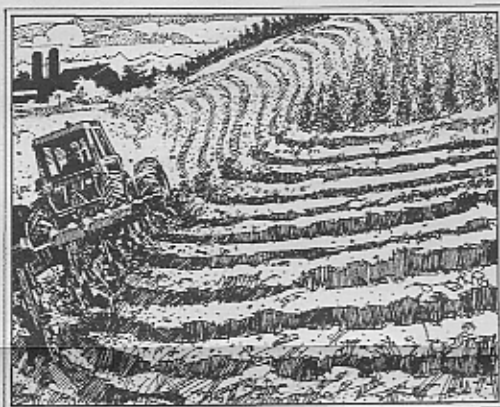


WATER RELATED BILLS

The biggest problem faced this session was Lincoln Senator Chris Beutler's attempt (LB 930) to impose an "annual water conservation fee" (tax) on irrigated land on a per acre basis. We led the charge against LB 930 at the January 18, 2006 public hearing before the Natural Resources Committee (NRC) at the State Capitol. The tax was supported by the League of Municipalities. We were very pleased when the NRC killed LB 930 the same day of its hearing. Much later in the legislative session, Beutler again tried on a couple of occasions to amend a variation of his LB 930 irrigation tax onto LB 1226. His attempts fizzled out and we escaped the session free of any new tax on irrigation.

LB 1226 was the priority bill of Senator Chris Langemeier, a good, pro-irrigation guy from Schuyler. This bill, in its original form, would have set high standards based on sound science for the Department of Natural Resources (DNR) to meet in making the evaluations and determinations on fully and over appropriated basins. Naturally, the DNR did not like this bill holding them to high standards of sound science, and the NRC sided with DNR and watered down the language to a level

that really changed little from how DNR does things now. Then, because of its priority designation, LB 1226 became the "Christmas Tree" bill for all other water or natural resources districts related bills to be amended onto, including measures involving noxious weeds, NRD levy limits, storm water management, livestock waste management, irrigated educational lands and conservation easements. LB 1226 ultimately was adopted very late in the session. We can live with LB 1226.



AGRICULTURE DRIVES STATE'S ECONOMY

In our last newsletter, we reported on a recent study accomplished by respected economist and researcher Dr. Charles Lamphear that showed irrigation generates 4.5 billion dollars every year for our state's economy.

On March 22, Dr. Lamphear unveiled a second study that shows that 1 of every 3 jobs in Nebraska is derived from agriculture. Dr. Lamphear used 2002 data and an advanced economic impact assessment modeling system to calculate the direct economic contribution of agriculture in terms of output, value added, employment and earned income. This study revealed that 31% of all Nebraska jobs - or 366,000 full and part-time jobs - result from agriculture. Also, agriculture and agribusiness activity directly and indirectly contributed 14 billion dollars to Nebraska's economy, which is four times Nebraska's annual budget. Dr. Lamphear said, "it is not

an exaggeration to conclude that production agriculture is the dominant primary source for economic livelihood in Nebraska." Thanks to Dr. Lamphear's excellent work, no one can say that agriculture is not as important today as in the past. In fact, it is more important now than ever before and we all know that irrigation is the lifeblood of Nebraska agriculture.

We believe that the Conservation Reserve Enhancement Program (CREP), which involves taking land out of production, is not a wise economic policy. While the individual farmer may benefit from CREP dollars, all other businesses associated with and reliant upon crop production such as feed, seed, chemical and fertilizer dealers, ag implement businesses, banks, and most all of main street enterprises, will surely suffer.