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OMB/RECORDS MANAGEMENT DIVISION

SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

2152

2001 SENATE AGRICULTURE

SB 2152

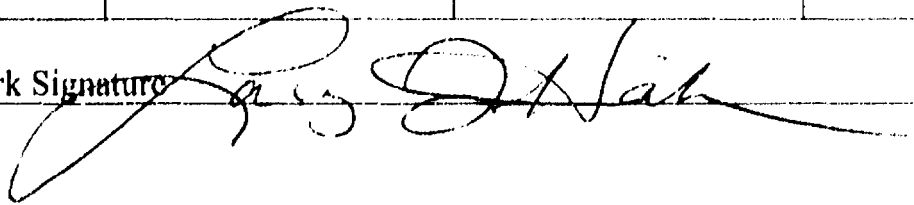
2001 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2152

Senate Agriculture Committee

☐ Conference Committee

Hearing Date January 19, 2001

Tape Number	Side A	Side B	Meter #
January 19 2	X		0.0 - 5.6
January 25 3		X	45.6 - 48.0
Committee Clerk Signature 			

Minutes:

WAYNE CARLSON; ND Dept. Of Agriculture - Livestock Services Coordinator, testified in support of this bill. See attached testimony.

SENATOR WANZEK; How is one person going to be responsible for the people if there is a payment, is this where the bond come in?

WAYNE CARLSON; The bond is dualbonded, the internet company is required to have a bond. If they fail to pay for any livestock sold on their network they are responsible for payment. The bond is there for anyone. Normally those bonds won't cover the full cost of livestock.

SENATOR URLACHER; He could purchase any size of bond for his own personal protection?

WAYNE CARLSON; The bond is set by the volume of the individual. He reports to the packer and stockyard his volume, neither of them can raise the bond accordingly. He can carry any size bond he wants, but most only carry enough bond as required by law.

Page 2
Senate Agriculture Committee
Bill/Resolution Number SB 2152
Hearing Date January 19, 2001

WADE MOSER; North Dakota Stockman's Association, testified in support of this bill. The internet sales is relatively new but gaining popularity quickly. We do like the tie that we do have a live person in North Dakota that is going to take the responsibility, no different id there was an auction market.

Hearing was closed.

January 25, 2001

SENATOR ERBELE moved DO PASS on SB 2152.

SENATOR NICHOLS seconded.

Roll call vote: 6 Yeas, 0 No, 0 Absent and Not voting.

SENATOR NICHOLS will carry the bill.

FISCAL NOTE

Requested by Legislative Council

12/26/2000

Bill/Resolution No.: SB 2152

Amendment to:

1A. State fiscal effect: *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	1999-2001 Biennium		2001-2003 Biennium		2003-2005 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues	\$0	\$0	\$600	\$0	\$600	\$0
Expenditures	\$0	\$0	\$0	\$0	\$0	\$0
Appropriations	\$0	\$0	\$0	\$0	\$0	\$0

1B. County, city, and school district fiscal effect: *Identify the fiscal effect on the appropriate political subdivision.*

1999-2001 Biennium			2001-2003 Biennium			2003-2005 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

2. Narrative: *Identify the aspects of the measure which cause fiscal impact and include any comments relevant to your analysis.*

This measure should have no fiscal impact on appropriations or expenditures. This bill creates a new license requirement for Internet livestock auction companies doing business in North Dakota. We estimate this measure will generate increased revenues of \$600 for the 2001-2003 biennium and the same amount for the 2003-2005 biennium.

3. State fiscal effect detail: *For information shown under state fiscal effect in 1A, please:*
A. Revenues: *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

We estimate that three licenses will be issued per year. The \$100 fee will generate a total of \$600 of revenue for the 2001-2003 biennium and the same amount for the 2003-2005 biennium.

B. Expenditures: *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

This measure will not increase the expenditures. Existing staff will be used to license and monitor Internet livestock auction markets.

C. Appropriations: *Explain the appropriation amounts. Provide detail, when appropriate, of the effect on the biennial appropriation for each agency and fund affected and any amounts included in the executive budget. Indicate the relationship between the amounts shown for expenditures and appropriations.*

No additional appropriations are needed. Existing staff will license and monitor.

Name:	Jeff Welspfenning	Agency:	Agriculture
Phone Number:	328-4758	Date Prepared:	12/30/2000

Date:
Roll Call Vote #:

2001 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILI./RESOLUTION NO. 2152

Senate Agriculture Committee

☐ Subcommittee on _____
or
☐ Conference Committee

Legislative Council Amendment Number _____

Action Taken DO PASS

Motion Made By SEN. ERBELE Seconded By SEN. NICHOLS

Senators	Yes	No	Senators	Yes	No
Senator Wanzek - Chairman	✓		Senator Kroeplin	✓	
Senator Erbele - Vice Chairman	✓		Senator Nichols	✓	
Senator Klein	✓				
Senator Urlacher	✓				

Total (Yes) 6 No 0

Absent 0

Floor Assignment SENATOR NICHOLS

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

REPORT OF STANDING COMMITTEE (410)
January 25, 2001 4:03 p.m.

