldn't make a go of it because everybody drives by to get a larger selection in a bigger town. The idea of subsidizing these little stores where the guy can't make a living running it seems... [LB945]

TRACI BRUCKNER: Well, we're subsidizing other stores. I mean Dollar General just opened up in Wakefield and they're benefiting from TIF financing so, I mean... [LB945]

SENATOR BLOOMFIELD: That's not my fault. (Laughter) [LB945]

TRACI BRUCKNER: I know. I'm just saying that there's...so, you know, I don't...I haven't worked on TIF financing to understand it completely. But I mean, there are box stores that are being heavily subsidized. [LB945]

SENATOR BLOOMFIELD: Yes, there are. [LB945]

TRACI BRUCKNER: I mean, we're subsidizing the roads and the construction that leads to the Walmarts and the trade centers. You know, so there's a lot of subsidization that happens. And maybe we should examine that in the context of this and favor those mom and pop shops. [LB945]

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SENATOR BLOOMFIELD: I think that would be a wonderful idea. Thank you. [LB945]

SENATOR JOHNSON: Senator Riepe. [LB945]

SENATOR RIEPE: Thank you, Senator Johnson. I guess I'm a free market kind of a guy. And I recall reading about two months ago in Vermont--it's Vermont, it's not Nebraska--but the community fundamentally went together and established a co-op because they wanted to have a grocery store. They wanted to have a general store. And so together they did it. And the thing that I like about that is they owned. [LB945]

TRACI BRUCKNER: Right. [LB945]

SENATOR RIEPE: And so every time they think about driving to Norfolk or wherever they're going to drive to, they have a reason to give it a second thought. Have you looked at anything that's... [LB945]

TRACI BRUCKNER: The study we did looked at models that are effective for communities that have, you know, suffered a loss of the grocery store. So there's the sole proprietorship, there's the community owned, there's the cooperatives. There's also the school-owned and run facilities, which...the Cody one is a community-owned school, but it's run...it's a community-owned grocery store, I believe, but it's run through the school, which, you know, a lot of those kids have a lot of skin in that game when they put that store together. So I think those community-driven efforts definitely provide people the concept of we have to support this. [LB945]

SENATOR RIEPE: Well, I think as much as anything the farmers need a place to go in to drink coffee. [LB945]

TRACI BRUCKNER: Yes, definitely, got to have your coffee shops, yeah, your place to have coffee. [LB945]

SENATOR RIEPE: Thank you. [LB945]

SENATOR JOHNSON: Any other questions? I don't know that you would have the data on this, but what percentage in a convenience store is classified as groceries? Because, you know, you go in and get gas; of course, if it's self-service you don't. But you go in and buy stuff and they have a certain amount of items in there, mostly snacks, but they do have some groceries. Is there any data on how much groceries are bought there that you would normally have to go to a grocery store for? [LB945]

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TRACI BRUCKNER: I do not know that off the top of my head, but I could certainly look into that... [LB945]

SENATOR JOHNSON: I just wondered if... [LB945]

TRACI BRUCKNER: ...and see if we looked at that at the study and reach out to some other folks and get back to you on that. I don't have that data right here. [LB945]

SENATOR JOHNSON: I was just curious. Thank you. [LB945]

TRACI BRUCKNER: Yeah, you bet. [LB945]

SENATOR JOHNSON: Any other questions? Seeing none, thank you. [LB945]

TRACI BRUCKNER: Thank you. [LB945]

SENATOR JOHNSON: Other proponents. Welcome, Mr. Hansen. [LB945]

JOHN HANSEN: Mr. Chairman, 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. We supported LB200 and the need that we saw then is greater today than it was then. So you kind of look at what is going on in kind of the new markets and the food economy. Local foods, direct marketing, community gardens, all of those things are hot right now. There's a lot of interest in that. If you look at what's going on in the rural communities, I'm more familiar with than I am in the urban communities, is that we have more elderly folks. We have more low-income folks than we have ever had as a percentage of our population. Transportation is a bigger challenge than it used to be. People have a hard time affording to drive all the time but also just having vehicles that work is more of a challenge. So my experience is that part of LB945 would help those three entities in small towns that are struggling to maintain some kind of semblance of local foods available. Those would be the gas stations that are the convenience stores, the bars that sometimes are also the restaurants but also have other kinds of short-term items, and sometimes the restaurants themselves have food items as well to sell. And so this seems to me to be helpful to them to be able to expand part of what they already have to be able to bring in some additional equipment that would help with refrigeration and those kinds of things so would be useful. But one of the things that I see also and several of the previous testifiers have just touched on this, but just as we have a problem in agriculture with intergenerational transfer of land and operations from one generation to the next, there's also a substantial problem with retiring grocers who are trying to figure out what they do and how they transition out and trying to turn

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over the reins to somebody else, get their money out of the operation so that they can move on with their lives and sometimes move to different communities. And, you know, if you're running a cafe or you're running a grocery store in a small town, you're married (laugh), you are married to that store. You're married to that business, and you can't afford to hire somebody to take your place. You've got to be the hands-on manager and you've got to be the hands-on labor and so it's a huge commitment. So...and we have helped down through the years with communities trying to do community-owned groceries, cooperatives. But the transfer thing, it seems to me that if LB945 were to be able to also include those kinds of operations where you've got somebody that already has a facility that either you make low-income, long-term interest available so that somebody can kind of step into it, learn the business, figure out what works and doesn't, and take it over on a fairly low-cost basis so the old owner can get their money out of it, that would be a very helpful thing to do. And so in rural communities, my home community is within one of those radiuses of the box stores, Senator Bloomfield. And so when I go to Norfolk on a Sunday afternoon, I see Holt County, I see Madison, I see Platte, I see Pierce, I see Stanton, I see Wayne, I see Knox, I see all of those plates coming in. And so it's one thing to keep a grocery store 24 miles down the road like Tilden is, for example, from Norfolk, open. It's another thing when you're, you know, if you're within 20, 30 miles of a hub where you actually have good grocery choices. It's another thing if you're 30 miles to the next rural community where you're now 30 miles to the next. And so in those kinds of cases where you, especially sparsely populated areas where you're a long ways from a hub, you're a long ways from Broken Bow, you're a long ways from Alliance, etcetera. Those kinds of communities having a viable grocery store is a big deal and then people will come in for that. And so there's, you know, in addition to growing local foods and all of those things, you still need milk, you still need baking items, you still need all those other kinds of things that you don't grow in your own grocery. So we are supportive of LB945, thank Senator Hansen for bringing it forward, and would hope that the committee would look at this favorably. I think if I had my druthers, I'd rather see a bigger price tag because I think there's a bigger need out there. But we could at least get started with this and see what happens. Thank you very much. [LB945]

