

Testimony on HB 1371 Jan. 27, 2023

Chairmen Thomas and members of the committee, my name is Richard Roland from Crosby, ND.

This talk is more about a story than a testimony but the story will reveal the testimony. This story starts in the 80's in NW North Dakota where a 10 year drought was devastating the communities. This was the height of the demise of the small towns. Crosby lost all four of the car and implement dealerships plus several other businesses. Some days the dirt was blowing so bad it was like a snow storm. There was one year in the late 80's that the only green things in the county were the needles on the evergreens and the grasshoppers were eating those. You can see why the community was both mentally and financially devastated. Most farms and business lost most of their net worth in these years.

In response to these small towns dying, economic development became the buzz word. Like other towns, Divide County started an Economic Development program to evaluate our strengths and weaknesses in an effort to identify future business opportunities. One of the committees set up was the Agriculture Economic Development Committee which was composed of over 20 farmers and ag business people who met monthly to both support each other through these tough times and brain storm ideas to help the community.

Two ideas were adopted with one of these being an alternative crop study to find crops to replace summerfallow and add diversity, out of this came the introduction of the pulse crops (peas, lentils and chickpeas) which eventually lead to the elimination of summerfallow and the introduction of no-till to reduce future soil erosion.

The other idea adopted was to build a hog farrowing operation which became Quality Pork. The idea was to produce feeder pigs for sale to local hog finishers where they could add value to their barley and newly introduce field peas as a protein source. A Quality Pork board was set up and a long journey begin to bring this project to the community. Any one who has ever set up a project this size will understand the complexity of working with lenders, zoning authorities, investors, building designers, breeding stock selection plus developing the finisher base of growers. You can imagine the negativity that had to be overcome in the community that was bleeding financially already. Raising the capital for this

project from local farmers that were already hurting plus convincing bankers who were not familiar with large scale hog operations, was a big challenge.

In finding the best business model for this project we worked with the financial people and determined a corporate structure suited us best. With this structure we could raise money not only from farmers but also from main street and it also would allow for each group to be represented and rewarded according to their investment. This was not possible under our state anti-corporation laws.

Enter Senator John Andrist, one of our biggest community supporters, with an idea to sponsor a bill to make an exception to the anti-corporation farming bill for livestock units that wanted to raise money to finance these in their local communities. This bill was written with certain restraints including that 30% of the owners had to be local farmers. Well, if we didn't have enough road blocks, guess who was the Agriculture Commissioner at that time? The one and only Sara Vogel, for those who don't know her, her grandfather wrote the anti-corporation farm bill in the 30's. We knew this was going to be an uphill battle and I warned John about the onslaught he was about to on leash.

In a committee setting like this in the early 90's we faced off with John and I testifying. Then came the storm from the opposition with Sara leading the charge. The one highlight of this testimony was when Senator Bill Bowman asked Sara an interesting question. I don't recall the exact words but it asked the question to Sara "if she would rather let all the feeder cattle and feed grains get shipped to Colorado to get fed out by a corporate feed lot then to change the anti-corporate farming law to allow ND communities to invest in this". Her answer, as she was sobbing, was YES and she couldn't understand how anyone could challenge this law and accused us of us of trying to undermine the whole law. I personally think we should not allow corporations to own farmland in ND. We have enough out of state landlords and now we have rich individuals setting up trusts to buy land. This probably already undermines the intent of the law? The Senate voted it down with a vote of 32-16. In this process, we also created a backlash by state government agency's that cost us additional expenses in legal fees and also set the project time table back. This was part of the reason for the future failure of Quality Pork.

As you see we weren't off to a good start. We finally did set up Quality Pork as a cooperative, which made the non-farmer money dry up and as a result we were

under financed going in to startup which was also exasperated by construction delays. In the end we were making payments before we even produced one feeder pig. To raise more money under the cooperative model was not possible with the farmers who were already in financial difficulty. In the end all our hard work and money went down drain. The financial lenders were more than anxious to shut us down. I often wondered why, sure we had a cash flow problem but we were meeting our production goals and starting to look profitable? I sometimes think this was a backlash from challenging this bill and an attitude by of Ag Commissioner who at the time promoted small family farms and wanted this project to fail.

So this is my story. I hope this helps you in decision on this legislation.

As a foot note: while serving on the SBARE I was a strong supporter of expanding the livestock industry. I'm going to leave you with a several recommendations for your consideration.

1. Please support the SBARE Livestock Development Initiative that is the number 2 priority in the Extension proposal, this will complement this bill. Help in financing the capital intense livestock industry is good but it is also going to take education, organization and research by NDSU to make this happen.
2. I also think we have a great opportunity to grass finish or condition some of our cattle in ND rather than in feedlots. My suggestion is to finance a study either through the Ag. Commissioner and/or NDSU to look at the potential for grass finishing and condition cattle in ND. In the future we are going see increased regulatory pressure against concentrated feedlots. Besides, one of the big soil health benefits is from grazing animals.
3. Lastly, we need the right infrastructure at the right location to add value to this livestock industry. This will take coordination and financial incentives from this legislature.

Richard Roland