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Yolanda Richardson
Operator's Signature

10/6/03
Date

2003 HOUSE AGRICULTURE

HB 1486

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10/16/03
Date

2003 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1486

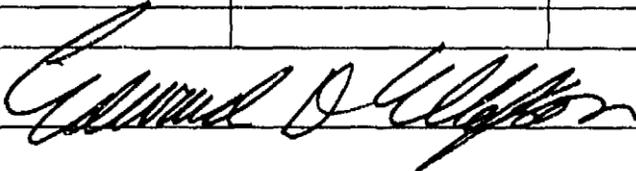
House Agriculture Committee

Conference Committee

Hearing Date February 13, 2003

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Committee Clerk Signature



Minutes:

REP. GENE NICHOLAS, CHAIRMAN Called the hearing to order.

REP. NICHOLAS Introduced the bill. Gave an overview of the bill. This bill will increase the Wheat Commission mill levy from ten mills to fifteen mills, which will go from a cent to a cent and a half. The effort which was put forth by some legislators, including myself, and Rep. Boucher. We have had several discussions among wheat farmers. It was our feeling that the Wheat Commission has served us very well, over the past years, and in no way is this an affront to the efforts of the Wheat Commission, in their promotion and marketing efforts. We do feel that we need to move in a different direction. We need to move more into the area of commodity specific efforts, and especially on a Washington front. Over the past years in North Dakota, a huge amount of our revenue, generated to the farmer in North Dakota, the wheat farmers specifically, has come from efforts in Washington, through crop insurance, through disaster programs and through the farm bills. He related to the 1995-1996 farm bills, when wheat

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dropped to approximately \$3.05 and soybeans stayed up in the \$5.25 area. Cass County is now North Dakota's largest soybean producing county in the country. We see wheat acreage being cut back not only in North Dakota, but in other areas of the country. We are losing our export markets at a very rapid rate. In the last decade, we have had wheat exports up in the two billion level area, we are now probably under a billion bushels of wheat export out of the country. We feel the efforts of this bill will provide some money to the commodities specific groups, working through the Wheat Commission, and in meeting with the Wheat Commission, the day before yesterday, we have provided some amendments, as the Wheat Commission had some concerns about the contract portion.

REP. MERLE BOUCHER, DIST. 9 Testified in support of the bill. This is a very important piece of legislation which needs to be put forward on the table for discussion. Rep. Nicholas outlined the intent of the bill and the details of the bill. I am agreeable to the amendments he is preparing to the bill. There may be other amendments coming forth, which we will be happy to look at. He stated he thinks it is time to step forward and come to the table and support North Dakota, in this particular case, the production of wheat. My relationship with the Wheat commission has been somewhat of a mixed relationship. I have always been a supporter of the Wheat Commission and what its purpose is supposed to be. He stated he believed their efforts in regard to research and their efforts in regard to marketing, etc., are very admirable and very laudable. He felt it was very critical, that we cap the tables in terms of the formulation of policy. He was disappointed in the Wheat Commission at this point of time because there has been a reluctance to do that. He asked for an Attorney General's opinion to see if it was O.K. for them to do that, and the opinion came back and essentially said, yes indeed, the Wheat Commission

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could make a case regarding policy issues on behalf of North Dakota Wheat Growers. This piece of legislation is designed to provide financial resources, and if the commission itself is not comfortable going to the table, this bill allows them to contract with outside parties who would accept that responsibility. He felt everyone in the hearing room should put aside their philosophical beliefs and agendas, whatever they may be, and go to work on trying to move themselves in a direction where they can develop an aggressive policy strategy, and whoever goes to Washington and speaks of the wheat growers in the state of North Dakota, is going there with a policy purpose in mind. He felt it is critical that we have a voice in Washington to get our fair share. He felt there is another thing we have to promote and that is good sound domestic policy as a matter of national security. Why have the European unions done what they have done? They want to promote the sustainability of agriculture in their countries, and these people have a half century of experience to world wars. If we move forward with this particular piece of legislation, it is more than about the Wheat Commission, it is more about than about a mill levy, it is about an industry in the state of North Dakota and representation, and us being there as an equal. If this bill does die, this issue will not die. There are ways to resurrect an issue after a bill has been killed. I am committed to some type of policy effort on behalf of agriculture in North Dakota.

BRUCE FREITAG, SCRANTON, ND, PRESIDENT OF THE NORTH DAKOTA GRAIN

GROWERS Testified in support of the bill. See attached written testimony.