SENATOR JOHNSON: Senator Bloomfield. [LB945]

SENATOR BLOOMFIELD: Thank you. Mr. Hansen, you've been around agriculture in the stores probably as long or longer than I have. How many of these stores have we regulated out of business? It used to be the farmer could take his eggs in and sell them to the store and the store would sell them to the consumer. We can't do that anymore. You used to be able to go to the local dairy and take milk in. The grocery store would be sued if they sold a gallon of whole milk anymore. The state has intervened so heavily in that. How much of that state and federal regulations are putting these stores out of business and, in fact, creating the very desert that we're here trying to cure today? [LB945]

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JOHN HANSEN: Well, Senator, in my view I think we've maybe in the interest of protecting consumers, we've probably gone a little overboard, but we also are coming back. And so the bill that Senator Kolowski brought relative to cottage foods that did not get out of ag committee but the community gardens bill, Senator Harr, that did, there is a lot of interest in farmers' markets, for example. And you look at what sells in the larger farmers' markets and there's in the amount of direct marketing. And so our younger, smaller producers who don't have access to large amounts of land, they're navigating those waters successfully and they're selling. They're selling beef, they're selling pork, they're selling free-range poultry. And they're doing CSAs. And I've got more younger members and folks who don't have access to large amounts of land getting their start doing those kinds of things by far than we've ever had before. So I think that's an encouraging sign in terms of being able to shorten up that distance between a food producer and a food consumer. Because I think if you do that, I think you get better food and I think it's better for both the consumer and the producer. So I think we're coming back from maybe where we have been a bit. And I think that those things are constructive. [LB945]

SENATOR BLOOMFIELD: We continue to tout the farmers' markets. And in Nebraska, they're a wonderful thing in the summertime. I'd like to take a few apples into the farmers' market in Wayne, but I'm having a little trouble finding any right now out in the backyard orchard. [LB945]

JOHN HANSEN: Well, we also work with folks to harvest apples and harvest a lot of other things that go to waste. And so we're doing some kind of new and creative things in the rural community and generally in terms of being able to take advantage of food products and especially vegetables and fruits and those things. And we're trying to do some things with some of the meats. But in terms of getting good, quality products yet to hungry people, there's several organizations we work with that we have a relationship with that salvage which is waste not, want not, which is so basic. And so we're returning, in my opinion, to some commonsense things that we used to do all the time. [LB945]

SENATOR BLOOMFIELD: Thank you. [LB945]

SENATOR JOHNSON: Thank you. Any other questions? Thank you for coming. [LB945]

JOHN HANSEN: Thank you very much. [LB945]

SENATOR JOHNSON: You bet. Thank you. Other proponents. How many more proponents do we have? Okay, thank you. [LB945]

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JULIA TSE: (Exhibit 5) Good afternoon, Chairman Johnson and members of the Agriculture Committee. My name is Julia Tse, J-u-l-i-a T-s-e, and I'm here to testify in support of LB945 on behalf of Voices for Children in Nebraska. Voices for Children is a statewide, nonprofit, nonpartisan advocacy organization that seeks to build pathways to opportunity for all children and families in Nebraska through research, policy, and community engagement. And I know we mentioned Cody in the past testimonies, so I want to throw a quick plug out there. We actually recognized them at our spotlight gala last year. So if anyone hasn't heard of the good work that they're doing there, we have a really great video up on our YouTube. So it's a really inspiring story. Proper nutrition is one of the most basic elements of development for a child. Still, the truth here in the nation's breadbasket is that one in five Nebraska kids don't know where their next food is coming...their next meal is coming from. Voices for Children supports LB945 and its efforts to address food insecurity among children and families in our state. As many of you may already know, after a significant spike in 2008, child poverty has finally begun to approach pre-Recession levels in Nebraska. Unfortunately, food insecurity has been on the rise still. In 2014, there were over 106,000 Nebraska families that struggled to put food on the table, which was a near 40 percent increase from only 2006. Food insecurity is harmful for children's health, behavioral functioning, and academic performance, both in the short and long term. Additionally, because of the stress and instability that caregivers experience, it can also adversely affect caregiving relationships and responsivity, further compounding the primary effects of food insecurity for a child. With increasing costs of childcare and housing, oftentimes in a household budget the first compromise is on food. Low-cost but low-nutrient dense food or none at all is the only option for many families. And even a minor life incident like a trip to the doctor, school fees, or new tires can change that for many, many more families. Nevertheless, a recent national study estimated that the availability of fresh produce in high-income communities was almost twice as high as in low-income communities where it is needed the most. Barriers to accessing fresh and affordable food only serve to exacerbate many of the other ways in which children living in low-income neighborhoods and children of color seem to already have all the odds stacked against them from birth in our state. The same study also showed that access in rural communities were limited when compared to urban areas. In fact, in Nebraska, all of our counties with the highest rate of child insecurity were in nonmetropolitan areas; and I've attached a map to my testimony that further details that. You can find that on-line as well. LB945 would support efforts to ease food insecurity in our communities by targeting projects in low-income and underserved areas where it can have the greatest impact and return on investment. Improving access to affordable and healthy food in these areas is an essential part of ensuring the good life for everyone, especially our youngest Nebraskans. So we want to thank Senator Hansen for bringing this bill forward and respectfully urge the committee to advance this forward. Thank you. [LB945]

SENATOR JOHNSON: Thank you. Any questions? [LB945]

