

MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION

SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

1486

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

La Costa Richard
Operator's Signature

10/6/03
Date

2003 HOUSE AGRICULTURE

HB 1486

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

Salvatore Riccardi
Operator's Signature

10/6/03
Date

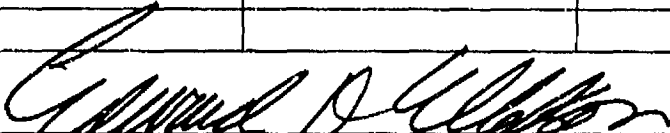
2003 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1486

House Agriculture Committee

☐ Conference Committee

Hearing Date February 13, 2003

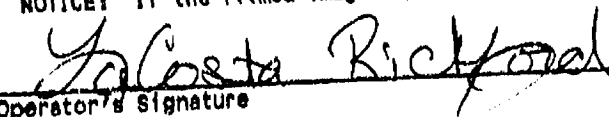
Tape Number	Side A	Side B	Meter #
1	X		13.4
Committee Clerk Signature 			

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

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.


Operator's Signature

10/6/03
Date

Page 2

House Agriculture Committee

Bill/Resolution Number HB 1486

Hearing Date February 13, 2003

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

La Costa Richard
Operator's Signature

10/6/03
Date

Page 3

House Agriculture Committee
Bill/Resolution Number HB 1486
Hearing Date February 13, 2003

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

Richard Costa
Operator's Signature

10/6/03
Date

Page 4

House Agriculture Committee

Bill/Resolution Number HB 1486

Hearing Date February 13, 2003

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

Richard Costa
Operator's Signature

10/16/03
Date

Page 5
House Agriculture Committee
Bill/Resolution Number HB 1486
Hearing Date February 13, 2003

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

John Costa
Operator's Signature

10/16/03
Date

Page 6

House Agriculture Committee
Bill/Resolution Number HB 1486
Hearing Date February 13, 2003

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

Richard Costa
Operator's Signature

10/16/03
Date

Page 7

House Agriculture Committee
Bill/Resolution Number HB 1486
Hearing Date February 13, 2003

down where we got to in the last two days. Related to their trips to Washington and the accomplishments they did.

LARRY LEE, VELVA, NORTH DAKOTA, SERVED ON THE ND WHEAT, Testified in opposition of the bill. See attached written testimony.

REP. NICHOLAS In going back to the 1999 session, you are making reference to the commission's case against the wheat board and you say that if everything goes well, we should see a relief from that trade case by summer. Stated he wanted to refresh Mr. Lee's memory, that it was legislators such as himself, who put two mills in place, with no help from the Wheat Commission. The general commodity farm organizations stepped up to the plate and supported the legislators who put that in place, and now, you obviously are saying that did a substantial amount of good, what is your response to that?

LARRY LEE I acknowledge that one hundred percent.

REP. NICHOLAS We are the policy making branch of government here. I want you to understand that. We encouraged some policy direction in 1999, and now, you are commenting that it is favorable.

LARRY LEE All my comments refer to two checkoff increases. I acknowledge the direction did come from the chair, and yes, we are deeply involved, and it is a very valuable tool.

REP. NICHOLAS Where were you in 1999, it was almost a disappearing act with the commission, to get some response and to get some movement. Here we are again, four years later, it has been real difficult finding you people lately.

LARRY LEE He stated they would pursue this with the committee's recommendation.

Page 8
House Agriculture Committee
Bill/Resolution Number HB 1486
Hearing Date February 13, 2003

REP. BOUCHER Stated he remembers 1999, there was a lot of discussion about this effort.

We sensed a lot of reluctance to move with this initiative. Once the money was put in place, the initiative moved forward. It seems like now everybody is on board and is happy with the financial resources to make this happen. You mentioned that times are tough out there, and that is no surprise to any of us, because we realize that, but is this the time we should back away from our efforts on aggressive action and take our fight to Washington and say, we have to wait out here until prices get better and collect some dollars, then go make the fight, will that be soon enough? Do you think there is a need for domestic policy and a voice on behalf of North Dakota farmers in that regard?

LARRY LEE I acknowledge that there is a need and a valuable tool, and a need for funding, I am questioning how appropriate it is to send, what we call, dedicated funding.

REP. BOUCHER What would you offer as an alternative?

That is what we are here for. If this bill is going to move forward, we are certainly going to be open to a lot of suggestions, that's what we are asking you. Now that you are not satisfied with this piece of legislation as it is presented today, what sort of options and alternatives are you going to offer?

LARRY LEE We have to address these people, referred to people in the room.

REP. BOUCHER Extended an invitation to have Mr. Lee to come to a meeting.

REP. FROELICH Stated he was not a wheat grower, but his district does produce a lot of wheat, although, this summer they were hit hard by drought, what action has the Wheat Commission initiated in Washington, on behalf of the producers affected by the drought?

Lauretta Richardson
Operator's Signature

10/16/03
Date

Page 9

House Agriculture Committee
Bill/Resolution Number HB 1486
Hearing Date February 13, 2003

LARRY LEE The Wheat commission has contracted with the two groups which were before us today. He stated they have contracts which deal with environmental issues and other production issues.

REP. FROELICH What was the dollar amount you committed to these groups to seek aid?

LARRY LEE The two groups and their parent organizations, the National Association of Wheat Growers, left them two hundred thousand dollars for this last year, the previous year, it was close to one hundred thirty thousand dollars. Keep in mind, part of that paid their dues for their national association and the other was for contracts for the local group.

REP. FROELICH In other words, this group had less than one hundred thousand dollars to lobby in Washington, for disaster aid, which was supposed to bring back millions and possibly billions of dollars to the wheat producers in North Dakota, especially in the southwestern part of the state and the northeastern part of the state.

LARRY LEE This is a big issue, the membership should be much larger than it is.

REP. POLLERT If the amendment addressed contract agreements with the wheat commission and to lobby out to someone in the outside, will the wheat commission look at the amendments more favorably?

LARRY LEE I would say they would have to.

REP. NICHOLAS We do have faith in the Wheat commission, that is why we are here. We gave you the charge four years ago, we feel you did a good job, this is not an effort to bash the Wheat Commission, this is all about additional policy and additional policy direction.

RICHARD SCHLOSSER, NORTH DAKOTA FARMER'S UNION Testified in opposition of the bill. See written testimony.

REP. POLLERT Related to a few weeks ago, HB 1197 was in this committee which got a do pass recommendation creating a credit indemnity fund, which is 2/10ths of the value, did you support that bill?

RICHARD SCHLOSSER Yes we did.

REP. POLLERT Gave an example of a five hundred acre farm, with forty bushels to an acre, and it is twenty thousand bushels, and you are talking about lobbying, if all five mills would be one hundred bucks per year, where would the credit indemnity fund be if you did it all in a credit sale contract, it would be forty dollars per year, yet, the one hundred dollars will possibly bring millions of dollars to North Dakota, whereas the forty dollars will bring you in, don't get me wrong, I am the prime sponsor of the credit bill, and I think it is a good idea, when you put forty bucks against one hundred bucks, what will give a good return, I understand, individually, the forty dollars will protect you, that's why we brought the bill forward, but I am sitting here looking at the payback of one hundred dollars, that looks pretty good.

RICHARD SCHLOSSER First of all, I am speaking to the issues that were raised by our members. Secondly, this issue of indemnity fund was brought to our benefits through the county convention process, again, grass roots initiative, that was drafted and sent to our policy drafting committee, brought to the annual convention here in Bismarck and passed. Our objections are, if this did not follow that whole process again, summarizing, bringing to the producers, the ones that are the stakeholders here, this whole concept of 1486. That is one of the main reasons, we hear from our members, in opposition of HB 1486.

Page 11

House Agriculture Committee

Bill/Resolution Number HB 1486

Hearing Date February 13, 2003

REP. POLLERT For the difference of sixty dollars, I would think sixty bucks is a good return on your investment.

RICHARD SCHLOSSER Stated his statements were on behalf of the North Dakota Farmers Union, his personal opinion at the risk of life and limb, I won't go there.

REP. BOE Related to the last page of his testimony, regarding the policy manual in the North Dakota Farmers Union, is this the exact language or an interpretation?

RICHARD SCHLOSSER Stated it is a paraphrase, the language beginning with "recognizes" through "development" He stated he knows that oftentimes, they have been criticized for opposing the original disposition of the wheat tasks, I don't have an institutional knowledge of the memories or the history going back to the 1959 referendum. We have often been criticized for opposing the checkoff balance, if you would read our language, which he stated he could get a copy for the committee members, you will not find language there that correctly states opposition to checkoff balances. We do spell out in the policy, what the precautions should be.

REP. BOUCHER We both agree, that it is very essential that we have a very aggressive approach to domestic agriculture policy and, especially, policy as it relates to wheat and small grains, on the disaster side and the marketing side, etc. Domestic policy is critical to our survival. We also agree that agricultural production certainly should be considered and included as a very critical matter of national security. We also agree, as we speak today, in review of this particular bill, that the two groups which are at question here, are actually contracted under contract with the Wheat Commission to do this type of work on their behalf and on behalf of the people of North Dakota, I have heard your opposition. In opposition to this particular bill, and the fact that we need strong policy action, what do you offer as an alternative?

Page 12

House Agriculture Committee

Bill/Resolution Number HB 1486

Hearing Date February 13, 2003

RICHARD SCHLOSSER We have discussed this bill with several legislators, and from the issues we have listed, I guess I reiterated those points, and spoke to the bill in its original language, and the concerns that we have, with respect to what the alternative is, as mentioned previously, the general organizations have been there, we have worked diligently, as a matter of fact, our president, Robert Carlson, sits on the junior legislative committee, as a result of that, we have promoted the major commodities in the state of North Dakota, namely, wheat. I think the question we really need to ask here, again I use the phrase, at risk of life and limb, I would point out, this is from the producer's perspective, is that, what is the message these groups will bring to the table? I am reluctant to go back and look at those issues as we have seen with reference to where they stood on federal policy. I think that is the key thing here. If we are going to represent the producers, using their funds, I think we have to have a clear understanding as to what the message is, are we going to be representing the message of those producers in the grass roots perspective. What in-put do those producers have, if they are only funded to the tune of two million dollars, what is the political stance they are going to take on federal issues. This is a major concern of ours at the National Farmers Union, that the administration is throwing on the table, our domestic funds, and they are being negotiated away.

REP. BOUCHER Asked if he would be willing to come to that table and take a look at what we can do to make this kind of a situation work, in other words, if you have concerns about how this particular bill works, and the accountability side of these two groups, would accept a contract to move forward to it, or are you just cancelling it out and going in your own separate direction?

