

# MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION

SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

3035

2001 HOUSE AGRICULTURE

HCR 3035

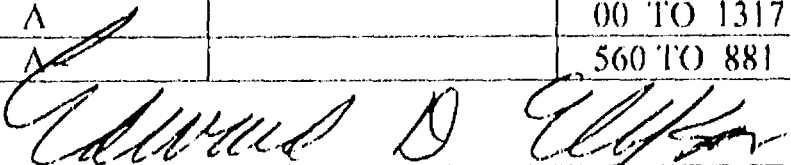
2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HCR 3035

House Agriculture Committee

Conference Committee

Hearing Date 2--16--01

Tape Number	Side A	Side B	Meter #
ONE	A		3808 to 6200
TWO	A		00 TO 1317
THREE	A		560 TO 881
Committee Clerk Signature 			

Minutes:

CHAIRMAN NICHOLAS: Committee members we will open on HCR 3035.

REPRESENTATIVE FAIRFIELD: She read testimony which is attached. Please see.

SEN. BOWMAN: I come from an area where we ship a lot of our cattle out of state for processing. We send them down to the feed lots. I went down to study the cattle industry to find out what happens to our cattle when they hit the Kansas feed lots and then have to go to the packers. There having a lot of the same frustrations that we have. Once these cattle go into a concentrated feed yard like a hundred thousand head that is owned by Cargill. You find out that they own the majority of the cattle. It is not the farmers anymore that own the cattle. That is called captive supply. That is the cattle in their system. What dose that do to effect the cash market. I have a pretty good evidence here that I think. The yellow line is the cash market and the green line is the percent of cattle in the system. You can definitely see that when the cash price goes down, the green line goes up. You don't have to be a great economist to figure that

out. You just have to be able to read the lines. There is a direct correlation even though certain economist have nice contracts with certain Agr. institutions in America will say you are wrong. This data dose not say you are wrong. This is an independent study. It has no affiliation with any of them. The next thing is we have to figure out where the ND farmer is going to be in the future. It is getting harder to make a profit. Tyson control the chicken marker. The profit for the chicken raiser is very marginal. Thank you

CHAIRMAN NICHOLAS: Anyone else in support of this legislation.

WAYNE CARLSON; I am the Livestock Services Coordinator for the Department of Agriculture. Please read prepared testimony. I urge a "do pass"

JOHN CRABTREE: Please see printed testimony. I encourage you to act boldly and support this resolution. Thank you.

RICHARD SCHLOSSER: I am here on behalf of the N.D. FARMERS UNION in support of HCR 3035. On the national level this has been a priority of theirs as to these practices. captive supplies are a disadvantage to farmers. The bottom line as far as our organization is concerned is dealing with livestock production is best left in the hands of independents.

WADE MOSER: I am with the ND STOCKMANS ASSOCIATION. A lot has been covered this morning. Ten years ago we would see several feedlots coming to ND, and wanting our producers and wanting our producers to put cattle in their lots on a retained ownership basis. We donut see nearly as much of that anymore. Simply because they are going to the packers. Price reporting. Today we see more and more people pricing there cattle on a grid. You get paid by the quality of the cattle that you have. The grid price is based on the cash price with

some premiums or discounts. We see that when the packers are out of the market it that definitely changes the floor price or the grid price. There was a law that was passed in 1999 that was called the MANDATORY recording act. We thought this would help us get a handle on what the price was. There was some loopholes created for the packers called the three sixty provision. It means that if there are three or more packers buying cattle in a half day period then you reported the price. If there were less than three they did not have to report the price. If a packer bought more than sixty percent of the volume they did not have to report the price. We have a big mess on our hand now. We like the resolution

Representative Lemieux: should we have a little more language in this bill as to where the department of justice is in this. We are asking congress to do something. We have to have some teeth in the Bill. The answer is something has to be done. We have had a lot of frustration with the justice department. They not dealing the way they should. This has been a wake up call as far as the way the justice department operates.

SCOTT FREY; Printed testimony from Donald Nelson.

WE CLOSE THE HEARING ON HCR 3035.

1A:1317

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1A:560 VICE CHAIRMAN JOHNSON: We will reopen the hearing on HCR 3035.

Representative Lemieux: There was a suggestion that we amend this HCR. I would like to add some language to this HCR. I would like to move that we use the language in the amendment.

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House Agriculture Committee

Bill/Resolution Number HCR 3035

Hearing Date 2--16--01

Representative Lemieux made a motion for a DO PASS and Representative seconded the motion.. A motion was then made for a DO PASS WITH AMENDMENTS. Representative Koppang made the motion and Representative Renner seconded. A ROLL CALL WAS TAKEN.....THERE WERE ""13 YES.....0 NO.....AND 2 ABSENT"" REPRESENTATIVE LEMIEUX WILL CARRY THE BILL.

1A:881

VK  
2/16/01

**HOUSE AMENDMENTS TO HCR 3035 HOUSE AGR. 2-16-01**  
Page 1, line 1, after "owning" Insert a comma

Page 1, line 2, remove "or", after "feeding" insert ", or controlling", and after "slaughter" insert  
"and to amend the federal Packers and Stockyards Act to accomplish this goal"

Page 1, line 16, replace "or" with a comma and after "feeding" insert ", or controlling"

Page 1, line 17, after "slaughter" insert "and to amend the federal Packers and Stockyards Act  
to accomplish this goal"

Renumber accordingly

2-16-01

Date:  
Roll Call Vote #:

2001 HOUSE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. HCR 3035

House AGRICULTURE Committee

Subcommittee on \_\_\_\_\_  
or  
 Conference Committee KOPPANG - RENNER

Legislative Council Amendment Number WITH AMENDMENTS

Action Taken DO PASS

Motion Made By LEMIEUX Seconded By PIETSCH

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

Total (Yes) 13 No 0

Absent 2

Floor Assignment LEMIEUX

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



**REPORT OF STANDING COMMITTEE**

HCR 3035: Agriculture Committee (Rep. Nicholas, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (13 YEAS, 0 NAYS, 2 ABSENT AND NOT VOTING). HCR 3035 was placed on the Sixth order on the calendar.