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SENATOR BLOOMFIELD: Just one. [LB945]

SENATOR JOHNSON: Just one. [LB945]

SENATOR BLOOMFIELD: I think. You talk about empty calories versus good products like fruit. I think what we see, and correct me if I'm way off base, but if a child is given the choice between, say, an orange or a bag of potato chips or a candy bar, which one is that child likely to take? [LB945]

JULIA TSE: I don't know. Some children like their vegetables. [LB945]

SENATOR BLOOMFIELD: Some children will take (inaudible). [LB945]

JULIA TSE: But many do not. Yeah, you may be right. But I think the point is that the child is not usually buying the household groceries for that week. It's the parent who is stressing about their budget. [LB945]

SENATOR BLOOMFIELD: But is not the parent going to buy what the child likes to eat most of the time? And unfortunately, that's not always the best choice. [LB945]

JULIA TSE: Sure, yeah. I mean I think that definitely varies on a case-by-case basis. [LB945]

SENATOR BLOOMFIELD: Okay, thank you. [LB945]

JULIA TSE: I had no choice over my groceries. [LB945]

SENATOR JOHNSON: Senator Chambers. [LB945]

SENATOR CHAMBERS: This might seem off the point, maybe not, but many, many years ago before you were in the world or most people in this room, well, a few were in here, but there was a Governor named Exon and he and I didn't see eye to eye on many things, but we did where children were involved. And it came to my attention through talking to a doctor that there were a lot of children, in Omaha at least because this doctor worked at the Med Center, his families would buy a lot of rice, a lot of macaroni, a lot of potatoes, anything that would give a lot of bulk because it was less expensive. But the children's health, which was not the best anyway, was continuing to deteriorate. So Governor Exon asked me what I would do to solve it. And I said, I'm not a nutritionist, but I will talk to somebody at the Med Center. So that day I drove to

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Omaha, talked to this doctor, and he said, if you could give money and the program that helps poor children and poor families and get what we would label a medical diet, then there were certain types of foods which would be made available under that program. So if it still exists under that term, you all will know where it came from and how it started. And there have been other occasions where an idea might come to me and somebody else will be far more instrumental in its being carried out. I'm talking about Senator Riepe, which again shows that cooperation can happen. But we need people who are giving us information that we wouldn't have, knowledge that we have no way of acquiring. So I don't think anybody who spoke here today has spoken in vain because some of us, probably all, but some of us for sure are taking the message. [LB945]

JULIA TSE: Thank you, Senator. [LB945]

SENATOR JOHNSON: Thank you, Senator Chambers. Any other questions? Seeing none, thank you for your testimony. [LB945]

JULIA TSE: Thank you. [LB945]

SENATOR JOHNSON: One more call. Any other proponents? Okay. I saw you go out and get a green sheet so I didn't know. [LB945]

BILL HAWKINS: Thank you, Senator Johnson and senators of the Agriculture Committee. I wasn't planning on testifying. My name is Bill Hawkins, B-i-l-l H-a-w-k-i-n-s, but I appreciate Senator Hansen bringing this to your attention. I'm an organic farmer and most of my friends are actual food producers. As Senator Chambers has learned, most of the agriculture in this state is not actual food. It's commodities that are produced that are sent somewhere else to be manufactured and sent back as processed food. Most of what this bill is talking about is reestablishing grocery stores or food outlets. We don't always get the best, most healthiest food in that situation. It's highly processed. What part of this bill does is increase farmers' markets. With the farmers' market situation here in Nebraska, I would say that we reach possibly less than 5 percent of the actual people who buy food. Most of your people are going to go past the farmers' market to the Walmart or the big box store to get their food for convenience. I think that takes education to the public. What this bill maybe isn't addressing and what Mr. Hansen brought up a little bit was actual food producers. We have a Beginning Farmers program that still starts farmers on to a commodity farming program. If you need...if you want to produce healthy food, you need young farmers who are going to put the tomato plants, the asparagus plants, the fruit trees in and have the land to be able to produce that and the incentives. We give tax increment financing to Dollar General and yet we have young farmers who want to farm, who want to produce good local food for local people to sustain local communities. But they have problems

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with getting land, transferring that land. If we want to eliminate these food deserts, we need to look at incentivizing local young farmers because I'm getting old and I can't do what I used to be able to do. And so there needs to be young people who are willing to take the chance. To plant a fruit orchard, it takes five to ten years to get production. To put in chickens or poultry, if you want to plant an asparagus patch, we could not plant enough asparagus around this state to supply what asparagus we eat. And so I think an important part of this bill is that education and giving incentive to young producers because we can't have the healthy foods in the grocery stores without the people producing it within a reasonable distance to provide that local food. So I would appreciate anything that you folks can do to increase that interest in local farmers, young farmers to produce actual food. So I thank you for your time and effort in getting the state and the agriculture in this state going. [LB945]

SENATOR JOHNSON: Thank you. Any questions? Senator Chambers. [LB945]

SENATOR CHAMBERS: Just a comment. And I begin to see it more and more. I'm tired of you young whippersnappers misappropriating the word "old." [LB945]

BILL HAWKINS: Old, I certainly understand that. [LB945]

SENATOR CHAMBERS: Watch that, Sonny, next time (inaudible). [LB945]

BILL HAWKINS: I greatly respect your elderly... [LB945]

SENATOR BLOOMFIELD: Maturity. [LB945]

BILL HAWKINS: ...maturity, there you go. And one quick comment. Page's farm market stand in Valparaiso has about 1,500 pounds of apples or maybe it's 15,000 pounds of apples in their cooler right now that he's having a hard time getting rid of. And yet, you know, you have Super Saver and all these other grocery stores that import apples from even New Zealand. Our Open Harvest co-op imports organic apples from New Zealand. So it's that incentive and I think education is a big part of it. So thank you very much, appreciate it. [LB945]

SENATOR JOHNSON: Okay. Thank you. Now is there any other proponents? We have one invited testifier today, and I'd ask him to speak briefly or as concise I guess as he can. Tim Kenny from NIFA, if you would talk a little bit about the program. [LB945]

