

1999 HOUSE AGRICULTURE

HCR 3031

1999 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HCR 3031

House Agriculture Committee

Conference Committee

Hearing Date 2-11-99

Tape Number	Side A	Side B	Meter #
One HCR 3031	x		0 to 2.5
Committee Clerk Signature			

Minutes:

Summary of resolution: Urges Congress to encourage the formation of new Leg or Dam initiatives to extend insurance options for livestock producers.

Rep Froelich: Would like to see if Congress could come up with an insurance plan for livestock producers as they have for the crop producers.

Rep Berg: Would this insurance cover say loss from acts of God?

Rep Froelich: Private Insurance for losses due to blizzard very expensive. New born calves not covered until they are 72 hours old.

Rep Rennerfeldt: Are you looking at tax payer subsidy as in crop insurance?

Rep Froelich: Not aware of anything like this.

Hearing closed, Motion by Rep Berg for a DO PASS and place on the consent calendar.

Sec by Rep Johnson. Motion carried. Unanimous vote for passage.

Date: 2-15-99
Roll Call Vote #: 1

1999 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 3031

House AGRICULTURE Committee _____

Subcommittee on _____
or
 Conference Committee

Legislative Council Amendment Number _____

Action Taken Der Pass Consent

Motion Made By Berg Seconded By Johnson

Representatives	Yes	No	Representatives	Yes	No
Eugene Nicholas, Chaiman			Bob Stefonowicz		
Dennis E. Johnson, Vice Chm					
Thomas T. Brusegaard					
Earl Rennerfeldt					
Chet Pollert					
Dennis J. Renner					
Michael D. Brandenburg					
Gil Herbel					
Rick Berg					
Myron Koppang					
John M. Warner					
Rod Froelich					
Robert E. Nowatzki					
Phillip Mueller					

Total (Yes) all No _____

Absent _____

Floor Assignment _____

REPORT OF STANDING COMMITTEE (410)
February 12, 1999 10:18 a.m.

Module No: HR-29-2716
Carrier: Nicholas
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

HCR 3031: Agriculture Committee (Rep. Nicholas, Chairman) recommends DO PASS and BE PLACED ON THE CONSENT CALENDAR (15 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). HCR 3031 was placed on the Tenth order on the calendar.

1999 SENATE AGRICULTURE

HCR 3031

SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HCR 3031

Senate Agriculture Committee

Conference Committee

Hearing Date 3/18/99

Tape Number	Side A	Side B	Meter #
1	X		515-930
Committee Clerk Signature <i>Licia Ferguson</i>			

Minutes:

Senator Wanzek called the meeting to order, roll call was taken, all were present.

Senator Wanzek opened the hearing on HCR 3031.

Representative Froelich introduced the bill. Testimony enclosed.

Senator Wanzek: What about revenue insurance.

Representative Froelich: I've never looked that far.

Senator Wanzek closed the hearing.

Senator Klein made the motion for a Do Pass.

Senator Kinnoin seconded.

ROLL CALL: 7 Yes, 0 No

CARRIER: Senator Klein

Date: 3/18
Roll Call Vote #: 1

1999 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. HCY2 3031

Senate Agriculture Committee

Subcommittee on _____
or
 Conference Committee

Legislative Council Amendment Number _____

Action Taken Do Pass Consent

Motion Made By Klein Seconded By Kinnoin

Senators	Yes	No	Senators	Yes	No
Senator Wanzek	✓				
Senator Klein	✓				
Senator Sand	✓				
Senator Urlacher	✓				
Senator Kinnoin	✓				
Senator Kroeplin	✓				
Senator Mathern	✓				

Total (Yes) _____ No _____

Absent _____

Floor Assignment Senator Klein

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE (410)
March 18, 1999 4:18 p.m.

Module No: SR-49-5142
Carrier: Klein
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

HCR 3031: Agriculture Committee (Sen. Wanzek, Chairman) recommends DO PASS and BE PLACED ON THE CONSENT CALENDAR (7 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). HCR 3031 was placed on the Tenth order on the calendar.

1999 TESTIMONY

HCR 3031

TESTIMONY FOR HCR 3031

Prepared by Representative Rodney Froelich

March 17, 1999

Mr. Chairman and fellow Ag Senate members:

I have introduced HCR 3031 on behalf of the livestock producers of North Dakota.

As you are well aware, there is a USDA program in place for crop production.

HCR 3031 urges Congress to form legislation to enable livestock producers to have alternative insurance options. Currently, you may purchase various livestock insurance; such as fire, lightning, drowning; and, yes, blizzard insurance. The problem with blizzard insurance is that it is extremely expensive and very restrictive. To give you an example, calves can not be covered until they are at least three days old. As you know, in the winter of 1997, there was a huge loss of livestock due to the many blizzards.

Newborn livestock are at their greatest risk the first 72 hours of their lives.

HCR 3031 would encourage Congress to form new legislation to address the livestock owners insurance options.

With the livestock industry being the second leading industry in North Dakota, I believe it is crucial to seek additional insurance options for livestock producers.

Thank you.

**Testimony of Roger Johnson
Commissioner of Agriculture
House Concurrent Resolution 3031
March 18, 1999
Senate Agriculture Committee
Roosevelt Park Room**

Chairman Wanzek and members of the Senate Agriculture Committee, my name is Roger Johnson and I am the Commissioner of Agriculture.

I am here today in support of HCR 3031, which urges Congress to encourage the formation of new legislative or administrative initiatives to extend insurance options, similar to crop insurance options, to livestock producers.

As Chair of the National Association of State Departments of Agriculture's (NASDA) Risk Management Task Force, I know that the development of risk management and revenue protection options for livestock producers is a high priority. Attached is policy recently adopted by NASDA's membership at its recent Mid-Winter Legislative Meeting. These recommendations include a recognition that additional resources are necessary in order to aggressively expand insurance coverage to all crops and livestock.