Page 1, line 1, after "owning" insert a comma

Page 1, line 2, remove "or", after "feeding" insert ", or controlling", and after "slaughter" insert "and to amend the federal Packers and Stockyards Act to accomplish this goal"

Page 1, line 16, replace "or" with a comma and after "feeding" insert ", or controlling"

Page 1, line 17, after "slaughter" insert "and to amend the federal Packers and Stockyards Act to accomplish this goal"

Renumber accordingly

2001 SENATE AGRICULTURE

HCR 3035

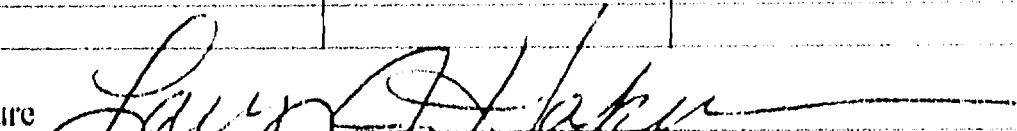
2001 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HCR 3035

Senate Agriculture Committee

Conference Committee

Hearing Date March 16, 2001

Tape Number	Side A	Side B	Meter #
March 16 2	X		0.0 - 23.7
March 29 1	X		1.0 - 7.0
Committee Clerk Signature 			

Minutes:

**March 16, 2001**

REP. FAIRFIELD; Sponsor, introduced the resolution to the committee. We are seeing a few giant multi national corporations string a hold on agriculture. Even though we may not always reference market concentration expressly in other policy discussion it is really underlying every agricultural issue facing American farmers today, from the producers inability to get a fair price, access to local markets, chemical harmonization, research, value added processing to world trade. The increasing power of agribusiness in the market place is fundamental to the discussion of the future of farm policy. Aim of this resolution is to support critical livestock markets reforms through banning packer ownership of livestock. The issue of vertical integration in agriculture and it affect on producers market and the retail sector are really common and accepted components of today's economic reality. I believe that we can not stress enough the importance of competition in the marketplace. In this market orientated economy that we live in

competition is an article of faith yet competition has been severely limited if not eliminated by vertical integration by a small concentration of firms. Large meat packers have continued without challenge to acquire small packers often just to shut down the plant and eliminate competition. The same packers continue to feed more and more of their own livestock and rapidly increase the captive supplies to contracts and other non negotiated sales leaving smaller producers with the a market lack even acceptance of competition. Unless the marketplace is competitive producers will never get a fair shake. Packer ownership of livestock compromises a rural quality of life.

SENATOR BOWMAN; Cosponsor, testified in support of this resolution. There is no question that the cattle that are owned within the system by the big boys control the cash price. As there are fewer and fewer people that compete the problems are going to continue to get worse. Hopefully this resolution will help this.

SENATOR WANZEK; When you say control what are you exactly all encompassing that?

SENATOR BOWMAN; They own the cattle within the system. They can bring in their own feed in. Free enterprise system works, it's worked for all these years until we have eliminated the competition.

JOHN CRABTREE; Commission of the Future of Agriculture, testified in support of this bill. See attached testimony.

JOHN CRABTREE; Mr. Chairman I would like to answer the question you asked before. The question about controlling livestock, there is certainly ownership relationships between packers and contract growers. They don't actually transfer of ownership of livestock but they aren't the negotiated contract that you are talking about. Packers don't always want to own cattle for 90 days or 100 days, sometimes they like to have a contract that allows them to have that ownership

at the end of that period of time but not stand the risk of owning them throughout that 90 - 100 day period. It is done frequently in feedlots. The reason for it is, if the cattle die then the person who owns them, the packers don't own them but they have the ability to control them to require that those cattle come to them when they are ready for market. They are in the ownership position by they haven't actually taken the risk of actually owning the cattle. That is what controlling is about. The packers should be able to take that much control over production. The legislation in the Senate right now would not prohibit the kind of activities that you are talking about. It specifically wouldn't prohibit a cooperative relationship like that from even owning the small packing.

SENATOR KLEIN; Your testimony says consumers saw no decrease in the price they paid for pork in the grocery store in 98 -99 and I know for a fact that in those years we featured more pork items at the lowest price that we've seen in years, sold more pork trimmings and more half hogs at the lowest prices we'd see in years this to me doesn't say that in that particular part of your testimony.

JOHN CRABTREE; Congress did a study on the national retail pork prices and the decrease was about 3% across the board. I think that what happened regionally in retail pork was significantly different than what happened across this country too. That statement is based on the Congressional report, GAO report I believe. Nationally it was accurate.

WAYNE CARLSON; Livestock Services Coordinator - ND Dept. of Agriculture, testified in support of this resolution. See attached testimony.

The hearing was closed.

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Senate Agriculture Committee  
Bill/Resolution Number HCR 3035  
Hearing Date March 16, 2001

March 29, 2001

Discussion was held.

SENATOR NICHOLS moved for a DO PASS and be placed on the Consent Calendar.

SENATOR ERBELE seconded the motion.

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

SENATOR NICHOLS will carry the bill.