TIM KENNY: Thank you, Chairman Johnson... [LB945]

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SENATOR JOHNSON: You bet. [LB945]

TIM KENNY: ...Senators of the committee. My name is Tim Kenny. I'm the executive director of the Nebraska Investment Finance Authority. I'm at the intersection of the New Markets Tax Credit Program, and other financing resources in the state of Nebraska. The New Markets Tax Credit Program is mentioned by reference in this bill so I made myself available at the senator's request to answer any questions you might have about the federal New Markets Tax Credits or your state New Markets Tax Credits which could be accessed by CDEs. Did I give my name at the very beginning? I said Timothy Kenny, T-i-m-o-t-h-y K-e-n-n-y, I'm sorry. [LB945]

SENATOR JOHNSON: Okay. [LB945]

TIM KENNY: Federal or state CDEs, which are mentioned in this bill, could access federal or state New Markets Tax Credits which might be available for use in this program. I'm here to answer any questions you might have. [LB945]

SENATOR JOHNSON: Anybody have any questions? We want to make sure they was answered if there is any. The CDE and creating new markets and that. [LB945]

TIM KENNY: Section 4 of the bill, subsection (2), Section 4 of the bill talks about community development entities and the ability under this program to access other capital resources. And just in terms of how the resources in this bill are used, it's the state Department of Economic Development would intersect with community development entities, CDEs. A CDE is a designation that indicates that that entity could access New Markets Tax Credits and it has a board that is, among other things, representative of the community, that community where New Markets Tax Credits could be used or those communities that have a poverty level greater than 20 percent or an area median income below 80 percent of the state median income. So a CDE is a specific designation. Lots of entities, for profit, nonprofit entities can become CDEs by getting certified by the CDFI Fund, which is a federal fund, a federal agency. So the bill references the state contracting with CDEs. It doesn't require them to use New Markets Tax Credits, but it does designate that type of entity as the intermediary entity with the state that would use the funds. [LB945]

SENATOR JOHNSON: Thank you. [LB945]

TIM KENNY: I'm not sure that was illuminating, but it was certainly clarifying. [LB945]

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SENATOR JOHNSON: Yeah. Thank you. Any other questions? Thank you for coming in today and appreciate that. [LB945]

TIM KENNY: We're available for other questions if they come up later. [LB945]

SENATOR JOHNSON: Okay. Opponents. Do we have any opponents? How many opponents do we have? Okay. [LB945]

KATHY SIEFKEN: (Exhibit 6) Chairman Johnson and members of the committee, my name is Kathy Siefken, K-a-t-h-y S-i-e-f-k-e-n. I'll talk fast so Mr. Hallstrom can get in the chair. We're representing the Nebraska Grocery Industry Association in opposition to the bill. And it's a hard bill to oppose because the availability of healthy food is something that we should all have. However, sitting here listening to some of the testimony there are some concerns. And there were some concerns that we had when LB200 was introduced. And the main concern is that when you get...when you start looking at the grocery stores that are located in the state of Nebraska, in many instances there is a very delicate balance out there. There are many small mom and pop rural stores that are at a point where they are making a profit. But if their income streams are siphoned off by other entities, it could put them in jeopardy. And what this bill does is while it would help some small retailers, it also helps those that would compete with those stores. Competition is good. We all live in a world...we are one of the most competitive industries in the state. We survive on a margin of 1.5 to 2 percent. So when you find that delicate balance and you are successful and you're doing what you need to do to make sure that you maintain your business in that community and then suddenly state dollars come in, it upsets the balance. And your store closes because you can't make enough money to pay the bills. That is the concern that we have with this bill. There were some other things that were said. USDA's...everyone wants to talk about food deserts and how people are going hungry. I would like to point out that those of us that are familiar with the state of Nebraska should take a look at the USDA food desert maps and really understand what those maps do and do not say. And so I'm going to give you two examples of what we deal with, with food deserts in the state of Nebraska based on USDA's definition. I'm going to give you Knox County, which is up in northeastern Nebraska. It is...the whole county is a food desert yet there are small mom and pops throughout that county and those stores are surviving and they're doing fine and they are providing the service that they need to provide to their communities. But no more additional stores would be able to survive in that area because the population simply does not support it. So even though it is defined as a food desert by USDA, if you know Nebraska, people in Knox County aren't going hungry. They do have access to food. And if another store opens up in that area, someone is going to go out of business because the population simply doesn't support it. Another example I'd like to give you is Offutt Air Force Base. The Air Force Base is a food desert. Those are the things that you really have to think about and understand when you start talking about food deserts and healthy food that's available in the state of Nebraska. While we do want healthy food for everyone, one of the other

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things...the handout was an article that the World-Herald printed and that article is about a program that Douglas County started with federal grant dollars. I worked with them when they first started that program and what they did is they went into existing stores. They talked to them about what...and a lot of them were C-stores and they were in lower income areas. And Douglas County, with our help in trying to get them in the door so everybody knew we were all on the same side, they went in and they talked to those store owners and helped with education, they helped with refrigeration units, and they actually were able to make changes in some of those small communities in lower income areas in that they now do offer healthier food. So there's a right way to go about helping and there's a wrong way to go about helping. There is...that program was so successful, everyone sort of bumped up their level of healthy food and what they're providing, and the people within the community started purchasing those foods. They went to CDC and got another grant, and that grant is for Douglas County, Crete, Grand Island, Hastings, Kearney, and Scottsbluff. It's a four-year grant. They're just getting into the second year of that four-year grant. They're doing it right. I guess my point is there's a good way to do this and there's a wrong way to do this. I'm not saying that Senator Hansen's bill is the wrong way. What I'm saying is studies have already been done. Statistics have already been collected. Extension has already jumped on board and this is something that they're doing within the grocery stores to help them provide healthier foods. I also want to talk about Cody. Cody is the shining star and here's what we need to remember about Cody. They did it on their own. Their community got together, they decided what they needed. They own that store, that community does. They support it. They educate their kids by having them work in that store. And they did it all without our tax dollars. Cody...the Codys of this world, while they may be helped, they did it on their own. And we as Nebraskans can do things on our own. The state doesn't need to step in. However, when the feds give us money, I guess that's okay. I mean, we can take that money too. But the point is there is a program out there. People have figured it out. Let the programs that are working work. The Department of Health is working with that along with Extension, and Douglas County is helping them too. So everybody is coming together and they are promoting healthy foods. The last thing that I really wanted to talk about were the C-stores and how when you get into rural Nebraska some of those convenience--when I say a C-store I mean a convenience store--those convenience stores have actually turned into general stores. They are no longer...they started out as the little convenience store on the corner. And then when the grocery store went out of business, they started bringing in foods, and they have become the little general store. So it depends upon what community you're in as to what the percentage is. It depends upon the need of the community. And what I can tell you is the retailers across this state are providing the products that the people within their community ask them for and that's why they're successful. With that, if you have any questions, I'd be happy to try and answer. [LB945]

