

**1999 SENATE AGRICULTURE**  
**SB 2427**

1999 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2427

Senate Agriculture Committee

Conference Committee

Hearing Date 2/5/99

Tape Number	Side A	Side B	Meter #
1		X	920-END
2	X		0-3615
Committee Clerk Signature <i>Tricia Johnson</i>			

Minutes:

Senator Wanzek called the meeting to order, roll call was taken, all were present.

Senator Wanzek opened the hearing on SB 2427.

Senator Tomac introduced the bill. Testimony enclosed.

Senator Heitkamp spoke in favor of the bill. There is no reason farmers should be getting same prices as grandfathers.

Senator Krauter spoke in favor of bill. By getting together we can make better prices. Agrees with what NDSU is doing but need to take it further.

Senator Wanzek: Is there anything prohibiting farmers from coming together now?

Senator Krauter: No, they can pool with neighbors, but if we could get 51% wouldn't you think there would be an advantage.

Senator Sand: This bill is amazing, have you ever seen government study something in 2 years?

Page 2

Senate Agriculture Committee  
Bill/Resolution Number Sb 2427  
Hearing Date 2/5/99

Senator Krauter: Sometimes yes, sometimes no.

Senator Mathern spoke in support of the bill. Too many times we hold back because of fear of failure.

Heidi Heitkamp, Attorney General, spoke in favor of the bill. Testimony enclosed.

Senator Wanzek: If it is voluntary why hasn't it been done before?

Heidi Heitkamp: I can't really answer that.

Senator Sand: To test the Farmer's Union commitment to this, you mentioned that the industrial commission and the Farmer's Union shared, how much did the Farmer's Union spend.

Heidi Heitkamp: They paid half, \$25,000.

Mark Sitz from the ND Farmer's Union spoke in favor of the bill. Testimony enclosed.

Kelly Shockman from Lamoure spoke in favor of the bill. Testimony enclosed.

Everett Dobrinski spoke in favor of the bill. Felt this was an enabling act. In order to work have to have a mass quantity. Enables farmers to hire experts and get marketing done.

Dr. Won Koo from NDSU spoke in favor of the bill. Binder was handed out.

Mike Strobkl, President of the ND Mill, spoke in favor of the bill. If a lot of things happen right could wind up with something like Canada.

Senator Wanzek: How many bushels are taken out of the state?

Mike Strobkl: About 90 billion bushels.

Karlend Fine spoke. Could not figure fiscal note exactly because don't have all the information.

Eric Hardmeyer from the Bank of ND spoke.

Senator Wanzek: Is there any concern on the bank if things go bad?

Eric Hardmeyer: That is always a possibility.

Senator Sand: To make this work it is going to take a huge pool of money. Is the money going to be used for carry over?

Won Koo: I don't know for sure.

Senator Wanzek: It would be important for the Canadian wheat board to be on board.

Won Koo: Key for success of this pool is cooperation from Canada.

Charles Linderman spoke in support of the bill. We have many good farm families, we need to do something drastic and dramatic.

Terry Borstad spoke in support of the bill. Bill is a good idea, there is a lot of interest in the pool concept.

Melvin Schramm spoke in favor of the bill. Testimony enclosed.

Senator Wanzek closed the hearing on SB 2427.

FEBRUARY 12, 1999

Discussion was held.

Richard Schlosser from the ND Farmer's Union spoke.

Senator Kinnoin made the motion for a Do Pass on the amendment.

Senator Kroeplin seconded.

Motion passes.

Discussion was held.

Senator Klein made the motion for a Do Not Pass as Amended.

Senator Sand seconded.

ROLL CALL: 4 Yes, 3 No

CARRIER: Senator Wanzek

FISCAL NOTE

(Return original and 10 copies)

Bill/Resolution No.: SB 2427 Amendment to:

Requested by Legislative Council Date of Request: 1-27-99

- 1. Please estimate the fiscal impact (in dollar amounts) of the above measure for state general or special funds, counties, cities, and school districts.