RICHARD SCHLOSSER I am always willing to talk.

Page 13
House Agriculture Committee
Bill/Resolution Number HB 1486
Hearing Date February 13, 2003

REP. ONSTAD Are you aware of, where we take these checkoff dollars and actually funnel a check through a private organization with no oversight?

RICHARD SCHLOSSER If I understood your question, you are referring to the use of checkoff dollars privately commissioned and given to private organizations

REP. ONSTAD Are you aware of checkoff dollars going strictly to a private organization with no oversight?

RICHARD SCHLOSSER It has been done under contractual agreement, the oversight of that would be through those contracts that were drawn up, they would monitor the situation.

DAN WILTSE, FARMER FROM RANSOM COUNTY Testified in opposition of the bill.
See attached written testimony.

STEVE STREGE, NORTH DAKOTA GRAIN DEALERS ASSOCIATION, Testified in opposition of the bill. See attached testimony and a resolution on wheat commission checkoff.

JIM TEIGEN, RUGBY, NORTH DAKOTA Testified in opposition of the bill. See attached written testimony.

TERRY ULRICH, ASHLEY, NORTH DAKOTA Asked a question, who is still running the show at the North Dakota Wheat Commission, is it the grain growers or the durum growers, or is the North Dakota Wheat Producers, who finance the North Dakota Wheat Commission for every task. The North Dakota Century Code states the purpose is to promote, aid and develop orderly marketing processing in North Dakota wheat. It was never earmarked for specific lobbying and organizations. This bill has become a Christmas tree, and the funding will not go for promotions but for lobbying. In the past, the checkoff dollars have gone to grain and durum growers to fund service contracts. If we start doing this, then all funds should go to all farm bills

Page 14

House Agriculture Committee

Bill/Resolution Number HB 1486

Hearing Date February 13, 2003

and organizations, such as lobbying, disaster, and domestic issues. The Wheat Commission is accused of having its head in the sand. It is doing what is being mandated to do. This bill has gone beyond domestic quality, spending millions of dollars to fight Canadian wheat and unfair trade, or an anti dumping lawsuit brought to the WTO or fighting regional commodities of national and international policies. That is beyond the scope and the funds of the Wheat Commission. If legislators feel that ag needs to play a bigger part in domestic policies, maybe it is time for the legislature to own up and hire their own ag records or lobbyist instead of balancing it just on the backs of the North Dakota wheat farmers. The legislature did good in raising fees, but you don't hear anything about taxes in this session, this is the only bill that talks about raising a tax, and it is on wheat farmers. The checkoff increases, is opposed by the North Dakota Wheat Commission and its county reps. It is being driven by a handful of people, who have not sought statewide producer input for the need for the increase. The Wheat Commission does not do things this way. Our checkoff dollars should never be used to fund private organizations political agendas, it is illegal and unethical. If an organization doesn't have the policy to either cut back or reorganize or grow its membership, maybe they are too busy pushing their own agenda. As a former grain grower member, and presently a county rep for the North Dakota Wheat Commission, I have real concerns about tax dollars funding private organizations. If a state legislative commission passes monitored dues paying private organizations, who holds that organization accountable for funds, is it the state, is it the wheat producers, where is the oversight. This bill sets a terrible precedent, it allows funds, where it should not be allowed, to have their funds raised by a private organization. This will jeopardize the reputation of the

Page 15

House Agriculture Committee

Bill/Resolution Number HB 1486

Hearing Date February 13, 2003

Wheat Commission for years to come, and a checkoff refund rate will go up drastically. This is basically, taxation without representation. This bill is wrong and does not have farmers' support.

MARCY SWENNINGSSEN, FARMER, VALLEY CITY, ND. Testified in opposition of the bill. She stated she could understand that Rep. Boucher did not want to talk about philosophy, but that is wrong. This whole issue is about philosophy. The whole reason that I don't support HB 1486, is because of philosophy. Related to the 1995 farm bill, and the fact that it caused wheat production, in this state, to go down.

HARLEN KLEIN, GRANT COUNTY, COMMISSIONER FROM SOUTHWEST DISTRICT, ON NORTH DAKOTA WHEAT COMMISSION Testified in opposition of the bill. Presented comments from people he talked to in his area. Out of twenty five to thirty people he visited with, only two people had support of this concept. He stated most of the people opposed the concept because it is a direct pass through, and that is what they are in opposition to, and the fact that it is an increase at this time, with the drought, etc, in the southwest.

BOB FINKEN, WHEAT PRODUCER, Testified in opposition of the bill. Stated he was involved with many organizations and had a chance to talk with people from many areas across the state, the ordinary producer, does not support this move to increase the wheat tax. He stated a majority of the producers do not want this increase. He stated, the North Dakota Wheat Commission does a tremendous job, we have to protect their ability to promote our markets. He stated he spoke to several Farm Bureau members who are opposed, even though, the organization is neutral on it. He stated the Farmers Union is steadfast in opposition because of this ill conceived skill that will force the pocketbook of the many to computations of a few.

Page 16
House Agriculture Committee
Bill/Resolution Number HB 1486
Hearing Date February 13, 2003

REP. NICHOLAS Presented two sets of amendments to committee members. The amendments were discussed with the Wheat Commission. This would clear up some of the language which was of concern to the Commission, with the contractual approach with the grower groups. One set of amendments has a sunset clause to put this into effect and try it for a biennium, the other set of amendments has no sunset clause.

REP. KINGSBURY Stated all she heard from her area was negative.

REP. POLLERT Stated he was in a district where he had two counties reps for it and two against. He stated he came to committee this morning, not supporting the bill. He supported it with the amendment.

REP. FROELICH Stated he has seen the administrative costs go up astronomically in the last three sessions, he stated he had wheat producers come in saying what is the Wheat Commission doing for us. Stated he felt we need more input on our domestic policy and for that reason will support the bill.

Several committee members commented that they would support the bill with amendments.

REP. KELSCH Made a motion to adopt Amendment #0102

REP. BOEHNING Second the motion. Motion carried

REP. NICHOLAS Wanted to make the comment that this bill, is in no way, any attempt to degrade what the Wheat Commission has done in the past. This is strictly an attempt to move policy. As we have addressed policy four years ago, I think it has been beneficial, and the Wheat Commission has carried out that mission. We are moving in the same direction. We are the policy making branch of government. We have an opportunity here to help the wheat farmers in North Dakota, as brought out in testimony. There have been hundreds of millions of dollars that

Richard Costa
Operator's Signature

10/16/03
Date

Page 17
House Agriculture Committee
Bill/Resolution Number HB 1486
Hearing Date February 13, 2003

have come forth in North Dakota because of the efforts, with the pass through from the Wheat Commission to the grain growers and the durum growers as pointed out in testimony. We are making a very small investment to bring a huge amount of additional dollars to our state.

COMMITTEE ACTION

REP. KELSCH Made a motion for a **DO PASS AS AMENDED.**

REP. BOEHNING Second the motion **MOTION CARRIED.**

9 YES 3 NO 1 ABSENT

REP. BELTER Was given the floor assignment.

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

La Costa Rickford
Operator's Signature

10/16/03
Date

FISCAL NOTE
Requested by Legislative Council
03/21/2003

Amendment to: HB 1486

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.*

	2001-2003 Biennium		2003-2005 Biennium		2005-2007 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures						
Appropriations						

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

2001-2003 Biennium			2003-2005 Biennium			2005-2007 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

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

This bill as amended maintains the current per bushel levy of the North Dakota Wheat Commission (NDWC) on all wheat sold in the state at 10 mills per bushel and generates no new revenues. All funds are special funds and are non-appropriated. The NDWC mill levy, which is assessed at the first point of sale, is the Commission's only source of funding, and is used to support the NDWC mission, which is, in short, to aid in the orderly marketing of North Dakota wheat by expanding markets through promotion, education and research. Commonly known as the wheat checkoff, the program at the current assessment level has the potential to generate \$5,420,000 in gross revenues per biennium, based on a 5-year average North Dakota wheat crop of 286 million bushels, less on-farm seed and feed use.

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.*

This bill as amended raises no new revenues. However, the proposed changes to the existing legislation provide in subsection five of Section 4-28-07, that The commission may use the amount raised by up to two mills of the levy provided for in this section for the purposes of providing market maintenance and development services, utilization research, transportation research, and education; addressing domestic policy issues; and engaging in other related activities; or for the purposes of contracting for market maintenance and development services, utilization research, transportation research, and education; addressing domestic policy issues; and engaging in other related activities, with no more than two trade associations that are incorporated in this state and which have as their primary purpose the representation of wheat producers.

The impact of the measure on producer refunds which currently average slightly less than 7 percent is unknown. Some potential for increased refund activity and resultant net revenue impacts (reductions) due to producer perceptions of an implied policy shift may be anticipated due to attention generated by the bill as it was introduced in its original form.

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.*

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.

Name:	Neal Fisher	Agency:	ND Wheat Commission
Phone Number:	328-5111	Date Prepared:	03/24/2003

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

Salvatore Riccardi
Operator's Signature

10/16/03
Date

FISCAL NOTE
Requested by Legislative Council
01/21/2003

Bill/Resolution No.: HB 1486

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.*

	2001-2003 Biennium		2003-2005 Biennium		2005-2007 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues				\$2,710,000		\$2,710,000
Expenditures				\$2,168,000		\$2,168,000
Appropriations						

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

2001-2003 Biennium			2003-2005 Biennium			2005-2007 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

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

This bill proposes to increase the current 10 mills per bushel levy of the North Dakota Wheat Commission (NDWC) to 15 mills per bushel on all wheat sold in the state. All funds are special funds and are non-appropriated. The NDWC mill levy, which is assessed at the first point of sale, is the Commission's only source of funding, and is used to support the NDWC mission, which is, in short, to aid in the orderly marketing of North Dakota wheat by expanding markets through promotion, education and research. Commonly known as the wheat checkoff, the program at the current assessment level has the potential to generate \$5,420,000 in gross revenues per biennium, based on a 5-year average North Dakota wheat crop of 286 million bushels, less on-farm seed and feed use. The proposed increase could raise those potential gross revenues by 50 percent or by \$2,710,000 per biennium, based on similar assumptions of average production. Deductions for existing and potential increases in producer refunds will be addressed in subsequent sections.

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.*

The proposed five mill increase could potentially generate an additional \$2,710,000 in gross revenues per biennium. However, the proposed change to the existing legislation also provides in subsection five of Section 4-28-07, that The commission shall forward the amount raised by four mills of the levy provided for in this section to support not more than two trade associations that are incorporated in this state and which have as their primary purpose the representation of wheat producers. Therefore, under this proposal four mills or 80 percent (\$2,168,000) of the potential increase would be forwarded to two (not specifically named) trade associations incorporated in North Dakota. Under provisions of the proposal the North Dakota Wheat Commission would retain revenues generated by one mill or additional potential gross revenues of \$542,000 or 20 percent of the increase in total funding.

