
**Testimony of
Mark Watne
North Dakota Farmers Union
Before the
House Agriculture Committee
January 26, 2023**

Chairman Thomas and members of the committee,

Thank you for the opportunity to testify on House Bill No. 1371. My name is Mark Watne, and I serve as the president of North Dakota Farmers Union (NDFU). NDFU opposes HB 1371.

NDFU firmly believes that food production should be in the hands of family farmers and ranchers. We believe family farmers and ranchers are the foundation of our rural communities, our economy, and our state's social fabric. Because of that, NDFU has always advocated for policies that ensure ownership, operation and management of farms and ranches is held by family farmers and ranchers.

First, I want to address comparisons between North Dakota and South Dakota. It is true that South Dakota has corporate farming law exemptions for livestock. It is also true that they have increased livestock production in recent years. But those changes have not saved family farms.

Attached to my testimony are some charts. As you can see, South Dakota has lost 615 licensed dairy herds since 2003. From 1997 to 2017, South Dakota lost 81% of their hog farms. North Dakota's rate of decline was exactly the same. The loss of livestock operations in North Dakota is a problem we need to fix. But changing the corporate farming law is not the right solution.

We talk about the surplus of soybean meal we will soon have in North Dakota. But we ignore the fact that North Dakota already has more livestock than we can process. In 2021, North Dakota had 49,000 cattle on feed.¹ That same year we commercially slaughtered only 12,300 cattle.² In 2021, North Dakota had inventory of 113,000 market hogs.³ We commercially slaughtered just 3,700 that year.⁴

The reality is, if we want to create better opportunities for livestock production, we have to build out the supply chain. We have to provide better market opportunities for our farmers and ranchers.

Next, I will turn to the language of HB 1371. As you know, the legislature passed a bill to exempt swine and dairy farms from the corporate farming law in 2015. Shortly after that bill passed, NDFU's Board of Governors chose to refer that legislation. Ultimately, North Dakota voters rejected the exemptions with a 76% "No" vote. This bill provides those same exemptions but adds more sectors. I struggle to understand why our members, or the voters, would react to this bill any differently than they did six years ago.

¹ USDA-NASS. (2022). Quickstats.

² *Id.*

³ *Id.*

⁴ *Id.*



Some have said we need this change to allow unrelated farmers to partner with each other. The current law already allows that. Unrelated farmers can already form general partnerships, limited partnerships, LLPs, LLLPs, and cooperatives. Our current law even allows multiple family corporations to come together through any partnership structure. This bill goes much further than allowing unrelated farmers to partner.

Others have said we need to allow farmers and ranchers to access investment from outside corporations or individuals. Our current law already allows non-farming individuals to invest in farms or ranches through any partnership structure. It also allows outside entities to invest in farming or ranching cooperatives. This bill goes much further than allowing farmers to access outside investment.

This bill allows outright ownership of cattle feedlots and hog, dairy and poultry farms by any corporation. The bill does not require that farmers or ranchers are shareholders in that corporation. It does not limit the number of shareholders involved. It does not require corporations to partner with farmers or ranchers. This bill would allow meatpackers to own cattle feedlots and hog barns.

We are also concerned that this bill lacks proper enforcement mechanisms. The 160-acre limit in this bill does nothing to prevent a corporation from using multiple subsidiaries to buy multiple quarters of land. Enforcing the 160-acre limit itself may also prove challenging. HB 1371 does not include any monitoring or reporting requirements for these new farms. These operations will not be subject to the same transparency requirements family corporations are subject to, including reporting land ownership.

NDFU agrees with the committee's desire to support livestock development in our state. However, we do not believe this bill is the right answer. We would fully support an interim study to allow a more thoughtful, deliberative discussion on this issue. We also believe that study should address the four elements that were included in South Dakota's Coordinated Livestock Development Initiative in 2013:

1. Develop and communicate a strategic vision for livestock development;
2. Support a local presence for agricultural development;
3. Provide resources and training for livestock producers; and
4. Explore ways to embrace local control when it comes to livestock development.⁵

Thank you for the opportunity to testify. We urge a "Do Not Pass" recommendation on this bill. I will stand for any questions.

⁵ Aberdeen News (2013, Jan. 11). *S.D. governor's coordinated livestock development initiative, four goals set for animal industry*. Retrieved from <https://www.aberdeennews.com/story/news/2013/01/11/sd-governors-coordinated-livestock-development-initiative-four-goals-set-for-animal-industry/117182082/>.