Narrative: In the "Economic Analysis of the Proposed North Dakota Wheat Pool Study" the researchers suggested operating costs to be \$1,186,000 annually. This amount does not include the incentive payments that would be made to the producers to encourage participation in the program. The "Wheat Pool Study" suggests that the participating pool producers would pay the costs of administering the pool. Likewise the pool participants would repay any costs for the incentive payments. If the Bank of North Dakota makes a loan to the pool for startup costs and for providing incentive payments, the Bank would be at risk for at least a portion of the loan. Unable to determine what that risk and related costs would be at this time.

- 2. State fiscal effect in dollar amounts:

Table with 6 columns: 1997-99 Biennium (General Fund, Special Funds), 1999-2001 Biennium (General Fund, Special Funds), 2001-03 Biennium (General Fund, Special Funds)

Revenues: Unable to determine at this time

Expenditures: Unable to determine at this time.

- 3. What, if any, is the effect of this measure on the appropriation for your agency or department:

- a. For rest of 1997-99 biennium: 0
b. For the 1999-2001 biennium: 0
c. For the 2001-03 biennium: 0

- 4. County, City, and School District fiscal effect in dollar amounts:

Table with 9 columns: 1997-99 Biennium (Counties, Cities, School Districts), 1999-2001 Biennium (Counties, Cities, School Districts), 2001-03 Biennium (Counties, Cities, School Districts)

If additional space is needed, attach a supplemental sheet.

Signed [Signature]

Typed Name Karlene Fine

Department Industrial Commission

Date Prepared: February 4, 1999

Phone Number 328-3722

Date: 2/12  
Roll Call Vote #: 1

1999 SENATE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. 2427

Senate Agriculture Committee

Subcommittee on \_\_\_\_\_  
or  
 Conference Committee

Legislative Council Amendment Number \_\_\_\_\_

Action Taken Do Pass Amendment

Motion Made By Kinnoin Seconded By Kroeplin

Senators	Yes	No	Senators	Yes	No
Senator Wanzek	✓				
Senator Klein	✓				
Senator Sand	✓				
Senator Urlacher	✓				
Senator Kinnoin	✓				
Senator Kroeplin	✓				
Senator Mathern					

Total (Yes) 6 No 0

Absent 1

Floor Assignment \_\_\_\_\_

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

Date: 2/12  
Roll Call Vote #: 2

1999 SENATE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. 2427

Senate Agriculture Committee

Subcommittee on \_\_\_\_\_  
or  
 Conference Committee

Legislative Council Amendment Number \_\_\_\_\_

Action Taken Do Not Pass as Amended

Motion Made By Klein Seconded By Sand

Senators	Yes	No	Senators	Yes	No
Senator Wanzek	✓				
Senator Klein	✓				
Senator Sand	✓				
Senator Urlacher	✓				
Senator Kinnoin		✓			
Senator Kroeplin		✓			
Senator Mathern		✓			

Total (Yes) 4 No 3

Absent \_\_\_\_\_

Floor Assignment Senator Wanzek

If the vote is on an amendment, briefly indicate intent: no

**REPORT OF STANDING COMMITTEE**

**SB 2427: Agriculture Committee (Sen. Wanzek, Chairman)** recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO NOT PASS** (4 YEAS, 3 NAYS, 0 ABSENT AND NOT VOTING). SB 2427 was placed on the Sixth order on the calendar.

Page 1, line 8, replace "majority" with "unanimous"

Renumber accordingly



1999 TESTIMONY  
SB 2427

TESTIMONY ON  
SENATE BILL NO. 2427  
BEFORE THE SENATE AGRICULTURE COMMITTEE  
February 5, 1999

I am Attorney General Heidi Heitkamp and I appear today in support of Senate Bill No. 2427.

As Attorney General, a member of the Industrial Commission, and a former Tax Commissioner, I am well aware of the role agriculture plays in North Dakota's economy. We need strong family farms throughout North Dakota to support the life we enjoy in North Dakota. Clean air and water, low crime, strong businesses, pride of ownership in our farms and businesses, and a strong education system are all goals for which we strive. Without a strong family farm system in North Dakota we can not continue to have the quality of life we have enjoyed in North Dakota.

The only way we can assure that the family farmer can continue to farm in North Dakota is to increase net income. This bill establishes an avenue for small grain producers to obtain a higher price for their durum and thereby increase their net income.

I urge you to give a do pass on this bill.