The impact of the measure on producer refunds which currently average slightly less than 7 percent is unknown. However, past experience indicates previous increases in the mill levy have brought accompanying increases in the frequency and volume of refund requests.

At current levels (7percent) the impact of producer refunds per biennium would reduce the gross revenue generated by the 5 mill

increase to \$2,710,000 by \$189,700, and the 4 mill \$2,168,000 pass through feature by \$151,760 per biennium. However, refund rates of 10 or 15 percent or possibly higher should not be ruled out, since a recent five mill increase in the wheat checkoff in the state of Oklahoma caused refund rates to escalate from less than 10 percent to nearly 25 percent. The resulting disruption created considerable uncertainty in the stability of that state's primary wheat organization and the research and market promotion programs it supports.

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.

Expenditures associated with this proposal would include the forwarding of 80 percent of the proposed increase in funding or \$2,168,000 to the two unnamed trade associations as stated in section five of HB 1486. However, potential incidental costs for formulation or oversight of addition contract language and associated clerical and audit requirements may also need to be considered.

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.

Name:	Neal Fisher	Agency:	ND Wheat Commission
Phone Number:	328-5111	Date Prepared:	01/24/2003

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

Salvatore Riccio
Operator's Signature

10/16/03
Date

30588.0102
Title.

Prepared by the Legislative Council staff for
Representative Nicholas
February 13, 2003

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1486

Page 2, line 14, replace "forward" with "use"

Page 2, line 15, replace "to support not" with "solely for the purposes of contracting for market
maintenance and development services, utilization research, transportation research,
education, and other related activities, with no"

Renumber accordingly

HB 1486
2-13-03

Date:
Roll Call Vote #:

2003 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO.

House AGRICULTURE COMMITTEE

☐ Check here for Conference Committee

Legislative Council Amendment Number

Action Taken

Motion Made By

Seconded By

Representatives	Yes	No	Representatives	Yes	No
CHAIRMAN NICHOLAS					
VICE CHAIRMAN POLLERT					
REPRESENTATIVE BELTER					
REPRESENTATIVE BOEHNING					
REPRESENTATIVE KELSCH					
REPRESENTATIVE KINGSBURY					
REPRESENTATIVE KREIDT					
REPRESENTATIVE UGLEM					
REPRESENTATIVE WRANGHAM					
REPRESENTATIVE BOE					
REPRESENTATIVE FROELICH					
REPRESENTATIVE MUELLER					
REPRESENTATIVE ONSTAD					

Total (Yes)

No

Absent

Floor Assignment

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

La Costa Richard
Operator's Signature

10/6/03
Date

HB 1486
2-13-03

Date:
Roll Call Vote #:

2003 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO.

House AGRICULTURE COMMITTEE

☐ Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken

DO PASS

Motion Made By

VEICH

Seconded By

BOE

Representatives	Yes	No	Representatives	Yes	No
CHAIRMAN NICHOLAS	<input checked="" type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
VICE CHAIRMAN POLLERT	<input checked="" type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
REPRESENTATIVE BELTER	<input checked="" type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
REPRESENTATIVE BOEHNING	<input checked="" type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
REPRESENTATIVE KELSCH	<input checked="" type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
REPRESENTATIVE KINGSBURY	<input type="checkbox"/>	<input checked="" type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
REPRESENTATIVE KREIDT	<input checked="" type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
REPRESENTATIVE UGLEM	<input checked="" type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
REPRESENTATIVE WRANGHAM	<input type="checkbox"/>	<input checked="" type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
REPRESENTATIVE BOE	<input checked="" type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
REPRESENTATIVE FROELICH	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
REPRESENTATIVE MUELLER	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
REPRESENTATIVE ONSTAD	<input type="checkbox"/>	<input checked="" type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>

Total (Yes)

9

No

3

Absent

1 ABSENT

Floor Assignment

BELTER

Richard Costa
Operator's Signature

10/16/03
Date

REPORT OF STANDING COMMITTEE (410)
February 14, 2003 2:30 p.m.

Module No: HR-29-2813
Carrier: Belter
Insert LC: 30588.0102 Title: .0300

REPORT OF STANDING COMMITTEE

HB 1486: Agriculture Committee (Rep. Nicholas, Chairman) recommends AMENDMENTS AS FOLLOWS and when so amended, recommends DO PASS (9 YEAS, 3 NAYS, 1 ABSENT AND NOT VOTING). HB 1486 was placed on the Sixth order on the calendar.

Page 2, line 14, replace "forward" with "use"

Page 2, line 15, replace "to support not" with "solely for the purposes of contracting for market maintenance and development services, utilization research, transportation research, education, and other related activities, with no"

Renumber accordingly

2003 SENATE AGRICULTURE

HB 1486

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

Salvatore Rickford
Operator's Signature

10/16/03
Date

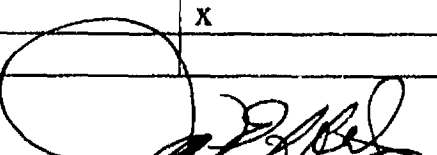
2003 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1486

Senate Agriculture Committee

☐ Conference Committee

Hearing Date 03/06/03

Tape Number	Side A	Side B	Meter #
1		x	5863 - end
2	x		0 - 268
3	x		586 - end
3		x	0 - end
4	x		0 - 6052
Committee Clerk Signature 			

Minutes:

Chairman Flakoll opened the discussion on HB 1486. All members were present.

Senator Flakoll said with the hearing for HB 1486 scheduled for this afternoon at 2:30, he hoped the involved parties would submit any proposed amendments in a timely fashion. He reminded the committee the bill needs to be out of committee by the end of next week due to its fiscal impact and the necessity to re-refer it to Appropriations.

Senator Klein said in reference to the amendments, since we have these groups at odds, he hopes they are communicating with each other.

Senator Nichols asked if we will try to get the bill out this week?

Senator Flakoll said we will have to see how the hearing goes.

Senator Erbele asked the deadline for bills going to Appropriations.

Senator Flakoll said next week.

Page 2

Senate Agriculture Committee

Bill/Resolution Number HB 1486

Hearing Date 03/06/03

Chairman Flakoll recessed the meeting until the committee reconvenes at 2:30 PM in the Brynhild Haugland Room.

Senator Flakoll opened the hearing on HB 1486 in the Brynhild Haugland Room at 2:30 PM. All members were present.

Representative Merle Boucher introduced the bill. The intent of the original bill was to levy 5 mils in addition to the current 10 mils for use by the Wheat Commission. The five mils would be used to contract with grower organizations to provide resources for them to lobby on behalf of wheat growers in North Dakota in the development of domestic farm policy. There have been many meetings and discussions since the house hearing on the bill and the sponsors are coming forward today with some amendments.

The original bill referenced wheat "grown and delivered and sold" in North Dakota and the amendment deletes the words "grown and" which means any wheat delivered at a purchasing point in North Dakota would be subject to the wheat tax.

Another amendment provides for accountability by requiring the growers groups to report to a joint meeting of the House and Senate Agriculture Committees during the legislative years and to submit a report to the budget section of the legislative council during the years the legislature is not in session.

Representative Boucher commended the people who have come to the capital on behalf of North Dakota agriculture.

Someone said his efforts have seriously polarized agriculture groups. Representative Boucher disagrees. He thinks this bill has just made the polarization that already exists more visible.

Page 3
Senate Agriculture Committee
Bill/Resolution Number HB 1486
Hearing Date 03/06/03

There are 30,000 farms in North Dakota, and 18,000 people under the age of 18 on North Dakota farms. The average age of a North Dakota farm operator is 56 - 57 years. (meter # 1120) The next 10 years will see much transfer of farm ownership. This demonstrates that we have bigger issues to deal with. We need to acknowledge we have a problem in North Dakota agriculture that goes beyond the wheat tax. We need to direct our energies to the crisis in the state. He would be a fool if he didn't take a risk to improve the grave situation in agriculture.

Senator Klein asked how the transfer of funds would occur and what would be done with the money. (meter # 1317)

Representative Boucher said he believes domestic agriculture policy is critical to the future of farming in North Dakota. We need resources to give people the opportunity to make our case in Washington. Its a matter of national security. The European economic community has made a commitment. Their system is heavily subsidized because they see the importance of sustaining rural life and they have experienced two world wars and have experienced famine and want to assure a food source for national security. In the US, we need to be sure we have food and we need to sustain and rebuild the rural economy through domestic agriculture policy.

Senator Klein asked how long have the amendments been out? Has the opposition been able to review the amendments?

Representative Boucher said it was difficult to decide how to amend the bill and the amendments have just been introduced.

Senator Klein confirmed the amendments lower the mills from 15 to 12 as well as require accountability by a report to the joint meeting of the Senate and House Agriculture Committees.

It would also subject all wheat sold in North Dakota to the wheat tax.

La Costa Richard
Operator's Signature

10/16/03
Date

Page 4

Senate Agriculture Committee
Bill/Resolution Number HB 1486
Hearing Date 03/06/03

Senator Flakoll asked where will the money go? (meter # 1712)

Representative Boucher said the 12 mills will be received by the North Dakota Wheat Commission. They can then contract with trade or grower groups to provide certain services, which they are already doing. Currently they are spending \$75,000 for contracting with these groups.

Senator Flakoll asked who will control the message? There are two farm organizations who don't always agree.

Representative Boucher said there are more than two major groups. One of his frustrations is its difficult to get North Dakota farm organizations to work in a unified effort.

Senator Urlacher asked if he puts a high priority on lobbying in Washington? Its difficult when a split opinion exists on how to lobby in a way appropriate for commodity groups.

Representative Boucher said yes, lobbying in Washington is essential. Not all groups have the same message and that's unfortunate but we need to make the effort. We must find areas of agreement and identify the common goal.

Representative Nicholas testified in favor of the bill. (meter # 2005) Section 5 is an opt in or opt out provision. The wheat check off is fully refundable. Any farmer at any time can get his wheat levy back.

This effort is an important part of moving the wheat industry forward in North Dakota. The groups that we are speaking about specifically are the North Dakota Grain Growers and the North Dakota Durum Growers. They have worked extensively on improving crop insurance. The quality adjustments brought in more than \$87 million under disaster provisions in 2001. The current disaster provision has those quality adjustments again and will have a very positive

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

Richard Costa
Operator's Signature

10/16/03
Date

Page 5
Senate Agriculture Committee
Bill/Resolution Number HB 1486
Hearing Date 03/06/03

impact on North Dakota farmers. These efforts were led by the North Dakota Grain Growers.

