

MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION
SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

3001

2001 HOUSE AGRICULTURE
HCR 3001

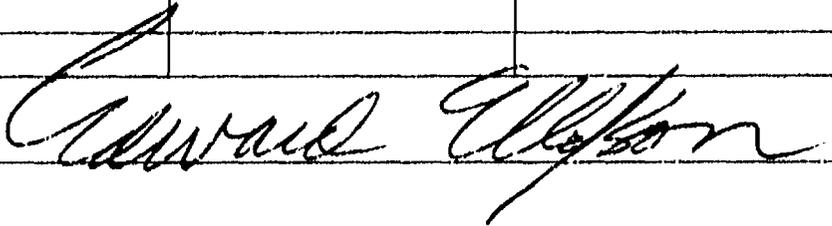
2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HCR 3001

House Agriculture Committee

Conference Committee

Hearing Date 2-2-01

Tape Number	Side A	Side B	Meter #
ONE			00 TO 3167
Committee Clerk Signature 			

Minutes:

1A: CHAIRMAN NICHOLAS: OPENED THE HEARING

1A: JOHN WARNER: Good morning Mr. Chairman. For the purpose of my presentation this morning I represent the INSURANCE COMMITTEE ON AGRICULTURE. HCR 3001 arose out of concerns that members of the Agriculture Community, particularly out of the grain marketing committee that they would be short changed and their grain would be graded twice. It would be graded locally by the Federal Grade Inspection Service and then it would be shipped to a terminal elevator where it would be regraded and usually down graded. At the local elevators it would then take a very large loss in revenue. One it was out there and down graded, the cost of shipping like shipped to another manufacture for another purchaser would be prohibitive. Local elevators have lost very large amount of money on unit train loads of grain to a terminal elevators. There are several issues here.

1. The issue that Federal Grain Standards would permit this. There not mandatory for any grain contract. There was some concern on the committee that will probably have to be addressed whether they will continue to be this permissive. I think with that I will open it to questions.

1A:136: REPRESENTATIVE MUELLER: Representative Warner. You speak of the elevators taking a bath so to speak. Would it be fair to say that a lot of the time the elevator has to protect themselves when they buy the grains so that they can protect themselves.

1A: REP. WARNER: Certainly, Elevators become much more conservative in their offering and then the prices they post on the board in order to cover their losses even if they aren't responsible to their members, it reflects the losses to it's membership.

1A:196 CHAIRMAN NICHOLAS: Any further questions from Rep. Warner. Representative Warner, I want to tell you on your interim study from the Agr. Committee we forwarded HB 1034 with the appropriations part to the Appropriations Committee. The Committee overwhelming passed so I am holding HB 1033 to see what Appropriations dose with HB 1034.

1A:263 TIM DAWSON: Good morning Chairman Nicholas and Committee members. My name is Tim Dawson and I am with the Legislative Council. I am not here for or against the Resolution but merely here to explain it. HCR 3001 urges congress to provide for consistent system of grain grading based upon point of origin grain grading. Two of the WHEREAS CLAUSES STARTING LINE EIGHT inconsistencies between the test results of grain that is first graded at country elevators and then graded at destination ports result in country elevators being placed at substantial financial risk; and the one that starts on LINE ELEVEN, grain

grading standards that differ depending on where and to whom they are applied cause mistrust and raise concerns about the quality of American products; and also LINE THIRTEEN which says the risk management grade should follow the Commodity Credit Corporation's grades for adjustments for crop insurance purposes: This pretty much sums up the Resolution before you.

If you have any questions I will be glad to answer them for you.

1A:346 CHAIRMAN NICHOLAS: Any questions. Thank you. Anyone else wishes to appear in support of HCR 3001?

MARK WINTER: Valley City Farmer. Mark supports HCR 3001. There is a handout attached as to Marks testimony.

1A: REPRESENTATIVE LEMIEUX: Mark, should there be a world grading standard for products so that when we compete in world markets. The answer from Mark was, yes there should be a world standard

1A REPRESENTATIVE MUELLER: Where there are grain inspections, there is no conformity. There should be.?

Mark says there should be conformity and this is what I hope will be achieved out of this HCR. Presently most elevators just go about it in there own way.

1A: CHAIRMAN NICHOLAS: Any other questions? Thank you Mark.

1A: 719 STEVE STREGE: Steve is with the the Grain Dealers Association. Our members support HCR 3001. I think that negotiations between buyer and seller, the testing of grains. Some of the factors that enter into where a buyer will accept origin grains are his past experience with the seller, his reputation of the inspection agency doing the grading. The durability of the crop. The Federal Grain Inspection inspects at Export Points only. We get into the interior

Page 4

House Agriculture Committee

Bill/Resolution Number HRC 3001

Hearing Date 2-2-01

market, like here in N.D. It was mentioned that we have several inspection agencies and those are privately owned. There under the supervision of the Grand Forks Field Office and supposedly everything is consistent but it is not always that way. Any questions.

There are official tests but they are not perfect.