Testimony to the Senate Agriculture Committee for SB2427  
Friday, February 5, 1999 - by Mark Sitz, Legislative Representative  
North Dakota Farmers Union

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Good morning Mr. Chairman and members of the committee. My name is Mark Sitz, I'm a farmer and lobbyist for the North Dakota Farmers Union. SB2427 is a proposal that we support and is before you today to grant authority to the North Dakota Industrial Commission to establish a voluntary durum wheat marketing pool. I would like to review with you, very briefly, the events that have occurred these past months, that have lead us to this proposal.

Last August, in response to disastrously low commodity prices, the North Dakota Farmers Union proposed to the State Industrial Commission an idea of pooling durum wheat and hard red spring wheat for North Dakota farmers, enabling them to gain marketing efficiency as well as market power. The commission decided that the idea of pooling grain warranted a study. So they commissioned the research to the Department of Agricultural Economics at NDSU in Fargo. Last month, the study was completed and a report was presented to the Industrial Commission.

In regards to pooling spring wheat, the study revealed there would be minimal gain in market prices due to the lack of market share. The study determined that pooling durum wheat would have a positive economic impact to farmers and North Dakota as a whole. However, when a joint pool with Canada was considered, the study indicated a substantial increase in the total economic impact to the state. I would like to refer you to the attached sheet of my testimony. For the North Dakota version, the study suggests the economic impact of the durum wheat pool to be over \$71 million for North Dakota. Pooling durum with Canada, the study revealed a total economic impact of over \$300 million. In addition, the study also suggests the gross business volume generated in the various sections of the state economy would support over 900 jobs under the North Dakota pool scenario, and over three thousand jobs in the joint pool scenario.

Again, passing SB2427 only gives the authority to the State Industrial Commission to establish a voluntary durum marketing pool. We ask your favorable consideration of the bill.

Thank you.

Table A. Economic Impacts of Durum Pooling Alternatives

Impact Measure	Unit	Alternative					
		North Dakota Pool <sup>1</sup>			Joint Pool <sup>1</sup>		
		High	Low	Average	High	Low	Average
Direct Economic Impact	(\$ million)	29.8	6.9	23.3	145.4	69.8	107.6
Total Economic Impact:							
Personal income	(")	46.3	26.2	36.2	225.7	108.4	167.0
Retail sales	(")	22.2	12.6	17.4	108.3	52.0	80.1
Gross business volume, all sectors	(")	91.7	52.0	71.7	447.6	214.9	331.2
Secondary employment	(FTE jobs)	911.0	513.0	712.0	4,474.0	2,142.0	3,308.0
Revenue from selected state taxes:							
Personal income tax	(\$ 000)	601.4	341.1	470.2	2,934.3	1,408.7	2,171.5
Sales and use tax	(")	1,027.5	582.7	803.4	5,013.3	2,406.7	3,710.0
Corporate income tax	(")	122.3	69.2	95.4	595.3	285.8	440.5
Total	(")	1,751.2	993.0	1,369.0	8,542.9	4,101.2	6,322.0

<sup>1</sup> North Dakota pool assumes 0.5 market share; joint pool assumes 0.8 market share.

**Testimony of Roger Johnson  
Agriculture Commissioner  
Senate Bill 2427  
Senate Agriculture Committee  
Heritage Center  
February 5, 1999**

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Chairman Wanzek and members of the Senate Agriculture Committee, I am Agriculture Commissioner Roger Johnson. I am here today in support of SB 2427, regarding the formation of a voluntary durum wheat pool in North Dakota.

As you know, wheat production is currently the largest sector of our state's agricultural economy. Wheat producers have experienced significant production and disease problems over the past few years, accompanied by terribly low prices.

Late last month, a study was released by North Dakota State University economists regarding the viability of a durum wheat pool in North Dakota. The study was conducted at the request of the Industrial Commission. The NDSU study indicates that this pool has the potential to add more than a dollar to the price of a bushel of durum. Any way it is measured, that is significant money.

The study indicates that a voluntary, state-operated pool for durum wheat could generate as much as \$29.8 million in direct economic impact, \$46.3 million in personal income for producers and \$22.2 million in retail sales, and would also create 911 secondary jobs in the state.