Module No: SR-13-1663
Carrier: Nichols
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

SB 2152: Agriculture Committee (Sen. Wanzek, Chairman) recommends DO PASS
(6 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2152 was placed on the
Eleventh order on the calendar.

2001 HOUSE AGRICULTURE

SB 2152

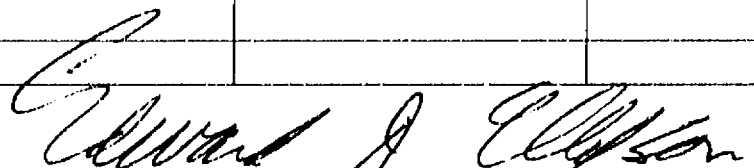
2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2152

House Agriculture Committee

☐ Conference Committee

Hearing Date 3--2--01

Tape Number	Side A	Side B	Meter #
TWO	A		700 TO 1590
Committee Clerk Signature 			

Minutes:

CHAIRMAN NICHOLAS: Committee Members we will hope the hearing on SB 2152.

WAYNE CARLSON: Printed testimony on SB 2152. Please see attachments.

I am the LIVESTOCK SERVICES COORDINATOR FOR THE DEPARTMENT OF AGRICULTURE. WE URGE A DO PASS AS TO THIS BILL

CHAIRMAN NICHOLAS: Any questions committee members.

REPRESENTATIVE PIETSCH: The Internet livestock auction is not necessarily coupled with a live auction.

WAYNE: The only difference is that there isn't any live bidding. It is not run by an auctioneer.

REPRESENTATIVE KOPPANG: Is there much marketing of cattle in this state right now.

WAYNE: All you have to do is go on cattle sales dot com and out of the listing right now this is a guess they probably have 30 listings and out of those 30 I'd say 3 or 4 are from N.D.

It has been that way all through the season. There is interest in it. As far a number I don't know.

REPRESENTATIVE MUELLER: When we talk about the beef check-off, are those mechanisms all either Internet sales or video. Dose that all get taken care of somehow.

WAYNE: Any time there is a sale of livestock in ND, the beef check-off should be taken off. This insures that if they are licensed in ND they will be responsible for it because in existing laws it requires all auctions to do that. The would be in violation if they don't

CHAIRMAN NICHOLAS: Any other questions. Thank you. Anyone else offering support for this bill.

WADE MOSER: N.D. STOCKMAN'S ASSOCIATION: WE ARE IN SUPPORT OF THIS BILL. The Internet sales are new. They are gaining popularity very quickly. It is very easy in today's world to build a web sight. All of a sudden some could pull up anything that is tied to cattle or sales or marketing and have this web sight. It think that our producers have to make sure they are licensed and bonded so that when you ship your cattle, you get paid. Several auction markets are looking at tying into a video sales in some way. They look at it as a way to the future. One of the main advantages that I think the video auction has over the live auction is that you don't have to deliver or make a decision until a price is determined. You don't have to haul them to the auction and say what can happen that day. That seem to be the advantage. They have to charge commission to keep a livestock sales barn open.

CHAIRMAN NICHOLAS: WE WILL CLOSE ON SB 2152

2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2152 A

House Agriculture Committee

☐ Conference Committee

Hearing Date 3--2--01

Tape Number	Side A	Side B	Meter #
TWO	A		2990 TO 3130
Committee Clerk Signature <i>Edward D. Ellepson</i>			

Minutes:

1A:2990 CHAIRMAN NICHOLAS: Committee Members, we will open on SB 2152.

I am going to entertain a motion on SB 2152.

It is the video livestock sale Bill. Representative Johnson moves a DO PASS and seconded by Representative Renner.. Is there any discussion? The clerk will take the roll.

THERE WERE''''''[14 YES]''''''[0 NO]''''''[1 ABSENT]. REPRESENTATIVE PIETSCH WILL CARRY THE BILL. WE WILL CLOSE ON SB 2152..

3-2-2001

Date:
Roll Call Vote #:

2001 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. SB 2152

House AGRICULTURE Committee

☐ Subcommittee on _____
or
☐ Conference Committee

Legislative Council Amendment Number _____

Action Taken DO PASS

Motion Made By JOHNSON Seconded By RENNER

Representatives	Yes	No	Representatives	Yes	No
Eugene Nicholas, Chairman	<input checked="" type="checkbox"/>		Rod Froelich	<input checked="" type="checkbox"/>	
Dennis E. Johnson - Vice Chairman	<input checked="" type="checkbox"/>		Doug Lemieux	<input checked="" type="checkbox"/>	
Rick Berg			Philip Mueller	<input checked="" type="checkbox"/>	
Michael Brandenburg	<input checked="" type="checkbox"/>		Kenton Onstad	<input checked="" type="checkbox"/>	
Joyce Kingsbury	<input checked="" type="checkbox"/>		Sally M. Slandvig	<input checked="" type="checkbox"/>	
Myron Koppang	<input checked="" type="checkbox"/>		Dennis J. Renner	<input checked="" type="checkbox"/>	
Edward H. Lloyd	<input checked="" type="checkbox"/>		Dwight Wrangham	<input checked="" type="checkbox"/>	
Bill Pietsch	<input checked="" type="checkbox"/>				

Total (Yes) 14 No 0

Absent 1

Floor Assignment PIETSCH

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

REPORT OF STANDING COMMITTEE (410)
March 2, 2001 12:57 p.m.