SENATOR JOHNSON: Thank you. Any questions? Senator Bloomfield. [LB945]

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SENATOR BLOOMFIELD: Thank you, Ms. Siefken. Given the bright shining star that is Cody, how...what is the frequency or can you give me a percentage of when small towns try to co-op a store that it is successful versus it being unsuccessful? [LB945]

KATHY SIEFKEN: If they can...what I'm seeing is it's become a newer trend. People are trying to co-op. Once they get the funding put together and a plan, they seem to be successful. The roadblock is getting the community together to begin with. [LB945]

SENATOR BLOOMFIELD: You said...I know I've watched a lot of small towns. The store was leaving and eight or ten people get together and try to form a co-op and it would fall flat on its face. [LB945]

KATHY SIEFKEN: They just couldn't get it pulled together. [LB945]

SENATOR BLOOMFIELD: And it seemed like that happened that it failed more often than it succeeded. [LB945]

KATHY SIEFKEN: But once... [LB945]

SENATOR BLOOMFIELD: Do you have a percentage there of any kind? [LB945]

KATHY SIEFKEN: No, I really don't track that. [LB945]

SENATOR BLOOMFIELD: Okay. [LB945]

KATHY SIEFKEN: But what I'm seeing though is that when they do get that co-op organized and people buy into it, the co-ops that...the co-op grocery stores in the state are successful. [LB945]

SENATOR BLOOMFIELD: Okay, thank you. [LB945]

SENATOR JOHNSON: Senator Riepe. [LB945]

SENATOR RIEPE: Thank you, Senator Johnson. Senator Schilz and I both serve on the Legislature's long-range Planning Committee. And we're oftentimes looking at smaller communities, population versus people, also working very closely with the University of Nebraska at Omaha's, some of the research that they do for us. I'm just curious if anyone has

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looked at Cody and saying, okay, it's Nebraska, looking for...you know, is there a way to say this is what works, this is how to approach it, something that's almost a road map for other communities that at least might want to at least consider it? Has anything been done like that? [LB945]

KATHY SIEFKEN: Not to my knowledge. [LB945]

SENATOR RIEPE: Okay. [LB945]

KATHY SIEFKEN: But again, I think the people in Cody are a very independent, self...they're independent and they take care of themselves. [LB945]

SENATOR RIEPE: It sounds like Nebraska. [LB945]

KATHY SIEFKEN: Well, it does, but these are truly independent entrepreneurs that made up their mind they were going to do it and the idea, frankly, of having their students run that store was a great idea. [LB945]

SENATOR RIEPE: My experience on most of those is that you have one or two people in the community that are willing to walk on coals to make it happen. [LB945]

KATHY SIEFKEN: That's what it took. [LB945]

SENATOR RIEPE: That's the kind of leadership it takes. [LB945]

KATHY SIEFKEN: Yes. [LB945]

SENATOR JOHNSON: Thank you. Senator Bloomfield. This is your second time (inaudible) (laugh). [LB945]

SENATOR BLOOMFIELD: Okay. I'll try to stay under five minutes. It goes back to Cody with the individuals that run that. Do you know if the students work there today get the minimum wage that we had demanded? Or are they working under an ownership program where... [LB945]

KATHY SIEFKEN: I do not know. [LB945]

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SENATOR BLOOMFIELD: ...they hope to make some money? [LB945]

KATHY SIEFKEN: I do not know. I do know that it was one of the school teachers that started it. [LB945]

SENATOR BLOOMFIELD: Okay. [LB945]

KATHY SIEFKEN: But I don't know about their wages. [LB945]

SENATOR BLOOMFIELD: Okay. Thank you. [LB945]

SENATOR JOHNSON: Senator Chambers. [LB945]

SENATOR CHAMBERS: Those are nice statements to make, but I live in Omaha. And I know of people in neighborhoods where there are great distances they have to go to reach a grocery store. And the grocery stores that do service these people have prices that are much higher than are found in the wealthier parts of the city because they know these people are virtual hostages and they've got to pay whatever the traffic will bear. Their so-called produce, supposedly greens, they're shriveled, they're dry. Some of the fruit is on the verge of going bad. But when you're poor and you're taken advantage of, there's not any choice you have. I've given elderly people rides from stores because of the great distance they have to walk. I don't even know them. I don't know how far they have to go. But it's too far for people to have to go to get groceries. So I know you represent interests, but I do too. And this talk about all you have to do is get together and we can do this, that doesn't work. And at the same time, I look in the paper and I see where HDR, Henningson, Durham, and Richardson, this gigantic architectural firm, is going to use TIF funding to the tune of millions of dollars in downtown Omaha so the big...the rich get richer, and as the song says, and the poor get children. And this is where I can quote a verse. To those that have, it shall be given. From those that have not shall be taken even that which they seem to have. So when people talk about how this is the Nebraska way, it sounds good. But when you work around people who are hungry, who are unemployed, our unemployment rate is about 22 percent in a state where they say it's got next to the lowest rate of unemployment in the country. So there are two societies, even in Omaha, in the state of Nebraska, and I can't buy what you're selling. It might work someplace somewhere over the rainbow. But the people that I live around are on the wrong side of the rainbow. There might be a pot of gold at that end, but all we see is hard work, struggle, inadequate services, transportation. Anything that is provided is not provided the same way. I live on a street, it's named Binney Street, and there is a large Catholic Church down the street about three blocks. There's a Catholic School across from that. And when the snow came before this one after the mayor had problems with the way she did it, you could have been farther in comparison in a rural area instead of a highly traveled street in the