I think all of us can agree that we – as farmers, organizations, public officials, and lawmakers – in this state must do all that we can to address the situation we are facing in agriculture. I believe that North Dakota's agricultural industry hinges on the vision of becoming "the trusted provider of the highest quality food in the world."

I believe that the proposed Dakota Pride Pool has the potential to establish a high quality, benchmark level for durum production in this state. The Pool will be instrumental in differentiating our high quality durum and durum products in the domestic and global marketplace.

As with many other issues you consider, there are no guarantees that this will work, just as there are no guarantees that all, or even most, farms will be profitable. But in the face of a rapidly changing world, we must explore all avenues and do those things that show the most potential, positioning us to take advantage of future opportunities. This bill, SB 2427, offers us that hope.

Chairman Wanzek and committee members, I support the concept of the proposed durum pool and would urge a do pass on SB 2427. I will be glad to answer any questions you may have.

2/5/99

Good Morning Mr. Chairman and members of the Senate Agriculture Committee. For the record my name is Steve Tomac. I'm the State Senator from District #31.

I come before you today to introduce Senate Bill #2427. This bill will allow the Industrial Commission to create a voluntary durum wheat marketing pool. It will also allow the Industrial Commission to borrow up to \$50 million from the Bank of North Dakota to operate the durum marketing pool. I have also included the Emergency provision so that this bill could be enacted immediately.

Mr. Chairman, members of the Committee, and ladies and gentleman.....as we consider the current plight of family farmers and rural North Dakota, the worst thing we can do is watch and wonder what direction the market will give us next. As I reflected on the challenges of agriculture, I think of the book of Dr. Seuss...the Lorax..... "UNLESS SOMEONE LIKE YOU CARE A WHOLE AWFUL LOT, NOTHING IS GOING TO GET BETTER. NO IT'S NOT!"

This bill will give farmers another tool to compete in the global market place. It will help those family farmers, who don't produce large quantities of durum, join with others to pool their quality production and compete in a world market place. It will help us take one more step to become recognized as the trusted provider of the highest quality food in the world.

Steve Tomac  
Senator

2493 59th Street  
St. Anthony, ND 58566  
701-445-7364  
701-445-7364 Fax  
stomac@state.nd.us

Mr Chairman, Members of the Committee.

My name is still Kelly Shockman from Lamoure ND representing National Farmers.

There are three fundamental problems confronting Production Agriculture today. They are - PRICE- PRICE- andPRICE- Farm commodity prices that are too low to pay the bills. Most every other problem we have relate back to low prices

We are not here to further divide farmers or to criticize others efforts to help farmers. We need to work to pull producers together for our own mutual benefit and survival. We applaud Farmers Union efforts to help raise farm commodity prices. We support the pooling concept incorporated in SB 2427. However, we do not believe we need to use a Gov Entity, more enabling laws, or any tax dollars to meet the goals and needs of a Wheat Pool. We would favor a Pool or Block of any farm commodity built by farmers, run by farmers, and paid for by farmers.

National Farmers has 40 years of experience in organizing Independent farmers to market together as a block instead of going in the Market Place as tens of thousands of individual producers, one at a time, trying to get a fair shake from a few Giant Buyers. We have had 20 years of hard earned experience in Pooling-Blocking- or Single Desk Selling as our Canadian Fellow Farmers like to call it, in marketing farmers production. WE have had some failures and many successes mainly in milk, feeder cattle, hogs, potatoes, cull cows, and grain. We have been able to raise some commodity prices temporarily but never really had enough to hold price increases and negotiate long term contracts based on our cost of production.

We know from experience that pooling-blocking or marketing together really works. People working together to solve problems always works. We are ready and willing to help and offer our organizational structure, our experience, our expertise, our moral support.

Here is how we can assist.

- We have developed necessary documents needed to Pool - Block- or committe all commodities.
- We have developed documents and methods to assure timely delivery from the farm on a identity and quality preserved basis if necessary.
- We can protect producers to assure proper grading, premiums, and discounts.
- We can help producers in the pool with risk management programs through options, hedges, cash sales, forward contracts up to 3 crop years.
- We can make payroll based on a trust protected check.
- We already make sales to nearly all major buyers of farm commodities
- We can and do make export sales.
- we already work with and market commodities for other farm groups- including the Farmers Union

Here are some risks and problems with Blocks of Pools based on our past experience-

- Farm producers resist efforts to ask them to market with their neighbor
- Pool must cover entire commodity crop area.
- You must consider crop price relationship with other crops.
- Expect considerable resistance from Huge Multi-national buyers that own and control the old marketing system (Disposal System) You will be intruding on their turf.
- Pooling with Canadians very difficult because of Government influence and control.
- Our Federal Gov cheap food policy and food Industry resistance.