The lobbying effort is extremely important to our farmers.

They helped in writing the current farm bill. In comparison to the 1996 farm bill, there was a \$3.05 price for wheat and over \$5.00 for soybeans, over a \$2.00 spread. Through these efforts the spread has been narrowed to less than \$1.00 which will have a huge impact on North Dakota farmers.

What happened to get us where we are today? In the 70's we owned the export market. The mission of the Wheat Commission was marketing and promotion. Through embargoes, we lost half of the exports. We must now look more at domestic policy.

In the '95 session, the legislature put up \$500 million for scab research. We now have Alsen wheat and the farmers in the eastern part of the state can once again raise wheat.

In the '97 session, the legislature put together SBAR, the State Board of Agriculture Research to keep the focus on research.

In the '99 session, the legislature approved 2 mills to pursue Canadian trade efforts. The Wheat Commission testified against the bill. Yesterday's Tribune had the headline, "Preliminary Tariff Set on Canadian Wheat". That's because the legislature stepped up and approved the 2 mills.

The Wheat Commission did not take the initiative, the legislature did.

This legislation will redirect the efforts of the Wheat Commission and will bring a huge amount of dollars to North Dakota. This is about wheat. Its important for us to get our fair share of the farm bill.

The Farm Bureau and the Farmers Union did a great job on the 2002 farm bill. They raised the bar from \$5 billion to \$7.5 billion. But once the broad parameters have been established, it gets

La Costa Richard
Operator's Signature

10/10/03
Date

Page 6
Senate Agriculture Committee
Bill/Resolution Number HB 1486
Hearing Date 03/06/03

commodity specific. We need the commodity specific groups such as wheat to go in and get our fair share. We did not get our fair share of the '96 farm bill. We got a bigger share of the 2002 farm bill. We can talk all we want about markets and promotion but the markets aren't there. Senator Flakoll said it is currently two groups who would get the money but could it be more down the line?

Representative Nicholas said we would have to cross that bridge when we get to it. We have been fighting for wheat, the North Dakota Grain Growers and the North Dakota Durum Growers have been leading the fight and they will continue to do so.

Senator Erbele asked if this bill does not pass, who are the big losers? (meter # 2678)

Representative Nicholas said the big losers will be the wheat farmers in North Dakota. We need a more activist role from the standpoint of crop insurance. Look at the loan price on durum. Through the efforts of the North Dakota Durum Growers, it is much higher than any other class of wheat. That will be a huge benefit to North Dakota.

The trade effort on Canadian wheat will level the playing field for domestic companies like Dakota Growers. Dakota Growers buys all of its durum in the US. The other pasta processors bring in durum from Canada. This will be a huge help to companies like Dakota Growers. Right now they have one hand tied behind their back.

Senator Erbele asked what the increased revenue would be?

Representative Nicholas said \$600,000 to \$700,000, depending on the refunds. The program will raise the price of wheat to every farmer in North Dakota.

Senator Urlacher said there seems to be a split opinion out there on refunds, will they be excessive and reduce the impact?

La Costa Richard
Operator's Signature

10/16/03
Date

Page 7

Senate Agriculture Committee

Bill/Resolution Number HB 1486

Hearing Date 03/06/03

History in other states shows the increase in refunds is temporary.

Bruce Freitag, farmer from Scranton and President of the North Dakota Grain Growers testified in favor of the bill. (written testimony) (meter # 2968) Crop insurance is another issue that is always out there. Obtaining disaster provisions for the last two years was more difficult than ever before. The time may come when disaster provisions are no longer available. We must address and strengthen crop insurance with provisions that allows for those disasters.

The opt in provision to the amendments sets up a pool of dollars that can only be accessed if the growers associations can find members who want to pay their dues with those dollars. Legally that addresses a lot of the accountability issues. The producer is in charge of his own dollars. The Wheat Commission has a role in oversight and there would be ultimate accountability to the legislature.

Senator Urlacher said in the past he has never opposed a check off request. (meter # 3724) There are some very dissatisfied people with this issue. Have you discussed the amendment with these parties and has there been some agreement?

Mr. Freitag said the amendment has had some limited circulation since yesterday.

Senator Erbele asked how many members are there in the North Dakota Grain Growers, dues, meeting times?

Mr. Freitag said there are 1200 members of the North Dakota Grain Growers, dues are \$95/year, they have an annual convention once per year. The 12 member board meets monthly except during the planting and harvest seasons. They conduct growers meeting on various issues, the last regarding the farm bill

Page 8
Senate Agriculture Committee
Bill/Resolution Number HB 1486
Hearing Date 03/06/03

Senator Klein said one of the problems he keeps hearing is that they will be directing money to groups who weren't in agreement. Will the opt in provision deal with this? Will the money not accessed through the membership opt in provision remain with the Wheat Commission?

Mr. Freitag said yes.

Senator Klein asked if this would eliminate this rub, that organizations that aren't together won't get the money.

Mr. Freitag said yes because the producer has a say over where his check-off dollars go.

Edward M. Loraas, farmer and chairman of the United State Durum Growers, testified in favor of the bill. (written testimony) (meter # 4206)

Senator Erbele asked if the focus of the Durum Growers is different than that of the Wheat Commission, do you get at odds over any project issues? (meter # 4698)

Mr. Loraas said no, The Durum Growers focus on different things that don't clash with the Wheat Commission at all. They have been working on crop insurance for the past year and it is probably a year or year and a half away but it looks good. It will be a huge difference for the durum grower in North Dakota.

Senator Nichols asked what are the membership numbers and fees?

Mr. Loraas said they have 500 members and dues are \$50/year.

Senator Klein asked if that is their sole source of income?

Mr. Loraas said they get \$30,000 from the North Dakota Wheat Commission, and also contract with them for special projects.

Senator Klein said so we are not breaking new ground, you already receive funds from the Wheat Commission?

Page 9

Senate Agriculture Committee

Bill/Resolution Number HB 1486

Hearing Date 03/06/03

Mr. Loraas said that is correct.

Mark Birdsall, farmer from Berthold and serve on the board of the US Durum Growers, testified in favor of the bill. One of the first issues he experienced on the board was with LDP (loan deficiency payments), about 4 years ago. Commodity prices were low and LDP prices were kicking in for other commodities and offering some assistance to farmers. Durum received no LDPs at that time. They took a discouraging trip to Washington and were told the long standing differentials were there for a reason and would be very difficult to change. They came home and went to work. They gathered pricing information from elevators and faxed the information to USDA weekly. After a year they decided they needed to hire a lobbying firm. The board had decided they had \$5000 to spend. The first bid they opened from a lobbying group was for \$60,000. After much conversation with the firm and some begging they agreed to work as much as possible for \$5000. It was money well spent, the LDP program was a huge success bringing, 20 - 25 cents per bushel for two years.

The quality loss program has also been a successful project. In 2000, farmers were receiving as little as \$1/bu for their durum. They had crop insurance on these acres but because of differentiating quality loss tables as pertaining to the discounts they were receiving in the marketplace, they were getting \$1/bu for a lot of the grain and receiving no crop insurance payments. They spent a lot of time and work on the project and brought back over \$60 million to North Dakota. Twice the program came within a hair's breath of being rendered totally useless to the growers in the state. They took a quick trip to Washington with bankers and elevator managers and they got the program fixed. It is important to note it took specific, detailed

Page 10
Senate Agriculture Committee
Bill/Resolution Number HB 1486
Hearing Date 03/06/03

information to get the job done. These successes have always been shared with the Congressional delegation and the Wheat Commission, who have been very helpful.

The days of getting these projects done on a limited budget are over. They have proved their worth to the farmers of North Dakota.

Senator Seymour asked how many wheat growers are there in North Dakota? (meter # 6180)

Mr. Birdsall said he would guess 18,000.

Bill Onstad, a farmer from Harvey, testified in favor of the bill. (tape 3, side 2, meter # 0)

He has taken off 28 wheat crops. He is a member of the North Dakota Farm Bureau and the North Dakota Farmer's Union and is proud to pay his dues. He is a special interest and because he raises durum, he is a member of the durum growers and a past president. This proposal is not a foreign concept and he supports it. It will return millions of dollars to North Dakota farmers.

Senator Erbele asked how he responds to those who say this is taxation without representation?

Mr. Onstad said they can always get a refund. The enacting legislation for the sunflower groups and other newer commodity groups is different and money passes directly to their national grower organizations.

Lawson Jones, farmer from Ramsey county and past president of the Durum Growers, testified in favor of the bill. (meter # 422) A little money in Washington goes a long way. The LDP program, the quality loss program, crop insurance changes and the increase in loan rates all are successful programs accomplished by the Durum Growers. They have brought tens of millions of dollars to North Dakota producers.

Jo Costa Rickford
Operator's Signature

10/16/03
Date

Page 11

Senate Agriculture Committee
Bill/Resolution Number HB 1486
Hearing Date 03/06/03

Jeff Topp, Grace City producer, testified in favor of the bill. He is not an officer of the grower groups. Producers have an obligation to bring their industry to a bigger playing field. He doesn't know if 2 mills are enough, there is a lot of work to be done.

Mike Martin, farmer from southwest Dickey county, testified in favor of the bill. (meter # 736)
(written testimony)

David Anderson, 4th generation Regent area farmer raising primarily wheat and durum, testified in favor of the bill. He is a member of the North Dakota Farmers Union. The North Dakota Grain Growers put everything they had into the last farm bill and everything they do is for the future and betterment of the North Dakota farmer. Effective agriculture policy can't be taken to the national level by an individual, it takes a state grower group. We have to keep moving forward. A negative campaign is a step backward.

Senator Seymour asked why don't the grain growers just raise their dues and forget the legislation?

Mr. Anderson said they are fighting money problems every time they turn around.

Curt Trolson, farmer from Montrail county, testified in favor of the bill. (meter # 1251) He is a past president of the Grain Growers and member of all the farmers organizations. Many of the members of the Grain Growers have spent thousands of dollars of their own money. Everyone will benefit from the program and it is refundable if desired. With the amendments, he can support the bill.

Jim Diepoldur, Bottineau County Wheat Representative and Bottineau county farmer, testified in favor of the bill. (meter # 1492). The county reps voted in 1995 voted not to support an increase in the check off for research and again in '99 voted against an increase for the trade case and this

Page 12
Senate Agriculture Committee
Bill/Resolution Number HB 1486
Hearing Date 03/06/03

year again they have voted against an increase. This is not taxation without representation, taxes are not refundable. The program is accountable, directable and refundable. We can't export our way back to prosperity, we can't compete with India. Wheat is king. He can't grow cotton or corn, he needs to grow wheat.