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middle of Omaha and you had two tire tracks where the cars had made the tracks. On either side it's impassable. So if somebody was coming from 24th Street, somebody else coming from 20th Street, one of them is going to have to back up because there's not room for them to get around. So when the mayor and other people take credit for how they're doing, they're talking about white areas. And since black people do not have their own, our own media outlets, newspapers, our story does not get told. So I will not say that what you're saying is not true somewhere, but it certainly doesn't apply where I live. We would love to have enough money to pool it and do some things. But when you don't have money, you can't do those things. And although the big guys may not believe it, but you can't get blood out of a turnip when you're poor. [LB945]

SENATOR JOHNSON: Thank you. [LB945]

SENATOR CHAMBERS: And I'm not asking you to respond. I'm just laying out another side of the story. [LB945]

KATHY SIEFKEN: Douglas County Health Department did go into north Omaha. They went to several grocery stores. I believe they ended up making improvements in about seven of them. And these were small, used to be...some of them were actually convenience stores, and they bought refrigeration so that fresh fruits and vegetables could be sold in those areas. It was an improvement. It probably isn't the best. More can probably be done. But there have been attempts to make things better in the areas that you're talking about, Senator. [LB945]

SENATOR CHAMBERS: I live in Omaha. I live in north Omaha by choice. I could move, but I want to live where the people are who have problems because we have people who study us, who give statistics and say this is how it is. And if I lived outside my community, I'd say things are great. I live there. I see it. I've been in stores and--this is not to brag but to present some reality--I see these elderly women with these coin purses, their hands are shaking, you can see the knuckles, skin that's...anyway. And I will step in, and I may have said this on the floor, and I tell a lie. And I don't want to make her feel bad, but I will say...because you can look at my age, I say, when I was younger, I used to watch my mother go to the store and she didn't have enough money to pay for what she was trying to buy. So what I want to do is do for you now what I couldn't do for my mother when I was a little boy. So if you will allow me, how much does she owe? And they tell me and I pay it. I'm not rich. I'm not noble. But you need to live around people to see what they go through and not just go by lobbyists' statisticians. There was this white guy who was talking to a black man and he was telling all that he knew and the black man listened to him. He said, well, how do you know all this? And the white man misunderstood the intent of the question. He said, well, you know, I've studied black people 30 years. He said, I've been black for 60 years. And that's what happened. The books are written by white people for white people about us, and we're not consulted. How can there be 22 percent unemployment if

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all this that you mentioned being done in Douglas County is being done? People who cannot pay their utility bills, going to stores. And you know how we know the difference in prices? We can see what it costs in my community, then I can go to stores in other communities and the prices are not the same. And I assure you that the choice of goods is not the same. So we probably go into different stores. There might be some that I don't know about, you know, and they're doing all these wonderful things. But I don't see it. [LB945]

SENATOR JOHNSON: Thank you. Seeing no other questions, thank you. [LB945]

KATHY SIEFKEN: Thank you. [LB945]

SENATOR JOHNSON: Any other opponents? Seeing none, neutral. [LB945]

BOB HALLSTROM: (Exhibit 7) Chairman Johnson, members of the committee, my name is Robert J. Hallstrom, H-a-l-l-s-t-r-o-m. I appear before you today as a registered lobbyist for the Nebraska Bankers Association in a neutral capacity on LB945. I was going to suggest that I be quick, but that didn't work so well for the last witness. I've submitted an amendment for consideration by Senator Hansen and also am distributing it to the committee. The NBA traditionally has had some concerns with legislation in which governmental entities are proposing to make direct loans in competition with traditional financial institutions. We don't believe that they're the best equipped to make credit worthiness decisions and so we generally provide an amendment in the form of AM2051 that's before you, which would limit the or provide parameters for the financing program under LB945 to grants, loan participations, loan guarantees, and interest rate assistance. One of the things Mr. Hansen said in his testimony was providing some type of interest rate assistance. There's a prototype program under the Dollar and Energy Savings Loan Program where some of the principal is provided at zero percent interest to reduce the effective interest rate that those that are benefiting from the loans can receive. So with that, we would ask the committee to adopt the amendment if you're going to move the bill forward. And I'd be happy to answer any questions that the committee may have. [LB945]

SENATOR JOHNSON: Thank you. Any questions? Senator Riepe. [LB945]

SENATOR RIEPE: Quick question. It talks about, a lot about loans. Are these loan guarantees? What's the probability of getting a loan, if you will? [LB945]

BOB HALLSTROM: Well, the assumption is going to be that if there are situations where the borrower may be marginal, that loan guarantee could assist in making that loan happen. No different than SBA or other types of loan guarantees and entities that assist in loans that

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otherwise might not be made, allowing them to happen and to get the benefits from that loan. [LB945]

SENATOR RIEPE: So the backup money would serve as collateral. [LB945]

BOB HALLSTROM: Yes. [LB945]

SENATOR JOHNSON: Thank you. Any other questions? Thank you, Mr. Hallstrom. [LB945]

BOB HALLSTROM: Thank you, Senators. [LB945]

SENATOR JOHNSON: (Exhibits 8, 9) Others in neutral testimony? I want to read into the record we have some letters. We have letters of support from the American Heart Association; letter of support from Nebraskans for Peace; and in a neutral position is a Nebraska Department of Economic Development. Those will be read into the record. Any other testimony? Senator Hansen for closing. [LB945]