-Free Rider problem.

Thank you for your interest and I will try to answer any questions you might have- Kelly Shockman



Date of Enrollment \_\_\_\_\_

## MEMBERSHIP AGREEMENT

Name \_\_\_\_\_  
 (Print or type as you wish to appear on your membership cards)

County \_\_\_\_\_ Township \_\_\_\_\_

### ARTICLE I – AUTHORIZATION

I authorize the National Farmers Organization, its agents or representatives to act for me as my exclusive representative in collective bargaining in respect to all commodities marketed from my farm which are covered by marketing agreements to be entered into between the National Farmers Organization and myself, and to enter into contracts with the buyers of such commodities covering the selling prices and other conditions of marketing. I further authorize the National Farmers Organization to act as my exclusive representative in the presentation, prosecution and adjustment of any complaint that I may have against the buyer of such commodities, in accordance with and subject to the rights and privileges granted me by the Bylaws. It is understood that I am free to market as I choose any of my commodities not covered by a marketing agreement between the National Farmers Organization and myself.

*This authorization and membership agreement shall be irrevocable for a period of one year from the date appearing above. I agree and direct that this authorization and membership agreement shall be automatically renewed and shall be irrevocable for successive periods of one year each, unless written notice is given by me to the National Farmers Organization at least thirty (30) days prior to the expiration of each one year period. This authorization is made pursuant to the provisions of the Capper-Volstead Act enacted February 18, 1922, as amended.*

### ARTICLE II – NATIONAL COMMODITY DEPARTMENTS

Sec. 1 – The Board of Directors shall establish and maintain National Commodity Departments as the Board may determine to be in the best interests of the members.

Sec. 2 – The President shall appoint a Department Director for each of the National Commodity Departments, subject to the approval of the Board of Directors. The President or the Board of Directors shall have the power to remove a Director of a Commodity Department.

Sec. 3 – The National Commodity Departments shall be under the direction of the President and responsible for carrying out the intent of this agreement and the Bylaws and administrative policy established by the Board of Directors.

### ARTICLE III – COUNTY COMMODITY COMMITTEES

Sec. 1 – Each county organized under the National Farmers Organization shall call meetings and elect a commodity committee composed of a chairman and four members for each commodity represented by the National Farmers Organization in the county, such committees to be in accordance with the National Commodity Departments policy.

Sec. 2 – Anyone who is a member producing farm products for which a commodity committee is established is eligible to vote for members of the commodity committee. A member must be able to furnish ample proof that a substantial part of his farm income is derived from the commodity that the committee represents.

Sec. 3 – From time to time the National Commodity Departments may call meetings of the County Commodity Committees to report on the status of negotiations and seek their advice.

Sec. 4 – The County Commodity Committees shall be responsible for organizing farmers in their counties who produce the commodities they represent.

Sec. 5 – The County Commodity Committees may at times be called upon by the National Commodity Department's to represent the organization in collective bargaining with buyers of their commodities.

### ARTICLE IV – SURPLUS DISPOSAL

By a two-thirds vote of the members attending county meetings of which due notice has been given by the County Commodity Committee at least ten (10) days in advance of the meeting to the affected member, giving date, time, place and purpose of the meeting, a surplus disposal amount shall be checked off from proceeds of commodities marketed, either for buying farm products and channeling to needy worthwhile organizations, or to form welfare agencies or others the National Farmers Organization may find necessary to keep production in balance with consumption.

### ARTICLE V – MEMBERSHIP DUES

The membership dues of the National Farmers Organization shall be \$75.00 per year, which shall be due and payable to the National Farmers Organization at the date of making application for membership and yearly thereafter, as prescribed by the Bylaws.

