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2010 Legislative Summary

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CORNHUSKER ECONOMICS

2010 Legislative Summary

Market Report	Yr Ago	4 Wks Ago	4/30/10
<u>Livestock and Products,</u>			
<u>Weekly Average</u>			
Nebraska Slaughter Steers, 35-65% Choice, Live Weight.	\$86.29	\$97.12	\$98.59
Nebraska Feeder Steers, Med. & Large Frame, 550-600 lb.	119.89	131.01	134.61
Nebraska Feeder Steers, Med. & Large Frame 750-800 lb.	102.66	110.61	114.41
Choice Boxed Beef, 600-750 lb. Carcass.	151.00	163.47	170.08
Western Corn Belt Base Hog Price Carcass, Negotiated.	53.90	73.52	82.69
Feeder Pigs, National Direct 50 lbs, FOB.	65.00	*	*
Pork Carcass Cutout, 185 lb. Carcass, 51-52% Lean.	57.43	73.87	89.97
Slaughter Lambs, Ch. & Pr., Heavy, Wooled, South Dakota, Direct.	112.25	*	*
National Carcass Lamb Cutout, FOB.	244.55	283.15	295.78
<u>Crops,</u>			
<u>Daily Spot Prices</u>			
Wheat, No. 1, H.W. Imperial, bu.	5.35	3.62	3.90
Corn, No. 2, Yellow Omaha, bu.	4.02	3.35	3.60
Soybeans, No. 1, Yellow Omaha, bu.	10.78	9.21	9.82
Grain Sorghum, No. 2, Yellow Dorchester, cwt.	6.02	5.29	5.70
Oats, No. 2, Heavy Minneapolis, MN, bu.	2.12	2.08	2.05
<u>Feed</u>			
Alfalfa, Large Square Bales, Good to Premium, RFV 160-185 Northeast Nebraska, ton.	190.00	135.00	135.00
Alfalfa, Large Rounds, Good Platte Valley, ton.	77.50	87.50	92.50
Grass Hay, Large Rounds, Premium Nebraska, ton.	85.00	*	*
Dried Distillers Grains, 10% Moisture, Nebraska Average.	143.00	98.00	107.00
Wet Distillers Grains, 65-70% Moisture, Nebraska Average.	51.75	35.00	36.00
*No Market			

What were some of the major issues addressed in the 2010 Legislature? Water, fences, wind energy and the state budget.

What happened with water? The main bill was LB862, which extends the \$10/acre irrigated acre tax to all Natural Resource Districts (NRDs) that are preparing an integrated water management plan. Formerly, this authority had been extended only to Republican Basin NRDs, but the Nebraska Supreme Court ruled that limitation unconstitutional. The Unicameral also repealed the water checkoff on corn and sorghum, and opened up the integrated management plan process to all NRDs. LB862 may help NRDs get closer to where they need to be in the Republican Basin.

Will this fix everything in the Republican Basin? Bill LB862 is a big step in the right direction. The \$10/acre tax will likely be challenged in court, so that may cause a delay. But aside from that, Republican Basin NRDs should be able to use the taxes to issue bonds to purchase or lease surface and ground water rights, to the extent needed to keep Nebraska in compliance with the Republican Compact Settlement Agreement.

Another fence statute was enacted? Yes, and only time will tell whether or not this one will work. Prior to enactment of LB667, neighbors shared the cost or responsibility of fence maintenance and construction on an “equitable” basis. By implication, livestock owners should pay more than non-livestock owners. However, LB667 defined this equitable basis as equal sharing unless the neighbors agree otherwise.

What exactly does this mean? It means if I have cattle and you don’t, you get to pay for half the fence.



I don't expect this to be too popular with landowners who are not in the livestock business. But the rule is pretty straightforward and could lead to less confusion about how much each landowner should pay for a fence.

The wind energy bill was major energy legislation! Absolutely! LB1048 may be the most important bill enacted this year. Nebraska has major wind energy development potential, but wind farm development has lagged far behind this potential. LB1048 will allow Nebraska to reach its full wind energy potential.

So what does LB1048 do? Basically, it removes any legal obstacles to companies developing major wind farms in Nebraska for export. The main wind developer concerns were (1) to clarify that wind energy generated in Nebraska could legally be exported to another state, and (2) prevent public power districts from acquiring wind farms through condemnation. In addition, wind exporters will have to build their own transmission lines if needed for wind power export.

What led to LB1048? A Chicago wind developer sought to develop a very large wind farm in Banner County for export. The Banner County facility will include 600-800 large wind turbines. In contrast, I believe Nebraska has less than 100 large wind turbines right now. LB1048 was enacted in large part to facilitate development of this Banner County wind farm. When the development is completed, this would be a big jump in Nebraska wind capacity. If the Banner County wind farm were online today, Nebraska would be among the top ten states for installed wind energy capacity.

So will LB1048 lead to a big jump in Nebraska wind energy development? It certainly makes more wind energy development more likely. Pending federal energy legislation would establish national renewable energy requirements for electric utilities. That could really push Nebraska wind energy big time!

So landowners and communities could receive wind energy lease payments for these new wind farms? Yes – I have seen media accounts that report annual landowner payments of \$5,000 per turbine. Tax payments to cities, counties and school districts would also be stretched out over the life of the project, instead of being front loaded in the project's first five years. I think the Unicameral really did a good job with this bill.

How about the state budget? The Unicameral cut the state budget this year in response to the recession and lower tax receipts. Many fear that the budget will be even tighter next year with no federal stimulus funds. So the Unicameral is requiring all state agencies to submit agency efficiency review plans to the Unicameral by September 1, 2010.

What would the agency efficiency review plans contain? The agencies must examine (1) program consolidation and streamlining, (2) employee reduction, (3) program elimination, and (4) the logistics of switching from a five-day to a four-day work week. The review could include taking a pretty hard look at what state government does and whether it should do less. Something to keep an eye on.

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