Al Skogen, board of directors of North Dakota Grain Growers, testified in favor of the bill.

(meter # 1809) We need all the support we can get. The stronger the wheat groups are, the better it is for the wheat farmers of North Dakota. The latest farm bill, written by North Dakotans, benefited North Dakota farmers by an increase of \$200 million per year. Wheat is the largest crop in North Dakota yet we spend the least to promote the crop. He doesn't see why any farm group would want to do anything to impede the efforts of these groups that are so committed to agriculture in this state.

Terry Wansek, farmer from Jamestown and board member of the North Dakota Grain Growers, testified in favor of the bill. (meter # 2230) There is a lot of discretion with the grower. There has been compromise and a good faith effort to make this a better bill. 2 mils are equal to .06% investment in our industry. His farm produces 100,000 bushels of wheat and the cost of promotion would total \$1000 per year, or \$1200 per year with the increase of 2 mils. This is not too much to ask. If we don't make a positive effort, no one else will.

Senator Klein asked as the mils are collected, the producers ask for their money back, how much will go to the groups and how much will stay with the Wheat Commission?

Mr. Wansek said his understanding is the Grain Growers and the Durum Growers are going to have to go out and get memberships to qualify for the funds and it seems certain they won't get

Page 13
Senate Agriculture Committee
Bill/Resolution Number HB 1486
Hearing Date 03/06/03

enough memberships initially to qualify for all of the funds. There will probably be an increase in refunds because there has been so much attention to the issue but it will fade away.

Senator Erbele asked regarding the drop in wheat acres, where have we been in the past 10 years and will this be instrumental in bringing the numbers back?

Mr. Wansek said this will slow down the trend. There are other things we need to look at for wheat such as expanded technology, potential new markets, specific types designed for specific markets. It is so important that we show up and make our voices heard for domestic policy. On his farm, ten years ago they had 80% wheat, three years ago 60% wheat and last year 25% of their acres were wheat.

Ron Selzler, farmer from north central North Dakota, testified in favor of the bill. He was not in favor of the bill until he saw the amendments. We need a strong voice in Washington.

Robert Ferebee, representing the North Dakota Grain Growers, testified in favor of the bill (meter # 3020) He has four sons growing up on their farm and hopefully they will be able to take over the farm some day. If we don't do something, Green Peace and the Sierra Club will make farm policy and we can't allow that to happen.

Senator Klein asked if he had been on trips to lobby in Washington?

Mr. Ferebee said he had.

Senator Klein asked if it is effective? Do you visit congressmen beyond our own delegation?

Mr. Ferebee said sometimes its effective and sometimes its frustrating. But if you don't knock on the doors, you won't get any results.

After a seven minute break, the committee reconvened.

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

Operator's Signature

Date

Page 14
Senate Agriculture Committee
Bill/Resolution Number HB 1486
Hearing Date 03/06/03

Senator Flakoll announced a letter from Jon Erickson, who could not attend due to the weather, was distributed to the committee. Also distributed was testimony from Agriculture Commissioner Roger Johnson who had to leave.

Larry Lee, a farmer from Velva and president of the North Dakota Wheat Commission, testified against the bill. (written testimony) (meter # 3474)

Senator Erbele asked if the Wheat Commission is a member group?

Mr. Lee said there are no membership dues.

Senator Erbele asked how the board is selected? The money as it moves from the Wheat Commission to the various growers groups, who determines how much?

Mr. Lee said there are 6 producer regions. Each county has a representative and they elect among themselves a regional representative, which accounts for 6 members. The seventh member is appointed at large by the governor. The money for the grower groups for the most part has been requested by the grower groups under contracts that fit within the budget of the Wheat Commission. Ultimately, the amount is determined by the board of directors of the Wheat Commission.

Senator Nichols asked regarding accountability, how are funds followed when they are provided to the grower groups?

Mr. Lee said in all cases the grower group is under contract. If a contract is with NDSU, they have state oversight. Other groups are audited. They sometimes get matching funds from national organizations.

Senator Klein asked about refunds and concern about money going to groups where there is not necessarily agreement. Since the bill has changed with the amendments, don't the opt in

Page 15

Senate Agriculture Committee

Bill/Resolution Number HB 1486

Hearing Date 03/06/03

provision and the accountability change the bill? This must be more accountability than you usually get from groups under contract.

Mr. Lee said he has never had to absorb so much new information in 10 minutes. His has to reserve opinion at this point.

Senator Klein asked if the opt in provision improves the bill?

Mr. Lee said it does help tremendously. Without going out into the public, he doesn't know what the public will say. His primary responsibility has to be to the 18,000 wheat producers in the state.

Senator Flakoll asked about the handout. In 2001 and 2002 the legal fees spiked up, is that pretty well over?

Mr. Lee said no, it will continue and but will start to diminish. They will be involved in trade litigation for some time, substantially so.

Senator Flakoll explained about amendments, and the challenge of disseminating information.

Harlan Klein, farmer-rancher from Elgin and Vice Chairman of the North Dakota Wheat Commission testified against the bill. (written testimony) (meter # 5337)

Senator Klein said some folks have testified they have changed their minds after they saw the amendments. Do you have an open mind or are you resigned to opposing the bill?

Mr. Klein said it is still an increase and the producers do not want to see an increase.

Rocky Bateman, farmer-rancher from New Salem and three term Representative, testified against the bill. (written testimony) (meter # 5832) He noted his testimony was written before he saw the amendments and the figures could be wrong now.

Page 16
Senate Agriculture Committee
Bill/Resolution Number HB 1486
Hearing Date 03/06/03

Senator Urlacher asked if the durum producers have contributed to a worthy cause? (tape 4, side a, meter # 148)

Mr. Bateman said yes but he takes offense to the funding mechanism.

Senator Klein asked regarding the amendment, it does allow refund of the 2 mils so you don't have to participate if you don't want to? We are hearing we aren't getting enough things done in Washington to represent the people at home. Certainly, these groups weren't set up to deal with this but in this current state of agriculture, we are looking for every opportunity to get the message across. We are looking at doing the best we can for producers.

Mr. Bateman said he disagrees with what they are discussing. Any amendment to disperse money in this manner is offensive. They will never get the lid back on. Dedicated funds get raided all the time. If they are as successful as they claim, all producers would be members.

Senator Klein said we have to give and take a little.

Mr. Bateman said he agrees but he thinks its his right to choose.

Jerry Effertz, third generation farmer from Velva, testified against the bill. He has produced wheat for 30 years and is a very proud supporter of the North Dakota Wheat Commission. He is not a member of the North Dakota Grain Growers or the Durum Growers. He is not necessarily opposed to what they are doing. They are a membership group ' a membership group owes their first allegiance to their membership. They are a special interest group. To legislate a contribution to these groups is disheartening. He sees that the amendment has an opt out provision but he thinks its strange to reduce the integrity of two groups to that to a junk e-mail. The amendment is very clever, collect the money first and hope people don't take the refund or don't realize that option is available.

Page 17
Senate Agriculture Committee
Bill/Resolution Number HB 1486
Hearing Date 03/06/03

Senator Klein asked if the amendment leaves the money with the Wheat Commission unless a member requests that a membership fee is paid on his behalf.

Mr. Effertz said membership groups become strong because they earn it.

Alan Lee, spring wheat and durum producer from Berthold, testified against the bill. (written testimony) (meter # 739)

Senator Klein said you referred to going back and taking a look. Is there any way we can do that in the next couple of weeks.

Mr. Lee said emotions are running high and he thinks it would be better to come back next session with a plan. (meter # 1412)

Senator Urlacher said he sees the division. Will one group pull all their funds out and hurt the other group more than ever? Someone is going to have to give.

Mr. Lee said that really bothers him. We can't afford a fight in wheat.

Senator Urlacher said you are saying its better to wait two years?

Mr. Lee said that is his opinion.

Dan Wiltse, a wheat, barley and row crop farmer from Ransom County, testified in opposition to the bill. (written testimony) (meter # 1527) He has good friends on both sides of this issue. He thought the amendments would fix the bill but alternatives weren't considered. It is best to kill the bill and reconsider the plan. Why not allow the Wheat Commission to lobby?

Senator Urlacher said he is trying to save you from each other. We make decisions based on more than that. He sees how farmers from both sides could pull back their funds. (meter # 2154)

Mr. Wiltse does not want to see that happen. It has to come from the grass roots, not from the top down.

Page 18
Senate Agriculture Committee
Bill/Resolution Number HB 1486
Hearing Date 03/06/03

Senator Klein asked as a member of the barley growers, how do you generate funds for work in Washington?

Mr. Wiltse said the same way, from the barley check-off.

Senator Klein asked if they use check-off dollars to go to Washington to lobby?

Mr. Wiltse said yes, he is not against that.

Richard Schlosser, representing the North Dakota Farmers Union, testified against the bill.

(written testimony) (meter #2425)

Senator Flakoll said that last week the North Dakota Farmers Union testified capital isn't a problem and what we really need is better prices. Don't these check-offs achieve those ends?

Mr. Schlosser said his argument is not with the work they've done. Its not who is speaking for wheat as an industry, its what they are saying. They have stood in conflict with the Grain Growers policy, particularly the '96 farm bill. The producers have not had input. This needs to be run by the producers first.

Keith Brandt, manager of Plains Grain from Enderlin, testified on the behalf of the North Dakota Grain Dealers against the bill. (written testimony) (meter # 3033)

Dennis Renner, farmer from 12 miles southwest of Bismarck, testified against the bill. (meter # 3495) He agrees money is needed to lobby for better agriculture policy. He doesn't agree with increasing the check off. He is afraid of increased refunds. What groups will want funds next? Most producers are against the bill. The sponsors intentions are good. Maybe this should start at the grassroots level with all commodity groups and reintroduce next session.

Marcy Svenningsen, farmer from Valley City, testified against the bill. (written testimony) (meter # 3712) The amendments don't change her opinion.

Page 19
Senate Agriculture Committee
Bill/Resolution Number HB 1486
Hearing Date 03/06/03

Gerald Sundquist, farmer from Hankinson, testified against the bill. (written testimony) (meter # 4162)

Roger Zutolka, testified against the bill (meter # 4368). He is confused about the amendment.

Can anyone represent wheat growers and get funds? He likes the non political nature of the Wheat Commission. He commented on refunds and GMO wheat.

Dan Spukenmier, farmer from Sheldon, testified against the bill (meter # 4828). He is concerned that people think they know how to spend his money better than he does. We are being taxed to death. It all adds up. The elevator manager in Sheldon does not want to administer this.

Everyone in the coffee shop is against the bill.