1A: ART GAINER: I am from Douglas, ND. I represent myself. I used to sit on the Garrison Grain Elevator. This fall I took a sample of grain and sent it to three different grain elevators. I got three different grades back. The variance in the grain amounted to two dollars. That is a sad situation. I think the HCR IS ONLY HALF STRONG ENOUGH. Many of the grain companies that are testing are private. It all comes back to the producer because the country elevator has to protect itself.

1A: 1299 CHAIRMAN NICHOLAS: We have the same thing happening in our area. We were sending samples to Minot, Grand Forks and Devils Lake. Coming back different. We saw a lot of difference. Any other questions committee members.

Anyone wishing to appear in opposition to this Resolution.

THEN WE WILL CLOSE THE HEARING ON HRC 3001. The chair will entertain a motion on HCR 3001. REPRESENTATIVE MULLER MADE A MOTION AND IT WAS SECONDED BY REPRESENTATIVE BRANDENBURG.

There was discussion that went on after the motion. After the discussion it was summed up by Chairman Nicholas when he made the statement " We have some very serious problems.

Farmers and especially as we get into harvest and some elevators are trying to help the farmers to some degree are not treated by Federal Crop. WE have some serious problems in the whole structure that need to be ironed out. ANY OTHER QUESTIONS.? O.K. What are the

Page 5
House Agriculture Committee
Bill/Resolution Number HRC 3001
Hearing Date 2-2-01

committee's wishes. Do we just want to roll with the other resolution and just leave this one stand or do you want to make some changes. There was additional discussion as to both HCR 3001 AND HCR3016 because of the similarities of the Bills and to a certain extent the Bill work together. We proceeded with the motion that had been made and the clerk took the Roll. This will go on the consent calendar. Representative Renner will be the carrier if one is needed. We will close on HCR3001.

Date: 2-2-01
Roll Call Vote #:

2001 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. HCR 3001

House AGRICULTURE Committee

Subcommittee on _____
or
 Conference Committee

Legislative Council Amendment Number _____

Action Taken DO PASS

Motion Made By MUELLER Seconded By BRANDENBURG

Representatives	Yes	No	Representatives	Yes	No
Eugene Nicholas, Chairman	✓		Rod Froelich	✓	
Dennis E. Johnson - Vice Chairman	✓		Doug Lemieux	✓	
Rick Berg	✓		Phillip Mueller	✓	
Michael Brandenburg	✓		Kenton Onstad	✓	
Joyce Kingsbury	✓		Sally M. Slandvig	✓	
Myron Koppang	✓		Dennis J. Renner	✓	
Edward H. Lloyd	✓		Dwight Wrangham	✓	
Bill Pietsch	✓				

Total (Yes) 15 No 0

Absent 0

Floor Assignment REP. RENNEN

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

REPORT OF STANDING COMMITTEE (410)
February 2, 2001 2:38 p.m.

Module No: HR-19-2275
Carrier: Renner
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

HCR 3001: Agriculture Committee (Rep. Nicholas, Chairman) recommends DO PASS
(18 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). HCR 3001 was placed on the
Eleventh order on the calendar.

2001 SENATE AGRICULTURE

HCR 3001

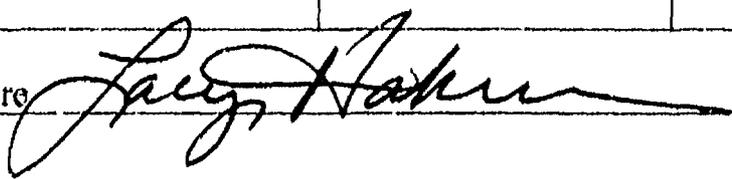
2001 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HCR 3001

Senate Agriculture Committee

Conference Committee

Hearing Date March 15, 2001

Tape Number	Side A	Side B	Meter #
March 15	X		7.2 - 19.5
Committee Clerk Signature 			

Minutes:

REP. WARNER; introduced the resolution to the committee. This resolution calls for more consistency in grading standards and the allowance of contracts that would allow the grain standard to be designated to the point nearest the field and not to allow grading standards which would discount grain after the grain had already delivered.

TIM DAWSON; explained the resolution to the committee.

STEVE STRGE; N D Grain Dealers Assoc., testified in support of this resolution. See attached testimony.

SENATOR WANZEK; Is the grade that is taken at the point of origin where that farmer deliver the to the elevator or where it is loaded onto the car?

STEVE STREGE; Yes, from the elevator on to a destination. We would prefer that it be bases on origin grade, first official.

SENATOR WANZEK; Is the first official grade done when the car is loaded on site?

STEVE STREGE; Yes, the elevator would have the option of whether to have an official grade taken, which would require an inspection and give an official grade. The other way would be to take a sample themselves as they load the car. The elevator can call for a reinspection.

SENATOR URLACHER; Samples are taken when the grain is delivered, then another sample is taken when the grain is loaded and then again when it has reached destination. Between the time the grain is loaded on the car and reaches its destination the grades are going to vary, so there is a risk involved with that process. So when the grain comes off the truck the buyer has to make an adjustment on the lower side in order to accommodate the losses on the other side. Do you have any comments on this?

