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2003 HOUSE AGRICULTURE

HB 1396

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2003 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1396

House Agriculture Committee

Conference Committee

Hearing Date 1--31--02

Tape Number	Side A	Side B	Meter #
ONE	A		0.0 TO END
ONE		B	0.0 TO 1.3
Committee Clerk Signature <i>Edward D. Elford</i>			

Minutes:

CHAIR MAN NICHOLAS: We will open the hearing on HB 1396.

REPRESENTATIVE BRUSEGAARD: Mr. Chairman and members of committee. Today I would like to encourage your careful consideration and favorable consideration of HB 1396

{{{PLEASE SEE PRINTED TESTIMONY OF REP. BRUSEGAARD}}}

BRIAN KRAMER: Good morning Mr. Chairman and committee members. I am representing the 26,000 member family of North Dakota Farm Bureau. We support HB 1396.,

{{{PLEASE SEE PRINTED TESTIMONY OF BRIAN KRAMER}}}

CHAIRMAN NICHOLAS: Any questions of Brian.

REP. MUELLER : Mr. Kramer. What is happening in other states? Have other states relaxed

There corporate farming?

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BRIAN KRAMER: As I travel around the country side. We have meeting with other states. Legislative folks that do the same thing I do here. In visiting with them, There are a number of opportunities that are being made available in Iowa.

REP. MUELLER: What is happening in Nebraska and South Dakota?

BRIAN KRAMER: Many of there laws are very similar to ours. There are attempts in those states also to elevate some of these situations by lessening these corporation laws so more capital can be introduced into those operations.

REPRESENTATIVE KELSCH: Brian, As I look at this Bill, Representative Brusegaard is trying to make a go of his family farm. He is a young man in North Dakota that is committed to making his farm go. I look at this as somewhat as economic development. I am familiar with a business in Mandan that also has passed on from one generation to another. Because see a need for expansion in better economic times they took on some more corporate partners. While this Bill would not take on a corporate partner. It would take on an individual. Is that really what this is all about? Is to see that economic development is working to keep people in business in the state. North Dakota is working to keep farmers to allow them to stay on the farm and to keep them in business in North Dakota.?

BRIAN KRAMER. You hit the nail right on the head..

CHAIRMAN NICHOLAS: Anyone else wishing to appear in support of BH 1396

OK we will start with the opposition to HB 1396.

REPRESENTATIVE SOLBERG: It is an honor to be here in front of you.

This is another attempt to chip away at a bill that has worked so well for the state. North Dakota

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Farmers have long had the reputation of independent producers. They have been able to produce without the help of corporations. We have capital available in North Dakota. I would urge this committee to pass this bill up.

REPRESENTATIVE BELTER: You made the statement that our current laws have served the State of North Dakota so well. Would you wish to elaborate on that? I am a little perplexed as to your statement it has served so well. When you look at the problems agriculture is having, what has it really protected us from I guess is the question.

REP. SOLBERG: To bring outside corporate capital is not going to help in the price of our commodities.

CHAIRMAN NICHOLAS: Rep. Schmidt.


REPRESENTATIVE SCHMIDT: A lot of the family farms have disappeared and I am trying to protect the ones that are still out there. Family farms build great people. Corporations cook the books. I ask for your no vote.

CHAIRMAN NICHOLAS: Additional testimony.

JEFF WEISPFENNING: I am here representing Roger Johnson, the Agriculture Commissioner. {{{please read attached testimony}}} I do not believe that HB 1396 is an appropriate or necessary way to address that need.

REPRESENTATIVE: Jeff, I have just one question for you. As someone who has been a proponent of agriculture for a long time. Do you see this as a vehicle. There is a lot of interest in these larger dairies, I know Rep. Onstad is currently involved. Should someone find outside capital, three, four or five people come in and make a sizable investment to start an operation like that and it does take a lot of capital. Anyone that has tried

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to put a value added venture together, I was involved with Dakota Growers. It took thirteen million. I have invested in five or six of these operations. My question would be if you were starting a feed lot, or hog operation and all of these have led to confinement. When I grew up on the farm we milked six cows and my Dad had four sows, and we took the bore around the neighborhood so every body could use it. We don't operate that way any more. The operations have changed. Do you see any benefit in this where you could go out and get this capital from five or six individual which obviously is the intent of Representative Brucegaards bill to do some of these confinements operations such as Rep. Onstad has done on his dairy.

JEFF WEISPFENNING: I think the current law and structures that are out there allow those investments. I am not sure that money is interested in rushing in to dairy. There are dairy products coming in as substitutes coming as imports and the profitability is very difficult.