Pat Murphy, farmer from the Berthold area and a North Dakota Grain Grower and Durum Grower member, testified against the bill. He likes their work but it needs to start at the grass roots. Never bring it up again.

Jim Slaag, farmer from Wimbledon, testified against the bill. (meter # 5316) The bill takes away the Wheat Commission authority to distribute funds. The buzz at his coffee shop is if passed, many producers will seek refunds.

Senator Klein said he is looking for consensus. Do you see the groups are working against each other? One concern is those in favor of the bill could ask for their refunds and use the funds for lobbying.

Mr. Slaag said he doesn't want people leaving the Wheat Commission. It is important to keep the Wheat Commission strong.

Arlene Olson, lifelong wheat producer, testified against the bill. (meter # 5822) She is not against research or progress. She is against check off dollars going to organizations when she

To Costa Richard
Operator's Signature

10/16/03
Date

Page 20
Senate Agriculture Committee
Bill/Resolution Number HB 1486
Hearing Date 03/06/03

has no say in them. If passed, she would be a strong advocate to friends and neighbors apply for refunds.

Chairman Flakoll closed the hearing on HB 1486.

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

Sal Costa Richard
Operator's Signature

10/16/03
Date


2003 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1486

Senate Agriculture Committee

☐ Conference Committee

Hearing Date 03/07/03

Tape Number	Side A	Side B	Meter #
2		x	407 - 1795
Committee Clerk Signature 			

Minutes:

Chairman Flakoll opened the discussion on HB 1486. All members were present.

Senator Klein said he had a question. How do the dollars go back to the trade associations? In section 5 of the amendments, is there a cap so the memberships couldn't go over 2 mils and go into what the Wheat Commission has collected on the 10 mil side?

Senator Nichols said it looks like 3 mils go into the separate account. Every membership application would be eligible for the \$150 payment. This membership fee wouldn't necessarily match with the check off paid by that producer.

Senator Flakoll said the amendments are difficult.

Senator Erbele said for clarification, if a producer asks for a refund, would everything be refunded or just the 2 mil portion?

Senator Flakoll said he believes it is all or none. That isn't to say a producer couldn't give part of the refund back.

Page 2

Senate Agriculture Committee

Bill/Resolution Number HB 1486

Hearing Date 03/07/03

Senator Urlacher said he sees problems and he doesn't know if we can fix it. How do we get the two sides to work things out?

Senator Seymour asked if dues are \$95 or \$50? Is that all they are in this industry?

Senator Klein said those are the dues just for those organizations. There are other organizations as well.

Senator Klein asked of those 1500 members of the North Dakota Grain Growers, out of 19,000 wheat growers, what percentage of total wheat acres do those members represent? He guesses it is considerable. Senator Urlacher eluded to this yesterday. Whether this bill passes or fails, it may hurt the Wheat Commission if these 1500 members are the big players. They may ask for their refunds and direct those funds as they see fit. The amendments help but we have trouble.

Senator Urlacher said that's the controversy. Some of those operators are going to pull out their funds and direct them wherever they want them to go. It goes to negotiation. He hopes they don't hurt each other.

Senator Nichols said one thing that is happening, and a producer testified about it yesterday, 10 - 12 years ago, wheat was 80% of his operation and it dropped to 50% and now it is 25%. The bottom line, it is an increase in the tax, an increase of 20%, much better than 50% but it is real money to the farmers out there, granted they can get a refund with some effort. He is concerned the controversy may also spur refunds of other commodity check offs.

Senator Urlacher said some damage has already been done because it has brought an awareness of the refund process along with the controversy within. He strongly believes we as wheat producers should support promotion and lobbying efforts. As long as there is a battle to the

Page 3
Senate Agriculture Committee
Bill/Resolution Number HB 1486
Hearing Date 03/07/03

extent he sees, he hopes there are some strong signals out there that this better get fixed because it gets under your skin after a while.

Senator Erbele said as a full time farmer this is a gut wrenching issue because of the struggle farmers are going through and the decrease in the farm population and to see the in-fighting tears him apart. Legislatively, we are not in the position to decide this. It should be worked out at the grass roots level. We should not be in the referee position. (meter # 1243)

Senator Klein said maybe we do need take a different direction. The barley council funnels dollars directly to lobbying. We do have to look at domestic policy. The Wheat Commission has struggled to keep the export markets alive, we have struggled on the marketing side. Its unfortunate because the other organizations can all go out there and spend their money for lobbying efforts and all be united. The wheat people can't do that because they can't agree.

Senator Urlacher said what will probably happen is they will pull their money out just for the lobbying. If the majority starts stomping on the minority we will have to mandate something.

Senator Klein asked if we can rest on this bill over the weekend?

Senator Flakoll asked what are the committee's wishes?

Senator Klein said he would like to think about it.

Senator Flakoll said there does not seem to be overwhelming support for the bill as drafted.

Senator Klein said this has been a bipartisan effort. He hates for it to turn into a political thing again. In listening to the sponsors yesterday, these are two guys we would like to have representing our interests in Washington. They are good at it.

Senator Nichols agrees. There is a lot of good being done by the organizations. This has not worked well in the way it was put together. The people are not ready for this yet. There needs to

Page 4
Senate Agriculture Committee
Bill/Resolution Number HB 1486
Hearing Date 03/07/03

be more education and input. As far as acting on this bill, we aren't going to change the feelings of the people involved.

Senator Urlacher said that is true. He is more concerned if the organizations will go into discussions this week.

Senator Klein would like to talk to the minority leader on the house side and get his views. He should have some insight into how this is going.

Senator Flakoll said it is always possible for us to meet on the first days of the week.

Chairman Flakoll adjourned the meeting of the Senate Agriculture Committee.

Richard Costa
Operator's Signature

10/16/03
Date


2003 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1486

Senate Agriculture Committee

☐ Conference Committee

Hearing Date 03/13/03

Tape Number	Side A	Side B	Meter #
2	x		81 - 3440
Committee Clerk Signature 			

Minutes:

Chairman Flakoll opened the discussion on HB 1486. All members were present.

Senator Klein said there has been discussion about several amendments in the halls. The sponsors have talked about taking 1 of the 2 mils designated for the trade case and move it to the Grain Growers.

Senator Nichols said it would be difficult to do that at this time without causing problems. There hasn't been a good effort to visit with the wheat producers. He is afraid this situation will cause problems with all check offs. We will hear the beef check off bill tomorrow. We need to defeat this bill and let those involved do some education.

Senator Urlacher said he would like to see the portion of the bill retained that requires payment of the check off by all wheat sold in the US, including that from Canada. If we locked something else in we could interfere with the negotiations. (meter # 442)

Page 2
Senate Agriculture Committee
Bill/Resolution Number HB 1486
Hearing Date 03/13/03

Senator Klein said he had talked to Paul Germolis about requiring Canadian imported wheat to pay the check off and Mr. Germolis said we don't want to do this. There are some unwritten rules that do not charge check off on wheat for seed or wheat for feed.

Senator Erbele attended his elevator board meeting on Friday night and the talk in the drive way is they don't want to see an increase. How can we keep the check off the same and still meet the needs of some of the grower groups. He is in a box.

Senator Urlacher knows about being in a box. (meter # 818). He fears one group pulling their funds out. He sees the value of lobbying. The groups need to work this out together.

Senator Flakoll said there is talk about producers having input into where their funds go. The window on requesting refunds is closing, should we lengthen the time to request a refund?

Senator Erbele asked if this needs to go to appropriations?

Senator Flakoll said he has not seen a lot of interest in the mil increase. If we flat line that, there is no need to send it to appropriations.

Senator Klein agrees with Senator Urlacher. We have created additional awareness of the refund mechanism. One group will be upset if we pass the bill and if the bill fails, one group may say they don't need to carry on a dialogue. He hopes they will be gentlemen about this. Will they work this out during the interim? Senator Klein passed out a study resolution .0306. (meter # 1193)

Senator Urlacher said the damage has been done. Maybe they can discuss their differences before they start pulling out their dollars. Will the study resolution add problems?

Senator Erbele said the funds are going two ways, promotion and lobbying and there is a fine line between the two. We have the same goals. Studies tend to politicize the issue. His initial gut

Page 3
Senate Agriculture Committee
Bill/Resolution Number HB 1486
Hearing Date 03/13/03

reaction is to try to keep politics out of it. We are such a small group, we don't need further polarization.

Senator Flakoll said you don't hear anyone complaining about the results of the lobbying. What can we do to make it palatable?

Senator Erbele said he has no stomach for an increase.

Senator Klein said you never know if the study resolution will get selected.

Senator Flakoll asked if the bill dies tomorrow, will people keep talking to each other?

Senator Klein said they will if the study resolution is still alive.

Senator Erbele said if they have nothing they have to do something.

Senator Klein asked who has nothing? For one group, things haven't changed. What is their motivation to change? They are happy with the status quo.

Senator Nichols said we need discussion with the farm groups about what we expect from the group that receives check off funds. There may be some question about using check off funds for lobbying. What about changing the function of the Wheat Commission and have them lobby?

Senator Klein said this goes to the accountability portion of the interim study. The Barley Council does lobbying. How do you compete if you don't have a vehicle to do this? Everyone has a way but wheat.

Senator Flakoll said cotton has a \$60 million check off.

Senator Klein said other groups are using dollars for lobbying efforts. How do we give the same opportunity to wheat?

Senator Flakoll asked with lobbying if you have to agree with someone 100% of the time? That may not be realistic.

Richard Costa
Operator's Signature

10/16/03
Date

Page 4
Senate Agriculture Committee
Bill/Resolution Number HB 1486
Hearing Date 03/13/03

Senator Flakoll said tomorrow we will hear another check off bill. There are 3 - 5 sets of amendments being drafted.

Senator Flakoll closed the discussion on HB 1486.

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

Yolanda Rickford
Operator's Signature

10/16/03
Date


2003 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1486

Senate Agriculture Committee

☐ Conference Committee

Hearing Date 03/14/03

Tape Number	Side A	Side B	Meter #
1	x		4972 - end
2	x		0 - 555
3	x		65 - 1366
Committee Clerk Signature 			

Minutes:

Chairman Flakoll opened the discussion on HB 1486. All members were present.

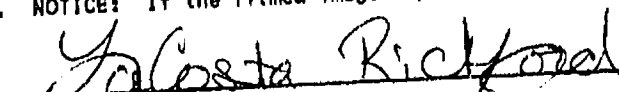
Senator Erbele distributed amendment .0307. Based on his conversations, he sees no appetite for an increase. His amendment would take the wheat check off back to 10 mils with permission for the Wheat Commission to use up to three mils for domestic policy. Representative Boucher spoke with the Attorney General's office and got a ruling that says wheat check off funds can be used for lobbying. The permission to use check off funds for lobbying is like throwing in the towel and coming out with a wash cloth but it gives them a vehicle to come to the table.