STEVE STREGE; I appreciate all the things you are saying. There are going to be grading differences.

The hearing was closed.

SENATOR KLEIN moved for DO PASS and put on the consent calendar.

SENATOR NICHOLS seconded the motion.

Roll call vote: 6 Yeas, 0 No, 0 Absent and Not voting.

SENATOR NICHOLS will carry the bill.

REPORT OF STANDING COMMITTEE (410)
March 15, 2001 4:37 p.m.

Module No: SR-45-5773
Carrier: Nichols
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

HCR 3001: Agriculture Committee (Sen. Wanzek, Chairman) recommends DO PASS and BE PLACED ON THE CONSENT CALENDAR (6 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). HCR 3001 was placed on the Tenth order on the calendar.

2001 TESTIMONY
HCR 3001

Testimony in Support of HCR 3001

By Mark Winter, Valley City Farmer

Gentlemen,

In the last year, I was elected to be on the Northern Canola Growers Assoc. board of directors. During our last meeting in Minot, I brought up an issue that dealt with grain inspections. At the time I was unaware of bill 3001. Barry Coleman was able to retain a copy of it for me to review. I was happy in the fact that it was even brought up but very upset that it doesn't go far enough.

The points I was throwing at our board, things that I believe need to be achieved are as follows:

- (1) There should be a common ground between all grain inspections.
- (2) Maybe there should be only one grain inspection which should be called the North Dakota Grain Inspection.
- (3) Grain that leaves our state should have the same grades as, for example, Ingman Laboratories in St. Paul and right on down the line.
- (4) All elevators should be reporting to this one Grain Inspection.
- (5) There should be a check and balance in the system to protect the producer from fraud.
- (6) If there can't be only one inspection then they should have to report to someone who has the authority to keep them all in line.
- (7) When we as a producer face a new discount every year then I want to know as a producer, that they are holding up to their end of the deal. And that deal is to be honest and 100% accurate.
- (8) There are certain practices that are being used by elevators when grading. The grain inspection should be made to find out what practices these are that make these grades unfair and to have authority to make these practices banned. And if not in compliance, be able to put a heavy fine to them.

And if the Grain Inspection or inspections can't enforce then they should be fined by an upper authority or just held accountable.

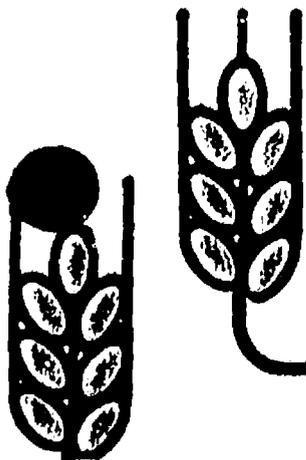
I could take a coffee can of grain to three different inspections and get three different grades. How does a 30 to 35 thousand bushel bin grade out? In past years we used to get all our samples graded completely. This would cost us a great deal of money. We did this so we knew exactly what we had in our bins so when we call up an elevator, we just tell them the grades. Sounds good but not practical. The response we get is this: "That doesn't do us any good. We get our grain inspected at such-n-such a place. You'll have to bring us a sample and we'll tell you what it's worth." From past experiences that may not favor us. There should be no differences.

Well I've said enough. I hope I got my point across. The last couple of years, it seems like everybody points their fingers at the Canadians. Although, they aren't helping, they aren't the sole problem. I have always said there needs to be more done right at home. We can do little as a producer to control the Asian flu which affects supply and demand but we can do a lot more right here in our state to assure us a fair price.

Thanks for your time.

Sincerely,

Mark Winter



NORTH DAKOTA GRAIN DEALERS ASSOCIATION

STEVEN D. STREGE, Executive Vice President
CHERYL WELLE, Executive Assistant
CONNIE LEIER, Administrative Assistant
Ph: 701-235-4184, Fax: 701-235-1026
118 Broadway, 606 Black Bldg., Fargo, ND 58102

LARRY PHILLIPS, Safety & Health Director
Ph: 701-251-9112, Fax: 701-251-1758
P.O. Box 5055, Jamestown, ND 58402-5055

STU LETCHER, Safety Specialist
Ph: 701-543-3110, Fax: 701-543-4183
P.O. Box 72, Hatton, ND 58240

TESTIMONY ON HCR 3001
SENATE AG COMMITTEE
SENATOR TERRY WANZEK, CHAIRMAN
THURSDAY MARCH 15, 2001 - 11:30 A.M

The North Dakota Grain Dealers Association supports HCR 3001. It expresses a longstanding desire of ND grain elevator operators to sell grain based on origin grading.

More of this is actually going on already than, for example, 10 years ago. "Origin first official" grades prevail when the contract between buyer and seller calls for that. In the end, the negotiations between buyer and seller will determine on what basis settlement will be made.

The relationship between buyer and seller, the reputation of the inspection agency doing the grading, the quality and variability of the crop, and the needs of the buyer, are factors entering into determining the basis for settlement. There are often other specifications which go beyond the grades.

Just FYI, current federal law requires that only exports be officially inspected. Interior markets have the option, which is heavily used.