### ARTICLE VI – RESPONSIBILITY OF THE NATIONAL FARMERS ORGANIZATION

Sec. 1 – The National Farmers Organization shall not become legal owner of members' production and shall engage only in such business activities as are consistent with and necessary to enhance the bargaining function and must remain within the framework of a service organization bargaining for agricultural producers.

Sec. 2 – The National Farmers Organization shall use express trusts for receiving, handling and paying to the producer the proceeds of sale of producers' products.

Sec. 3 – The Board of Directors shall decide on all questions involving interpretation of this agreement and make decisions on matters not covered by this agreement between conventions.

### ARTICLE VII – RESPONSIBILITY OF MEMBER

Sec. 1 – I agree to be bound by the terms of this agreement as herein provided, and further agree to comply with the decisions of the membership and Board of Directors of the National Farmers Organization made in accordance with this agreement and the Bylaws.

Sec. 2 – I agree to process any complaint I have against the National Farmers Organization, its officers or members in accordance with the terms of the Bylaws.

Sec. 3 – I represent that I am a person engaged in the production of agricultural products which may be handled by or through the National Farmers Organization (such persons including the lessees and tenants of land used for the production of such products and any lessors and landlords who receive as rent all or any part of the products raised on the leased premises). I understand that my membership in the National Farmers Organization will automatically cease when I cease being such a person. "Person" includes corporations and other legal entities themselves engaged in the production of agricultural products.

### ARTICLE VIII – MODIFICATION

It may become necessary during the life of this agreement to change or modify certain articles, or make amendments to it. In the event this becomes necessary, it will require a two-thirds vote of members in attendance at area meetings called for that purpose, upon at least ten (10) days notice to members by first class mail, to the mailing address shown on this agreement, giving date, time and place of the meeting in the member's area.

**Note: Unless my social security number or corporation identification number appears in the space provided, my signature hereby acknowledges refusal to give it.**

**First signer receives correspondence for membership.**

<b>#1</b> Print Name _____ Mailing Address _____ _____ City _____ State _____ Zip _____ Ph: ( _____ ) _____ S. S. No. _____ <b>Member's Legal Signature</b> _____
--

<b>#2</b> Print Name _____ Mailing Address _____ _____ City _____ State _____ Zip _____ Ph: ( _____ ) _____ S. S. No. _____ <b>Member's Legal Signature</b> _____
--

<b>#3</b> Print Name _____ Mailing Address _____ _____ City _____ State _____ Zip _____ Ph: ( _____ ) _____ S. S. No. _____ <b>Member's Legal Signature</b> _____
--

<b>#4</b> Print Name _____ Mailing Address _____ _____ City _____ State _____ Zip _____ Ph: ( _____ ) _____ S. S. No. _____ <b>Member's Legal Signature</b> _____
--

Witness Signature \_\_\_\_\_  
 Witness on behalf of the National Farmers Organization

(Printed Legibly) Witness Last Name \_\_\_\_\_ Department \_\_\_\_\_

M 11242

NFO MEMBERS GRAIN, INC.
2505 Elwood Drive, Ames, Iowa 50010-2000
GRAIN MARKETING AGREEMENT



In consideration of like commitments made by other American grain producers, I (Producer) hereby commit the following grain and authorize the NFO Members Grain, Inc. (hereinafter "NFO Grain") to use its best efforts to sell my grain in accordance with the terms of this contract and the policies of NFO Grain. Producer agrees to deliver grain according to terms and conditions negotiated by NFO Grain.

Producer relies upon NFO Grain to exercise its best discretion in determining time and price of sale. Producer may request at any time an immediate sale of any or all grain listed below. NFO Grain will confirm receipt of such requests in writing.

Name \_\_\_\_\_ Member/Patron \_\_\_\_\_
Address \_\_\_\_\_ City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_
Phone \_\_\_\_\_ Soc. Sec. No. or Corporate Tax \_\_\_\_\_ Commodity \_\_\_\_\_
Variety \_\_\_\_\_ Crop Year \_\_\_\_\_ Test Weight \_\_\_\_\_ Protein \_\_\_\_\_ CCC Loan Y N CCC Loan rate \_\_\_\_\_
(Circle one)

Table with 9 columns: No. of Loads, Load Size, Quantity, Bargaining Program \*, Preferred Delivery Period (Must Include Year), Location, Delivery Locations:, Freight, Payment T/D\*\*. Rows 1, 2, 3.