Senator Nichols said when the legislature recommended using 2 mils for the trade issue, that was a "may" too and the Wheat Commission understood it was legislative intent. Is there intent in the amendment?

Senator Erbele said yes.

Senator Klein asked about the 3 mils, anything magical? Is one mil \$250,000?

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.


Operator's Signature

10/6/03
Date

Page 2
Senate Agriculture Committee
Bill/Resolution Number HB 1486
Hearing Date 03/14/03

Senator Erbele said yes.

Senator Klein asked how many dollars are the grain groups getting now?

Senator Erbele thought \$180,000. The Wheat Commission would have to agree to use up to 3 mils for domestic policy. It would be a negotiation process.

The committee recessed for twenty minutes.

Senator Nichols said he visited with Senator Erbele about providing wording that the Wheat Commission could do the lobbying internally, if desired. With that wording, Senator Nichols could support the amendment.

Senator Klein said he would prefer up to 2 mils, so we could ease into this.

Senator Nichols would like to look at this a little longer and offer a change or two.

Senator Flakoll said it looks like we won't kick the bill out of committee today, perhaps it could be amended.

Senator Klein said he thinks the original bill is completely off the table and he would like to see some amendments adopted today so it can be discussed over the weekend.

Senator Flakoll said there doesn't seem to be much talk about the bill as it was sent to us.

Senator Erbele said internally or not, that is already current practice.

Senator Nichols said if it is stated in amendment, it would be an easy decision for the board members. The wording is still important. He could go up and see Anita.

Senator Klein said what we are asking for is using up to 2 mils either internally or by use of contractual arrangement for domestic policy issues.

Senator Flakoll asked if a separate amendment would be needed or if it could be worked into this amendment?

Page 3

Senate Agriculture Committee

Bill/Resolution Number HB 1486

Hearing Date 03/14/03

Senator Nichols said in place of this or combined.

Senator Erbele said in section 5, doesn't that take care of it?

Senator Klein said we can get the attorney's opinion and look at 2 mils instead of 3.

Senator Erbele will incorporate these things into the amendment.

The committee reconvened in the afternoon and all members were still present.

Senator Flakoll recommended the committee look at adopting an amendment. There does not seem to be any committee members supportive of an increase, should we take that off the table?

Senator Nichols said he visited with Senator Erbele and after hearing the beef check off hearing, he thinks we have an area with tremendous problems, trying to direct check off funds by law to any group other than that designated to receive the funds. We need to continue to provide for the board to be responsible to all producers who pay the check off. He thinks we should defeat the amendments and vote the bill as it came to us. Legislative direction of spending of check off dollars is not good policy.

Senator Klein said we will see one group who has a rub with the check off group who will refund their money if they don't have a say. The beef check off bill sounded like an echo of the wheat check off bill. With the Erbele amendments, with the 2 mils, maybe we should give them the flexibility internally. Maybe they will look at the dollars and the budgeting and think they don't have the 2 mils to do it.

Senator Erbele said he doesn't have a problem with 2 mils. If we go into an interim study, we will just have more hearings like we have already heard. If we give the flexibility of going into domestic policy, maybe they will get together. (meter # 555)

Page 4
Senate Agriculture Committee
Bill/Resolution Number HB 1486
Hearing Date 03/14/03

Senator Urlacher said a study will prolong the agony. Maybe they will settle their differences internally.

Senator Klein said he thinks we need to put something on this.

Senator Urlacher said this also applies to beef.

Senator Flakoll said we need someday to study all check offs, it would be less bloody because it would break up some of the face to face encounters.

Senator Urlacher said it might bring out the effectiveness of the various groups techniques.

Senator Erbele asked Senator Seymour what his take is?

Senator Seymour said its hard. Its about money and power.

Senator Klein said the group without the money has good reason to want it.

It was moved by Senator Erbele, seconded by Senator Urlacher that the Senate Agriculture Committee adopt arnendments .0307 with 3 mils changed to 2 mils.

Senator Klein said he could support the amendment so Senator Erbele has something to take home this weekend but thinks before the bill is voted Senator Nichols concerns should be addressed.

Senator Flakoll said it does shift the focus of discussion from an increase to just including domestic policy.

Senator Nichols appreciates Senator Klein comments and will vote against the amendments today.

The motion passed on a roll call vote. Voting yes were Senator Flakoll, Senator Erbele, Senator Klein, Senator Urlacher, and Senator Seymour. Voting no was Senator Nichols.

Chairman Flakoll moved on to other business of the committee.


2003 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1486

Senate Agriculture Committee

☐ Conference Committee

Hearing Date 03/20/03

Tape Number	Side A	Side B	Meter #
1		x	195 - 1705
Committee Clerk Signature 			

Minutes:

Chairman Flakoll opened the discussion on HB 1486. All members were present.

Senator Klein distributed amendment .0309. He said last Friday we amended the bill to take out any increase in the check off and to permit the use of 2 mils for domestic policy issues. We adopted those amendments. This amendment addresses both issues. It states the Wheat Commission may use up to 2 mils to address domestic policy. It also states when the Wheat Commission makes their report to the legislature, they will make a separate report detailing the nature and extent of the commission's efforts to address domestic policy. We haven't raised the check off, wheat acres are declining, we had a drought in the state so there might not be any money available but this gives them the opportunity to use those 2 mils if they so choose. It is Senator Klein's hope that this will keep the other associations involved in the loop. The Wheat Commission would make the decisions.

Page 2
Senate Agriculture Committee
Bill/Resolution Number HB 1486
Hearing Date 03/20/03

Senator Nichols said he opposed the amendments on Friday because he thought it was making a bad bill better. He had intended to introduce an amendment that would permit the Wheat Commission to use 2 mils for domestic policy if they saw fit either internally with their own staff or by contracting with growers groups. He has talked with Senator Klein and can support this amendment.

Senator Flakoll reminded the committee before they could act on this amendment, they would need to reconsider the amendment adopted on Friday.

Senator Klein said he has heard concern that when this bill comes back out of the house, we won't recognize it. He has wrestled with the bill for a couple of weeks and we have put a lot of time and consideration into the bill. If it would change very much in the house, Senator Klein would not support it.

Senator Urlacher said he supports the proposed amendment.

It was moved by Senator Erbele, seconded by Senator Urlacher and passed on a roll call vote that the Senate Agriculture Committee reconsider its action on amendment .0307. Voting yes were Senator Flakoll, Senator Erbele, Senator Klein, Senator Urlacher, and Senator Nichols. Voting no was Senator Seymour.

Senator Klein said the bill now has no amendments and is the same way it came over from the house. This amendment has no mil increase and gives the Wheat Commission the authority within their organization or to contract if necessary.

Senator Seymour asked why there is no increase?

Senator Klein said sometimes we just have to hold the line. We just can't tax and spend our way to prosperity. Some growers in the state think we need it, some don't. Hopefully the groups that

Yolanda Richardson
Operator's Signature

10/16/03
Date

Page 3
Senate Agriculture Committee
Bill/Resolution Number HB 1486
Hearing Date 03/20/03

have been working on this will get together and show the legislature next session what they have done and what they can do.

Senator Urlacher said the division is too broad and this will allow them to continue negotiations and find direction from within the system. Its too bad we can't do something for everyone but sometimes its better to let things get worked out among the parties involved and then come back and see what we can do.

Senator Nichols clarified this amendment would state the Wheat Commission could, may use 0, any or up to 2 mils for their own staff to do domestic policy work or to contract with certain other groups. (meter # 1004)

Senator Klein said if we are looking for committee intent, and that is certainly the intent of these amendments.

Senator Flakoll said we did not specify which groups because we can't and we choose not to and the commission should be the ones who decide where the money goes.

Senator Klein said that is the intent. The Wheat Commission has been working with other groups over the years and they know who has been delivering. The reporting will allow the commission to show the legislature what they have accomplished. The intent of the report is for the commission to tell us what they have been doing so the legislature can determine if its enough. (meter # 1129)

Senator Urlacher said if they can find assistance from other groups, why not.

Senator Klein said this is within the purview of the Wheat Commission.

It was moved by Senator Klein, seconded by Senator Erbele and passed on a roll call vote that the Senate Agriculture Committee adopt amendments .0309. Voting yes were Senator Flakoll,

Page 4

Senate Agriculture Committee

Bill/Resolution Number HB 1486

Hearing Date 03/20/03

Senator Erbele, Senator Klein, Senator Urlacher, Senator Nichols and Senator Seymour. There were no negative votes cast.

It was moved by Senator Klein and seconded by Senator Urlacher that the Senate Agriculture Committee take a Do Pass As Amended action on HB 1486.

Senator Nichols said he is still concerned about the direction this type of policy takes us. He feels we as a legislature are imposing ourselves on the board. He understands the direction with regard to domestic policy, that is a change the legislature needs to address. As far as specific language relating to dues paying organization and how any of the mills should be spent, he doesn't think we should be micro managing and addressing policy.

Senator Klein said we directed the Wheat Commission to use money in 1999 for the trade dispute. We did a little micro managing and it paid off. Maybe there is some payback. We may not see any dollars used in this way in the next two years. Clearly, there are many people who think we need to give them some direction. We are looking at helping producers and getting them talking.

Senator Flakoll said he didn't think we were being too heavy handed. It clears up what the check off may be spent for.

The motion passed on a roll call vote. Voting yes were Senator Flakoll, Senator Erbele, Senator Klein, Senator Urlacher and Senator Seymour. Voting no was Senator Nichols. Senator Klein will carry the bill to the floor.

Chairman Flakoll moved on to other business of the Senate Agriculture Committee.

30588.0305
Title.

Prepared by the Legislative Council staff for
Representatives Nicholas and Boucher
March 6, 2003

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1486

Page 1, line 7, replace "fifteen" with "twelve"

Page 1, line 8, overstrike "grown in this state, delivered into this state, or"

Page 2, replace lines 14 through 19 with:

- "5. The commission shall deposit annually the amount raised by three mills of the levy provided for in this section in a separate account to be used as provided in this subsection. For every completed annual membership application presented to the commission by a trade association that is incorporated in this state and which has as its primary purpose the representation of wheat producers, the commission shall forward to that trade association one hundred fifty dollars from the separate account. The commission may not forward the amount provided under this subsection on behalf of any producer who requests a full refund under subsection 2. The trade association shall use all moneys received under this section to provide market maintenance and development services, utilization research, transportation research, education, and other related activities. On June thirtieth of each year, any money that was deposited in the separate account but not forwarded to a trade association must be deposited in the wheat commission fund.
6. Any trade association that contracts with the commission under subsection 5 shall provide a report to a joint session of the senate and house agriculture committees during odd-numbered years and shall provide a report to the budget section of the legislative council during even-numbered years. Each report must include details regarding the amount of money received by the association, goods and services purchased or otherwise obtained with the money, and all activities undertaken in accordance with the terms of the contract between the commission and the trade association."