Module No: HR-36-4703
Carrier: Pietsch
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

SB 2152: Agriculture Committee (Rep. Nicholas, Chairman) recommends DO PASS
(14 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING). SB 2152 was placed on the
Fourteenth order on the calendar.

2001 TESTIMONY

SB 2152

COMMISSIONER OF AGRICULTURE
ROGER JOHNSON



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FAX (701) 328-4567

DEPARTMENT OF AGRICULTURE
State of North Dakota
600 E. Boulevard Ave. Dept. 602
Bismarck, ND 58505-0020

**Testimony of Wayne R. Carlson
Livestock Services Coordinator
North Dakota Department of Agriculture
Senate Bill 2152
Senate Agriculture Committee
Roosevelt Park Room
January 19, 2001**

Chairman Wanzek and Committee members, for the record, my name is Wayne Carlson. I am the Livestock Services Coordinator for the Department of Agriculture. I am here to testify in support of Senate Bill 2152.

The Senate Agriculture Committee, at the request of the Agriculture Commissioner, introduced this bill. The legislation is in response to the ever-changing world of technology. In the past year, I have received three requests from Internet livestock auctions to do business in North Dakota. The current law provides for the licensing of auction markets, dealers-agents, and satellite video auctions but has no specific provision for this type of livestock marketing.

This bill requires all Internet livestock auction markets doing business in the state to be licensed under the same requirements as spelled out in Chapter § 36-05.1(Satellite Video Auction

Market). In my testimony I will explain what a satellite video auction is so I can draw a comparison to the Internet Livestock Auction.

The current law requires each representative of a satellite video company to be licensed and bonded. These representatives solicit cattle, video the livestock for sale, line up transportation, weigh the livestock and line up health and brand inspections of the animals.

The satellite video company lists the cattle for a specific sale date and provides the satellite link to cattle feeders and cattle buyers. A live auction is then run to sell the livestock on open bidding. The satellite video company issues the check from a custodial account for the cattle that are sold. In addition, video companies are required to have bond coverage set by the Packers and Stockyards Administration.

The current satellite video law requires the representative of the video company to be a resident of the state and to be licensed as a dealer or auction market in the state. The satellite video company and its representative have dual responsibility for the payment of livestock and are required to sign an addendum stating that responsibility.

The Internet livestock auctions are very similar to satellite video auctions in the way they conduct business. Both have representatives in the state who are responsible for soliciting cattle, videoing or taking pictures of the livestock for sale, lining up transportation, weighing the livestock, and lining up health and brand inspections of the animals. Both are required by USDA to have Packer and Stockyards Clause I bonds. Both are required to have custodial accounts and are subject to the same Packers and Stockyard Administration regulations.

Auction market bond

The major difference is in the procedure for selling cattle. Instead of having a live auction, the Internet livestock auction's cattle are listed on the company's web site, and bids on livestock occur over time. Most web sites show the owner's asking bid. When buyer and seller agree to a price, the Internet auction market issues a check to the seller from a custodial account. However, as I said before, both are considered auctions and must follow the same Packer and Stockyards Administration regulations.

The similarities in the way satellite video auctions and Internet livestock auctions do business make it only fitting that they be licensed in the same manner. Mr. Chairman and committee members, I urge a "do pass" on Senate Bill 2152. Thank you. I would be happy to answer any questions.



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**Novartis
Agribusiness**

1/16/2001

Internet Based Livestock Marketer Posts Record Sales

Information supplied to AgWeb.com by CattleSale.com

Internet-based livestock marketer CattleSale.com reports record sales in December and 2000 gross revenues of \$62.5 million.

December was CattleSale.com's best month to date, with online sales over 14,000 head of cattle for a gross value in excess of \$8.8 million. This surpassed CattleSale.com's 2000 monthly sales average by 53 percent. CattleSale.com recorded exclusive online sales in excess of 119,000 cattle in the year 2000.

"Our first year's sales and growth far surpassed our expectations and projections," said Bill Freeman, president of CattleSale.com. "The acceptance that we have received from the major participants in our vertical market has been outstanding."

Since the inception of its daily online marketing format in August 1999, CattleSale.com has sold more than 143,000 head of cattle with a gross contract value of \$82.8 million. CattleSale.com's daily cattle listings average between 12,000 and 15,000 head per week.

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Rating: ☐ High Relevance ☐ Medium Relevance ☐ Low Relevance **1**

COMMISSIONER OF AGRICULTURE
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Livestock Services Coordinator
North Dakota Department of Agriculture
Senate Bill 2152
House Agriculture Committee
Peace Garden Room
March 2, 2001**

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