Risk management, crop insurance, and revenue protection programs will likely receive considerable attention during the 106th Congress. Livestock producers must be included in any risk management reforms and new program developments that are likely to take place.

Senators Roberts and Kerry have already introduced Federal legislation that includes a provision to eliminate the current exclusion of livestock from risk management programs. Congressman Pomeroy will also be introducing legislation regarding risk management programs.

This resolution reinforces the need for Congress to include livestock in risk management and crop insurance program reform.

Chairman Wanzek and committee members, I urge you to support HCR 3031. I will be happy to answer any questions you may have.

12.8 Farm Income and Production Stability - Agriculture is changing at an increasingly rapid pace; consequently, there is a need for improved, comprehensive risk management programs. Sound risk management programs are a combination of federal and state governments and private industry working together to provide products, information and opportunities to producers who are willing to utilize risk management opportunities and form risk management plans.

Risk management encompasses education, marketing, and primarily crop insurance programs. Covering production costs and ensuring a minimum price are two elements to consider in a crop insurance/risk management proposal. As farmers are exposed to unpredictable and unusual risks, it is essential that a crop insurance/risk management plan cover, at a minimum, the input cost of production to a producer.

In addition, the federal government should ensure the stabilization of prices received by farmers while at the same time ensuring that such stabilization of prices does not distort production levels. Major, sustained low price levels cannot be protected against with an insurance program that is required to be actuarially sound. Price protection must be provided by separate farm policy. Substantial federal support to producers must be provided during low price periods.

CROP INSURANCE

Coverage

Crop insurance coverage must be meaningful and comprehensive. At the same time, premiums must not be cost prohibitive for producers. While current federal policies give producers more flexibility in making production decisions, alternative and non-traditional crops have and will continue to proliferate and must be included in crop insurance coverage. Crops currently not insured and non-traditional crops should be covered by crop insurance. A crop insurance program should be designed to promote innovation and alternative crops. Additional resources will be necessary to aggressively expand insurance coverage to all crops and livestock. Premium subsidies should be higher for higher levels of coverage and lower for lower levels of coverage, encouraging producers to carry more coverage.

Prevented Planting — The restriction on prevented planting eligibility for land with a "pre-existing condition" of more than two years is unreasonable in cases of standing water. Determinations of whether prevented planting due to wet conditions is pre-existing or a new occurrence of the same problem is extremely difficult to verify and administer with consistency. The restrictions of these provisions should be relaxed so producers are not unduly penalized by being determined ineligible for prevented planting coverage.

Participation

Federal assistance should be contingent upon a producer's participation in the crop insurance program. Crop insurance should be mandatory in order for producers to receive assistance. Crop insurance must provide meaningful coverage and provide incentives for farmers to purchase the insurance.

An appropriate role for the producer, the federal government and private insurers must be established. Primary delivery of catastrophic (CAT) crop insurance should be through the Farm Service Agency. Buy-up coverage should be available through insurance companies, in conjunction with federal government underwriting and subsidies. Premiums must be affordable and should provide incentives for producers to carry higher rather than lower levels of coverage. Crop insurance programs should be developed on a regional and/or state basis. The states should have a role in crop insurance programs as they are uniquely positioned to handle the administration of the federal portion of the crop insurance program. To improve efficiencies, the USDA and state departments of agriculture should consider cooperative agreements where appropriate.

Additional elements of a crop insurance program to consider are whole farm revenue insurance and long-term reserve accounts. Whole farm revenue insurance would allow producers to purchase insurance guaranteeing a certain percentage of revenue for the whole farm. It would provide protection against unavoidable losses of production and low prices. Long-term reserve accounts are a way for farmers to save, on a tax-deferred basis, during good times for poorer years.

DISASTER SITUATIONS

Disaster situations in agriculture are inevitable. The challenge for lawmakers and the federal government is to develop a program or plan to lessen the impact of such disasters. However, until crop insurance/risk management programs are established that are capable of totally replacing ad hoc disaster assistance, producers and the federal government should have a consistent way of coping with disasters. Federal disaster assistance should not undermine the intent of crop insurance programs.

Many areas of the country have been impacted by disaster situations and have experienced significantly reduced yield guarantees and/or increasingly higher premiums. In some cases, yield guarantees have been severely impacted by disease and insects even though areas might not have received disaster declarations. The result is that multi-peril crop insurance has become an ineffective risk management tool for these farmers.

NASDA believes the USDA and the United States Congress should review the effectiveness of risk management tools and explore all options to provide farmers with improved risk management tools. NASDA would recommend that years for which disaster declarations have been made and/or where prevented planting has occurred shall be excluded when calculating APH yield.

EDUCATION

Education is an important component of any risk management plan. The USDA should educate producers and lenders about risk management strategies. Education must extend beyond basic crop insurance/risk management programs. Education should provide basic management training, financial management accounting/bookkeeping, human resources, organizational

development, and domestic and international marketing. Educational forums should be positioned as incentives for obtaining lower crop insurance premiums from the federal government.

The Risk Management Agency's dairy options pilot program concept should be expanded to other traded commodities. By combining crop insurance and risk management tools, farmers can develop a total risk management plan. This approach enables a farmer to move into a more market-oriented world.

FIRST-TIME FARMERS

As the average age of the American farmer rises, Congress must find ways to attract younger farmers into the business. Without a generation to pass the farm onto, the United States leaves itself vulnerable. Possible incentives are lower farm revenue insurance premiums, targeted risk management programs, and tailored training and education programs. Free CAT coverage is offered to limited resource farmers and a greater premium subsidy should be provided for the beginning farmers. The federal government should provide incentives for increased participation by younger generations.