EDWARD LORASS, MONTPELIER, ND, PRESIDENT OF THE UNITED STATES

DURUM GROWERS ASSOCIATION Testified in support of the bill. The United States

Durum Growers Association and the North Dakota Grain Growers Association have been

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discussing the need for funding the dollars for our industry for several years. Resolutions were passed at our annual meeting of the United States Durum Growers Association, which seemed like a solution which would increase the wheat checkoff to of one cent to one and one half cent, with a portion of this going to both groups. Recently the grain growers association has worked on several projects which have substantial benefits to the North Dakota farmer. About six years ago, with the help of the North Dakota Wheat Commission, data was compiled as to the cost of different wheats, durum wheat versus hard red spring wheat. The price difference, after working with about twelve different elevators, we established to be about eighty cents per bushel. This was submitted to USDA, hoping to get a difference in our own rate, nothing really happened for about four years, then all at once, with this data, they realized there was a difference, and they came with a ruling, so we have a different classification for wheat versus hard red spring wheat. If the price is low, the benefit is to the tune of about eighty cents per bushel. On an average crop this turns into some big dollars. In the year 2000, the USDA was involved in quality loss programs, and were very instrumental in focusing on this. In the end, it covered many crops in North Dakota, some were, durum wheat, barley, sunflowers, alfalfa, dry beans, potatoes and sugar beets, because there was a problem with crop insurance in certain areas, there was a loss for farmers so this quality loss picked that up. In the end, there was about eighty million dollars that came back to North Dakota from this program. At present, the United States Durum Growers are working with some people in Montana on an endorsement to build crop insurance profits, and it looks like it will be a very good program for North Dakota and Montana durum farmers. A farmer could buy this endorsement and put it on his crop, it would insure him to be able to spend more money on his crop to get better grades for better durum. The milling

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industry is very interested in this concept. It is a very expensive process. We have to continue this process, because it means a lot of profit for the durum grower in North Dakota. These are some of the projects we have been working on. We feel this is very important legislation.

REP. FROELICH How many dollars are available to your organization annually?

EDWARD LORASS Stated he believes it is twenty five to thirty thousand dollars a year.

REP. FROELICH Is that both barley and wheat?

EDWARD LORASS No, that is just the durum growers get that from the wheat commission per year. If we show need for special projects, then we get additional dollars.

AL SKOGEN, BOARD MEMBER OF THE NORTH DAKOTA GRAIN GROWERS

ASSOCIATION Testified in support of the bill. See attached written testimony.

BRUCE LEWALLEN, PAST PRESIDENT OF THE UNITED STATES DURUM

GROWERS ASSOCIATION Testified in support of the bill. See attached written testimony.

Also submitted charts showing check off comparisons on a per acre basis, information relating to hard red spring wheat and durum, a graph relating to U.S. all wheat acres, map showing 2002 all wheat harvested, graph relating to U.S. Soybean acres, a map showing 2002 soybeans harvested, financial information relating to 2001-2002 operating expenditures, information relating to U.S. export sales weekly export performance indicator. See attached copies.

TERRY WANZEK, FARMER NEAR JAMESTOWN, MEMBER OF THE NORTH

DAKOTA GRAIN GROWERS ASSOCIATION Testified in support of the bill. He stated he joined the grain growers association because he noticed a lot of things they have done for the industry. He felt the amendment makes this bill a little more palatable. It keeps the department in the scope and in the authority of the Wheat Commission. I have always been supportive of

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the Wheat Commission. I believe those of us in the industry, if we want to make a difference in our industry, we have to be willing to invest in it. Related to his family farm and the acreage they have and the cost of lobbying on their own.

GREG DOWS, MICHIGAN, NORTH DAKOTA, GRAIN GROWERS ASSOCIATION

Testified in support of the bill. Stated he felt the increase should be two or three cents per bushel checkoff, but will settle for a penny and a half. Gave a background on getting started in the farming industry. He stated they need to have money to pay their staff.

LANCE HAGEN, EXECUTIVE DIRECTOR FOR THE UNITED STATES DURUM

GROWERS AND THE NORTH DAKOTA GRAIN GROWERS Testified in support of the bill. He stated, in forty four years, I am not sure too much has changed. He said this is not about politics. There are people on the board who are from the Farmers Union, there are people from the Farm Bureau, this is about wheat. This is about wheat. It is about competing with commodities like cotton. When we go to Washington, and they have sixteen million dollars to work with, the National Wheat Growers budget is eight hundred grand. The U.S. Wheat budget is approximately three and a half million dollars. The wheat test budget is approximately three million, that is five million dollars versus sixty million. It is about money, it is about us being there and lobbying for the wheat industry. The wheat industry lost their primary lobbyist last year because we were short twenty thousand dollars to keep him, he went to Idaho. The total budget of the durum growers is fifty grand. The total budget of the wheat growers is two hundred and fifty thousand dollars right now, it was fifty thousand when I got there. We are talking about one half a cent here, yesterday, wheat was down five and a quarter, today, they say it is down one to two. It will take fourteen years of work with this checkoff increase, just to get

Lance Hagen
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