Crop Year \_\_\_\_\_

Table with 9 columns: No. of Loads, Load Size, Quantity, Bargaining Program \*, Preferred Delivery Period (Must Include Year), Location, Delivery Locations:, Freight, Payment T/D\*\*. Rows 1, 2, 3.

Number of loads times load size must equal quantity. \* M+, Marketing Plus; BD, Bargainers Discretion; IS, Immediate sale; P, Put Options
\*If direct pay option is chosen for a delivery location the direct pay election box must be signed by Producer.

DIVISION OF PAYMENTS:

Name \_\_\_\_\_ Percentage \_\_\_\_\_

\*\*DIRECT PAY ELECTION - Producer elects to have payment, for so much of the grain as he has identified above, to be due and payable to him directly from the buyer, rather than paid to the Grain Trust. In making such election, Producer waives any right (a) to assistance from NFO Grain or the Trust in collecting such payment, and (b) to Trust protection if the buyer fails to perform; and Producer agrees to pay directly for marketing services rendered to him by NFO Grain under this contract upon NFO Grain's invoicing therefor. Producer understands that he is assuming sole responsibility for obtaining payment from the buyer.

(Signed by Producer)

Producer authorizes and directs payment of proceeds of sale to NFO Members Grain Custodial Account, a Minnesota Trust (as governed by the Declaration of Trust), deduction therefrom of (a) a marketing fee to 10.5 cents per bushel of corn, barley, milo, oats, wheat, or soybeans, or as agreed in the Producer Service Plan. The marketing fees for specialty grains are set forth in an Addendum for Specialty Grains, Form G-2175, which is incorporated in this document as if fully set forth herein; (b) payment of balance to Producer (and others indicated above). Interest earned on the sale proceeds while in Trust, if any, shall be paid to NFO Grain. In addition to the marketing fee, approximately 1/10 of 1% of gross proceeds will be deducted to fund NFO Grain program expansion and local funding.

Producer confirms that the Trustees are authorized to borrow (on behalf of the Trust) from such lenders and on such terms and conditions as the Trustees deem advisable, and that for the purpose of securing the repayment of said loans, the Trustees may give lender security interests in the assets of the Trust, including the accounts sold and assigned by me to the Trustees, even though the sums borrowed may be paid to persons and entities other than Producer.

The authorization to sell shall expire on the last day of the preferred delivery period. Prior to expiration, NFO Grain will release any or all of the above-listed or any added grain that has not been sold upon receipt of a 5-cent per bushel release charge.

This document sets forth the full and final terms of the Grain Marketing Agreement between the parties. Any alterations or modifications of or additions to the pre-printed terms or providing for release of grain other than as provided above shall be in a writing executed in behalf of NFO Members Grain, Inc. by the Director of the NFO, Inc. Grain Department. Alterations or modifications of other terms will be confirmed in writing by NFO Grain and shall be binding upon Producer whether or not the written confirmations have been received by Producer before NFO Grain has performed pursuant to them.

Upon breach of or default under this agreement, Producer shall be liable for a cancellation fee of 10 cents per bushel in addition to NFO Grain's marketing fee and for all sums due to the buyer(s), including, but not limited to, market difference ("cover damages"), buyer cancellation fees and any other buyer charges and costs. NFO Grain shall be entitled to a decree of specific performance and, while in pursuit thereof, to a temporary restraining order and a preliminary injunction. In any litigation or arbitration between the parties hereto involving this agreement in which NFO Grain substantially prevails, it shall be entitled to an award of its attorneys' fees and other costs.

Producer has responsibility to make arrangements with any lienholders to allow shipment of grain.

By signing below, Producer acknowledges that he has read the terms of this agreement, and that he understands that the grain committed above must be delivered in accordance with the terms of this agreement.

This \_\_\_\_\_ day of \_\_\_\_\_

Producer Signature

Witness Signature

For Home Office Use Only
Accepted by Authorized Representative
NFO Members Grain, Inc.
Date

My name is Melvin Schramm and I am a farmer from Cathay.

I wish to speak against Senate Bill #2427.

While I agree with the philosophy of a wheat pool and the economic benefits possible this proposed wheat pool will not be effective.