SENATOR HANSEN: Thank you, Chairman Johnson and members of the committee. And thank you, everyone, for sticking through what I'm sure is a long day of committee hearings considering we all had extra this morning. There are a couple of things I want to address in closing. I realized in my intro I didn't cover the story of kind of what got me interested in this area. I live in the University Place neighborhood which is centered around Nebraska Wesleyan in northeast Lincoln and I serve on the board there. And we've, over the past decade, had a couple of instances where kind of our anchor grocery store and business district at 48th and Leighton has closed. So it closed, it was closed for a little while. With some lobbying to the company, they agreed to open up a smaller version of the store and that was open for a few years and then that has since closed again. So under the definitions of food deserts and the definition of my bill, I guess we could call us lucky enough we're close enough to another grocery store to not qualify as a food desert. But that's one of the things that started getting my eyes' attention about food insecurity and whatnot of just seeing people in my neighborhood that you're technically, you know, nine-tenths of a mile away from a grocery store. But in the winter and, frankly, Lincoln's bus system isn't known for being great, you don't have your own form of transportation, you're technically not that far; but it actually becomes a bigger, bigger barrier. And so in our neighborhood I think about if you're at 48th and Leighton, there's houses and apartments that used to be a block away from a grocery store. When that closed, now to get something physically edible there's a couple of gas stations, there's a Walgreens, and there's a Pizza Hut. And that's kind of your options within a very short walk. And I know the pharmacy has changed and you can buy eggs, you can buy milk, but certainly not anywhere near fresh produce or fresh meat in the sense of grocery stores. And in terms of doing it the Nebraska way, you know, my

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neighborhood organization, we've really kind of stepped up and now do a farmers' market. It's...when we didn't have great results...I think this is its fifth or sixth year, this goes back before my involvement the first time the store was done. So I absolutely appreciate some things that have been said the Nebraska way. You know, we as a nonprofit neighborhood have really stepped up and worked to provide that at least on Wednesdays May through September you can get fresh produce two to three blocks from where the grocery store used to be. That's been a big advocate for the neighborhood. So certainly these aren't trying to trample innovation in Nebraska. But I'll point out even us, we got our start through a grant through the city of Lincoln. And even that small grant funding--I don't even know how big it was; it wasn't very big--was what's "abled" us to do that. I'd address several concerns and I'll try not to belabor these points. Senator Bloomfield, I know you've talked a couple of times about population in small towns. I would agree there'd be an absurdity if there's a county where there's, you know, two people per square mile, you open (inaudible) of a super mega grocery store there. I think the language is tight enough to not allow kind of those absurd results. We talk about kind of requirements that there be economic impact that actually increases access to food. So I think that would address a lot of those concerns. And I'd hope just overall those making the grant decisions would know not to, frankly, put it in areas where it's not going to benefit, it's not going to help the people in traffic to get. Talking about community gardens, I believe one of the letters that was submitted, it's the letter I'm thinking of, was submitted to me by a person who started a community garden project in actually Senator Morfeld's district where he's convinced an entire block of neighbors to all rip up their backyards and now they grow like 40 pounds of potatoes per person and they all get, you know, 3 pounds of tomatoes and all sorts of things. But even that, which is probably one of the most impressive projects I've ever heard of, they still have to go somewhere to buy milk, to go buy flour, to go buy meat. So even at your most innovative, there's still some barriers. And a couple of things just from the opposition I wanted to clarify, you know, the mom and pop stores, certainly the intent is to not run mom and pop stores out of town. The intent of this bill is to support those stores. You know, there was a lot of reference to the Douglas County Health program and some other extension programs where you come in and you revitalize a small store and put in a cooler there and help those businesses, you know, maybe increase their offerings. That's more or less what I'm trying to do in this bill. You know, that's been a very limited program. It's been dependent on federal funds. That doesn't apply to every district. That doesn't apply to, say, my county. I don't necessarily see those as competitive. If there would be a way to learn some of those practices, I think that would be great. And then just, I just felt like I needed to rebut it, as proud as I am of all the kids at the Cody grocery store, when it was said they did it on their own, my aide pointed this out to me, they got both a Sherwood Foundation grant and a U.S. Department of Agriculture grant. So even they, in what we kind of hold up as a prime example, had at least a little kick-start funding to do that. And that's where if we want that to happen more in this state, we can hope that USDA and the Sherwood Foundation come through and kind of save our skin over and over again. Or we can pony up what I think is frankly a very

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reasonable amount to have for opportunities like that. With that, I'll close and put myself at the mercy of the committee. [LB945]

SENATOR JOHNSON: Okay. Thank you. Senator Bloomfield. [LB945]

SENATOR BLOOMFIELD: Thank you. Senator Hansen, I'd like to go back to the community store that you were talking about that failed and closed and you got some help and they came in and reopened in a smaller version and that also failed. What makes you think that if we give a little money to try and help something and get it going again, it appears that people in that neighborhood are willing to drive past a local store to go to a larger store where they can...something similar to what Senator Chambers was talking about. [LB945]

SENATOR HANSEN: This might, if I could respond, this might not be the best example because each time that store closed it was because a bigger, newer version of the same company was built about a mile and a half away. And I can't confirm this, but kind of hearing through the grapevine that that might have been the fact that our little local was too competitive and the kind of new shining stars, they wanted to force more traffic that way. So that might not be the best example. I'm kind of remiss to bring it up. But I mean, I would think--and maybe Senator Chambers can share--I know there's areas of Lincoln that haven't had a grocery store in my lifetime. And I'm sure there's similar places in Omaha, you know. You know, it's one thing if a market can't sustain it and there's a grocery store three-quarters of a mile away on the other side of the highway, you know, that's one thing you can look at. I certainly wouldn't expect... [LB945]

SENATOR BLOOMFIELD: People frequently vote with their feet. I think that's what's happened to a lot of those community stores. As Senator Chambers said, you go in and the apples are half rotten and the oranges are all shriveled up. You're not going to pay \$1.69 a pound for that when you can go down the street six blocks and find a fresh apple for the same money. It just...if you can't sustain a business in a community, if you're trying to run it right and it fails and people drive out around it to go further away to a bigger, brighter star, I don't know that throwing a little money in there is going to help because people are still going to drive down to where they can get everything. It's aggravating because we watch the stores up there in our small towns boarded up because people would rather get in the car. Once they're in the car, it doesn't matter if they drive another ten miles. [LB945]