REP. KELSCH: . Mr Chairman, I find it ironic that our Agriculture Commissioner in the last week has stated twice that Agriculture has changed considerably since the 1930's however he is not willing to make any changes in statues from the 1930's. Just a comment.

CHAIRMAN NICHOLAS: Any other questions?

REPRESENTATIVE BOEHNING: Currently how man family farms are incorporated, how many of the family live cn the same farmstead?

JEFF: We don't keep those records. Secretary of state keeps those records.

There are currently and number of farms that are already incorporated under the laws that were passed in the 1993 session. The legislature made those accommodations. I believe that family corporate farms don't live on the same farmstead . There sole pro priority. Or partnerships.

I am not sure why that would matter where they lived on the same farmstead.

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REPRESENTATIVE BOEHNING: It states the principal must be an individual. He has to actively engaged in farming. We have a lot of family farm corporations where they are spread out in town, etc basically what we are doing is giving them the opportunity to get some extra capital from others rather than a bank. The bank money is coming from corporations so that is coming in from out of state also.

JEFF: There are a variety of vehicles out there already. Limited partnerships etc.

CHAIRMAN NICHOLAS: Any other questions.

RICHARD SCHLOSER: NDFU North Dakota Farmers Union is the states largest farm organization. Our mission statement clearly speaks to our commitment to the prosperity of the family farms in rural communitas. Farm land should be under the control of family farmers.

That law should discourage a concentration of farm land ownership by corporations and outside interests. We also call for strict enforcement of corporate farming laws. These laws should be closely monitored to strengthen so that they may continue preserve production agriculture. For family farmers. Further more we believe that corporate farming laws that as initiated in the early 1930's and expanded in 1981 to allow a corporations of lands of close relatives should not be further weakened to give additional advantages to non farm units. North Dakota is fortunate not to have corporate farming.

CHAIRMAN NICHOLAS: Next,

CARL LIMVERE: Mr. Chairman. I am Kaarl Limvere, Pastor of the Zion United Church of Christ of Medina. I serve as the chairperson of the Rural Life Committee of the ND conference of Churches.. [[[PLEASE SEE ATTACHED TESTIMONY}}} I urge a DO NOT PASS

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ON THIS LEGISLATION. I am submitting the testimony of Christoher Dodson. He was unable to stay for this hearing. He is with the North Dakota Catholic Conference which opposes the bill.

REP. BELTER : I see the development of agriculture whether it is large scale poultry production, fee lots, hog facilities, whatever. I see that develop. All over the country. Not necessary say that it is good but it is what has happened in this country. With the development of all of those facilities comes jobs, communities where these people live. North Dakota seems to have missed all of that. Our children continue to leave ND. Our feeds continue to leave ND, our livestock leaves ND to go and service in the whole food processing. How do you address that. Why have we missed all this?

KARL LIMVERE: Simply stated that there are a tremendous amount of problems that go with this growth and ND is better with out it.

CHAIRMAN NICHOLAS: Further testimony.

TERRY ULRICH: Ashlely ND I would like to share my experiences with "outside investor capital" {{{{please see attached testimony}}}}

CHAIRMAN NICHOLAS: Any further testimony? In opposition.

JIM TIGEN: My name is Jim Teigen, My family and I operate a third generation family farm near Rugby in Pierce County. {{{{please see testimony}}} I strongly urge a do not pass.

CHAIRMAN NICHOLAS: Jim you know the problem is we need more people like you to borrow some money to start more of those projects that our friend was talking about here earlier. You can't quite trying.

JIM TIGEN: I don't think the corporations are going to make to many sacrifices for any of us.

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CHAIRMAN NICHOLAS: Nine of ten new business startups fail. I don't care where it is. We have had some successes. Bottom line we need people like you reinvesting. We can go throughout ND when people pass on the money just leaves those communities. It goes to other communities. We have to figure out how we can keep that capital in the state. I don't know whether this bill would keep that capital in the state or not. We have an aging population. In Towner County, we have over eight million dollars. That is for twenty eight hundred people. In the surrounding area there is also a huge amount of cash sitting in the banks. We have to figure out away to keep this money in the state.

JIM TEIGEN: We oppose this Bill.

RALPH Rural Electric Cooperative. One large farm is not going to help us keep electric lines up. Takes more small farms. If you have a good balance sheet you can get financing..

CHAIRMAN NICHOLAS: We will conclude the hearing on HB 1396.

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