I am happy to see that an agricultural economist from NDSU finally has looked at what a better market price for North Dakota produced grains would do for the economy rather than telling us to get more efficient and build more processing plants to add value to our production.

I have said for years that \$1 a bushel more for all grains raised in North Dakota would be the best economic development plan ever devised.

At a time in history when every segment of our economy is merging and getting bigger in order to compete, the proponents of this bill want to go to a small provincial type of durum pool to compete.

The biggest flaw is to try to negotiate with the Canadian Wheat Pool to market jointly.

Canada is our largest competitor

How much cooperation do you expect from Canada when R-Calf is asking for funds to sue over Canadian meat imports. there is a bill to increase funding for the Wheat Commission to build a legal war chest aimed at Canada.

Either the proponents of this bill aren't very smart or they have short memories.

Look at all the loans, grants, tax abatements and etc that the State of North Dakota gave to Pro Gold only to have them turn their plant over to their largest competitor, Cargill, to run.

I'm appalled at the farmers refusal to put a fair price on his production when he wants to market it.

Even with this durum pool he would be paid an incentive just to participate.

There is no need for a cooperative to be formed to serve as a cooperative marketing association, nor for the Bank of North Dakota to provide \$50 million to support a voluntary wheat pool.

The local durum market is around #3 per bushel. I'm surprised that the Farmers Union doesn't turn to their own Harvest States elevator system and ask them to pay \$4 instead of \$3 for durum and pass the cost on to the end users.

If they paid \$1 more than their competitors they soon wouldn't have any competitors because Harvest States would have all the durum farmers at their door for \$1 a bushel more.

However they would rather ask either the State or Federal government to pay them instead.

The main reason I'm opposed to Senate Bill #2427 is that there is something much better that is already in place.

I have been a member of the National Farmers Organization for almost 30 years.

We have built a grain marketing pool nation-wide(not just provincial) for all grains, specialty crops, as well for livestock and milk.

I have here a copy of a Grain Marketing Agreement between a farmer and NFO.

It provides for identifying the grain, delivery period, in some cases the price as well as how the grain will be paid for to the farmer.

The farmers check is guaranteed if the buyer defaults.

Any fees for marketing are spelled out in this contract.

Remember NFO is a national organization with membership in all 48 states so the buyers can't pit one area against another.

The only element that is keeping these marketing programs from realizing their goal of cost-of-production plus a reasonable profit is a lack of participation by enough farmers. We have asked for support from the Farmers Union, Farm Bureau, Duram producers, Wheat Growers, and the Extension Service with absolutely no support.

What has been accomplished was done with independent producers.

We are bipartisan, we are not in any other business our only goal is to get the farmer cost-of-production for his produce from the market place.

To achieve our goal it won't be easy but I'll give you some examples what happens when farmers work together.

Several months ago a small group of farmers met at Canadian border crossings to protest Canadian grain and cattle imports.

It created enough attention to get the trade negotiators talking and taking a token action. Unfortunately, our State officials sent law enforcement people to make sure the farmers didn't do anything wrong.

If they want to see wrong doing they should to observe the stealing that goes on in our elevators and sales rings everyday.

In 1969 when the sunflower industry started in North Dakota, NFO members controlled the supply of sunflowers and bargained with processors to raise the price. It went from 4 cents a lb to 14-15 cents in 5 years. By that time enough independent farmers were raising sunflowers and wouldn't join the NFO Block and when buyers could get enough free flowers the price dropped to present levels or lower.

The farmers independence has cost them about \$5 a cwt every time they sell sunflowers. For \$75 that it would take when a farmer signs this Membership Agreement, he would have available all the marketing tools he would need to get a fair price.

The price of food in the local grocery store will support \$5 wheat, \$4 barley, \$3 corn, 15 cent sunflower, \$50 hogs, \$75 fat cattle and \$18 milk.

We just have to demand a fair price, if we don't why should anyone pay us if we'll give it to them for less.

I again urge the defeat of Senate Bill #2427.

Rather than try to re-invent the wheel, just jump on the bandwagon!

LEGISLATIVE COUNCIL LIBRARY HAS A COPY OF THIS STUDY

## **Economic Analysis of the Proposed North Dakota Wheat Pool**

**Prepared for  
North Dakota Industrial Commission**

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