SENATOR HANSEN: Absolutely. And if it's all right, I'd like to respond to that. I do think there are some concerns with voting with their feet or in a small town voting with their car tires. I, frankly, a lot of my concern is about the individuals who--I'm sure it happens in a small town--don't have reliable access to a car and have to ask for rides to the grocery store. Or in cases of my instance, people who, say, rely on public transportation and the buses stop a half an hour after

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they get off work and so there's not enough time to take the bus out and back. You know, those are some of the more disadvantaged groups that I'm worried about falling through the gaps who, true, the store might have closed or moved because, you know, people voted with their wallets. But we still have to deal with the repercussions of the people whose wallets voted for the losing store, I guess I should say. [LB945]

SENATOR BLOOMFIELD: Thank you. [LB945]

SENATOR JOHNSON: Senator Harr. [LB945]

SENATOR HARR: Thank you, Senator Hansen. And I apologize, I wasn't here earlier to hear Mr. Kenny's testimony. And maybe this was addressed. Do we have any state CDEs? [LB945]

SENATOR HANSEN: Yes. There's...by one account I saw at least 20. [LB945]

SENATOR HARR: There's what? [LB945]

SENATOR HANSEN: Twenty of them in the state of Nebraska. [LB945]

SENATOR HARR: Okay. Okay, great. Thank you. [LB945]

SENATOR JOHNSON: Any other questions? Senator Chambers. [LB945]

SENATOR CHAMBERS: I just had a chance to read from this article that was handed out to us and it's talking about two stores in black communities. One is called Phil's Foodway at 3030 Ames. That's known in the community as "Filthy Phil's." And people have talked to me about it and say can I do...I say talk to the Health Department. They said the floors are dirty, the windows are not clean. And one woman was in there shopping with her mother. And he was talking about various things and what all he was doing. She said, well, we call you "Filthy Phil's." And he said why? She said look at the floors. You can at least keep the floors clean. All it takes is somebody with a damp mop periodically go through and clean the floors. That's not in this article. They talk about Chub's which is about six blocks from where I live. I live on 19th and Binney. Chubbs is on a place near 16th and Locust. And this guy is talking about all the offerings that he has in his store. So I'm going to read from this article. "Despite the current" and this is dated Sunday, December 20, 2015, Omaha World-Herald "Despite the current offerings, north Omaha shoppers said they still would like more choices in more places, and more competition to bring down prices overall." And this is a praising article. "'We need more,' said Terry Grimes, 51, who stopped in Wednesday at Phil's, where he buys apples and green vegetables. For some shoppers,

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having limited transportation limits choice. When she wants to go to No Frills, Juanita Parker catches the bus. She walks to Phil's Foodway, which is several blocks from her home. 'When it's cold, it seems like it's far,' she said, carrying a tote bag full of groceries on each shoulder. A cab ride to the grocery store would cost at least \$5, and more depending on distance, said John Davis, director of operations for Happy Cab. 'There's no question that we do that kind of transportation all the time,' he said, agreeing with residents that there is a need for more stores that sell healthy foods." This is a guy with a cab company telling you how much people have to spend to go to the store. And for me to sit up here and listen to somebody talk about all that's available in Douglas County and north Omaha and the article handed out mentions that there are not enough stores. Some people cannot afford cab fare to go to the store. The cab fare bites into what you can spend. So here's a woman carrying bags on her shoulder, walking several blocks when it's cold. I hadn't read this article, but I have mentioned to you I see people walking with groceries and I'll give them a ride because I know they must have some distance to go because there are not many stores in the area. If this bill will make more of this healthful food available, I'm for it; and I would like to see more money made available for that. You all who've been in this Legislature have not seen me bring bills that ask for money to fund projects. I don't do that. But I see everybody else doing it, and I watched some breaks given to our friend, WOW, HDR will get some breaks, and all these others. And now we're talking about something basic. The reason I spoke like I did before, with the severe problems that we have and even in an article where they're trying to be praiseworthy, all they do is underscore the problems. I acknowledged that I didn't know that there were the problems in rural Nebraska. You don't hear me saying, well, everybody in rural Nebraska is white and white people don't like themselves so let them fend for themselves. I will try to help people wherever they are if I can. But I'm not going to let these lobbyists come here who I've heard year after year after year, trying to make their money, downplay the serious problems that people I represent face. And you all haven't heard me in this committee go after a particular lobbyist in the way that I'm doing today. But where food and health are at stake, I'm not going to let her get away with saying all this great work being done in Douglas County. I don't think she knows where Douglas County is. I don't know if she's ever been in Douglas County. And maybe she lives there. But she certainly doesn't live where I live. She certainly doesn't see what I see. And she certainly doesn't hear the kind of things that I hear from people. So I'm for this bill. And if there's a way to get more money for it, I'm going to try to do that. And I don't want anybody to be caught by surprise when they say, well, why didn't Ernie say something during the hearing if all this is going on? I'm saying it here and I plan to do what I can to help get more, not just for this bill, but more for those people all over this state who don't have obviously what these lobbyists have. And some people are too proud to even say that they're hungry. Because when you are poor, there's a stigma attached to being poor. You are blamed for not having a job when there are no jobs available. You are blamed when you use so much water that you have a water bill that you can't pay, when you use so much heat that you can't pay your heating bill. And they will cut people's utilities off in Omaha in the wintertime. But that's all that I have. And I'm using you for a sounding board because I didn't want the lady

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who was here to feel like I would attack her in an unfair way or she might feel she couldn't speak for herself. So rather than just go after what she said, I think she's the one who had this article handed out. Read it when you get a chance and read between the lines and see the problems that are underscored rather than the attempt to praise Douglas County for doing so much. And that's all that I have. [LB945]

SENATOR JOHNSON: Thank you. Any other questions? Thank you for bringing the bill. [LB945]

SENATOR HANSEN: Thank you. [LB945]

SENATOR JOHNSON: With that, we will close the hearing on LB945. Thank you, everyone, for being here. I want to go into Exec Session, shouldn't take too long. [LB945]