Renumber accordingly

30588.0306
Title.

Prepared by the Legislative Council staff for
Senator Klein
March 12, 2003

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1486

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act relating to a legislative council study of the wheat levy."

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. LEGISLATIVE COUNCIL STUDY. The legislative council shall consider studying, during the 2003-04 Interim, the feasibility and desirability of increasing the number of mills levied upon all wheat grown in, delivered into, or sold through commercial channels to a first purchaser in this state. If conducted, the study must include a review of payment requirements, refund provisions, purposes to which the money raised by the levy may be applied, and requirements for accountability regarding use of the money raised by the levy. The legislative council shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the fifty-ninth legislative assembly."

Renumber accordingly

Page No. 1

30588.0306

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

La Costa Richard
Operator's Signature

10/16/03
Date

30588.0307
Title.

Prepared by the Legislative Council staff for
Senator Erbele
March 14, 2003

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1486

Page 1, line 7, remove the overstrike over "ten" and remove "fifteen"

Page 2, line 14, replace "shall" with "may" and replace "four" with "up to three"

Page 2, line 15, remove "solely"

Page 2, line 16, after "education" insert ", domestic policy issues"

Renumber accordingly

30588.0307
Title.

Prepared by the Legislative Council staff for
Senator Erbele
March 14, 2003

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1486

Page 1, line 7, remove the overstrike over "~~ten~~" and remove "fifteen"

Page 2, line 14, replace "shall" with "may" and replace "four" with "^{two}up to ~~three~~"

Page 2, line 15, remove "solely"

Page 2, line 16, after "education" insert ", domestic policy issues"

Renumber accordingly

Page No. 1

30588.0307

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

Operator's Signature

La Costa Rickford

Date

10/16/03

Date: 3/14/03
Roll Call Vote #: 1

2003 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1486

Senate Agriculture Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken adopt amendment .0307 with change below

Motion Made By Sen Erbele Seconded By Sen Urlacher

[illegible]

Total (Yes) 5 No 1

Absent 0

Floor Assignment _____

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

except change 3 mi to 2 mi

Operator's Signature Lo Costa Rickford

10/16/03
Date

Date: 2/20/03
Roll Call Vote #: 2

2003 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1486

Senate Agriculture Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken Recessed action on .0307 am

Motion Made By Sen Erbele Seconded By Sen Ukean

Senators	Yes	No	Senators	Yes	No
Senator Flakoll, Chairman	✓		Senator Nichols	✓	
Senator Erbele, Vice Chairman	✓		Senator Seymour		✓
Senator Klein	✓				
Senator Urlacher	✓				

Total (Yes) 5 No 1

Absent _____

Floor Assignment _____

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

La Costa Richard
Operator's Signature

10/6/03
Date

30588.0309
Title.0400

Prepared by the Legislative Council staff for
Senator Klein

March 18, 2003

JB
3-20-03

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1486

Page 1, line 7, remove the overstrike over "~~ten~~" and remove "fifteen"

Page 2, line 14, replace "shall" with "may" and replace "four" with "up to two"

Page 2, line 15, remove "solely" and after "of" insert "providing market maintenance and development services, utilization research, transportation research, and education; addressing domestic policy issues; and engaging in other related activities; or for the purposes of"

Page 2, line 16, after the third underscored comma insert "and", replace the fourth underscored comma with "; addressing domestic policy issues;", and after "and" insert "engaging in"

Page 2, after line 19, insert:

"6. When the wheat commission presents the report required by section 4-24-10, the commission shall present a separate report detailing the nature and extent of the commission's efforts to address domestic policy issues."

Renumber accordingly

Date: 3/20/23
Roll Call Vote #: 3

2003 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1486

Senate Agriculture Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken adopt
Amended. 0309

Motion Made By Sen. Klein Seconded By Sen. Erbele

Senators	Yes	No	Senators	Yes	No
Senator Flakoll, Chairman	✓		Senator Nichols	✓	
Senator Erbele, Vice Chairman	✓		Senator Seymour	✓	
Senator Klein	✓				
Senator Urlacher	✓				

Total (Yes) 6 No 0

Absent _____

Floor Assignment _____

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

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

La Costa Richard 10/16/03
Operator's Signature Date

Date: 3/20/03
Roll Call Vote #: 4

2003 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1486

Senate	Agriculture	Committee
--------	-------------	-----------

☐ Check here for Conference Committee

Legislative Council Amendment Number 30588.0309

Action Taken Do Pass As Amended

Motion Made By Sen. Klein Seconded By Sen. Urlacher

[illegible]

Total (Yes) 5 No 1

Absent

Floor Assignment Deborah Keller

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

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

Handwritten: L. C. ... 10/6/63

Operator's Signature To Costa Richard Date 10/6/03

REPORT OF STANDING COMMITTEE (410)
March 20, 2003 3:22 p.m.

Module No: SR-50-5374
Carrier: Klein
Insert LC: 30588.0309 Title: .0400

REPORT OF STANDING COMMITTEE

HB 1486, as engrossed: Agriculture Committee (Sen. Flakoll, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (5 YEAS, 1 NAY, 0 ABSENT AND NOT VOTING). Engrossed HB 1486 was placed on the Sixth order on the calendar.

Page 1, line 7, remove the overstrike over "~~ten~~" and remove "~~fifteen~~"

Page 2, line 14, replace "~~shall~~" with "may" and replace "~~four~~" with "up to two"

Page 2, line 15, remove "~~solely~~" and after "of" insert "providing market maintenance and development services, utilization research, transportation research, and education; addressing domestic policy issues; and engaging in other related activities; or for the purposes of"

Page 2, line 16, after the third underscored comma insert "and", replace the fourth underscored comma with "; addressing domestic policy issues;", and after "and" insert "engaging in"

Page 2, after line 19, insert:

"6. When the wheat commission presents the report required by section 4-24-10, the commission shall present a separate report detailing the nature and extent of the commission's efforts to address domestic policy issues."

Renumber accordingly

2003 HOUSE AGRICULTURE

CONFERENCE COMMITTEE

HB 1486

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

Richard Costa
Operator's Signature

10/16/03
Date

2003 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1486

House Agriculture Committee

☒ Conference Committee

Hearing Date 4---04---03

Tape Number	Side A	Side B	Meter #
ONE	A		00 TO END
ONE	B		00 TO END
Committee Clerk Signature <i>Edward D. Elgar</i>			

Minutes:

CHAIRMAN NICHOLAS: We will start the Conference Committee and I will ask the clerk to take the roll. The roll was taken and all of the Conference Committee members were present. Committee Members, I guess what we will start out with the changes that were made in the bill by the senate. First of all the word shall was replaced with may and the amount was reduced from four with up to two. I guess the concern as Chairman of the House Agriculture Committee and as one of the sponsors of this bill is to whether this is going to get the job done and obviously when the Senate made these changes I guess the key question that I think we need to have answered is obviously you had information from the Commission as to how they were going to the funding and I guess I think we need to get the air cleared on that. We have the administrator of the Wheat Commission and we have several of the commissioners Here so I guess what I would like to see first of all I would like to have the commission give us a report on how they are going to lay out and how these two mills are going to be provided and

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

Salvatore Riccardi
Operator's Signature

10/16/03
Date

Page 2

House Agriculture Committee

Bill/Resolution Number HB 1486

Hearing Date 4---04---03

kind of a time table and I think that's before we can concur with those amendments I would like to see what that time table is and what there plan of action is going forward. We had indications that from the Commission during the hearings that if they had a couple of more years they could have got that done. There has been resistance and we know that very much in the past in working with the commission there has been resistance when we have tried to make changes, usually the commission has gotten in line such as they did in 99 when we put the two mills in place for the trade issues which appear to be berating some fruit and part of the rational behind this piece of legislation when it was introduced that this could bear some fruit. Now we had very strong opposition from the commission and so I would like to with the changes in the bill I would like to have them lay out there plan of action. So I guess that is what my concur is in not concurring with these amendments at this point of time. I will give the floor to either Neil or Who ever would like it.

LARRY LEE: Thank you Mr. Chairman. First, I would like to point something out. We do still have dialogue and we are still talking to these organizations. There is a relationship here. When we start talking about how are we going to spend our budget first of all we have to look to see what our revenue is going to be next year. Last year, I think we started looking at what is projected for seeding acres for next year we hare going to be looking at {{.....million acres?}} I think if we look at average production, we will be looking at a thirty one bushel per acre yield. With that it will give us about \$2,400,000.00 dollars reeve. Starting with the budget keep in mind we are projecting this budge that we will start working on next meeting actually. Some research has to be done. Once we have this we will start with the preliminary budget which we will prioritize. Domestic policy would have to be part of this. But we are going to have to

Page 3

House Agriculture Committee

Bill/Resolution Number HB 1486

Hearing Date 4---04---03

prioritize. How else do you go about making a budget. What is imprint. Obviously some of the people think domestic policy should be number one. We have a whole lot of issues before us. Trade policy is one of them and most important is maintain markets. So I think domestic policy need to and should compete with everything else. With it's importance. How important are the particular issues. Can I address a question here.

CHAIRMAN NICHOLAS: You have the floor. You are telling us you have \$4,800,000.00. Here and the fiscal note that I have here it says \$5,400,000.00 million so we have a \$600,000.00 Thousand discrepancy. From what you are telling us. That is a lot of money. That is a huge discrepancy. That is why we were here early in the session offering to put more money in your budget which you have worked your ever living selves in the ground trying to stop it from happening so go on.

LARRY LEE: {A STATEMENT WAS MADE ABOUT BECOMING TO DEFENSIVE, I COULD NOT UNDERSTAND IT} I think we have to address the support from all the producers out there in the country. Moneys that we spend on domestic policy and participation with the wheat organizations also have (sales volume??) Not just from producers but what we call the major farm groups. Getting back here to your question here on dollars you have me somewhat confused with the numbers you tossed up.

CHAIRMAN NICHOLAS: I will provide you with a copy of the fiscal note.

{{copies are being made of the fiscal note for each Committee Member}}

CHAIRMAN NICHOLAS : Continue on with your preface here on domestic policy part of this and prioritize part of it.

Page 4

House Agriculture Committee

Bill/Resolution Number HB 1486

Hearing Date 4---04---03

LARRY LEE: Domestic policy needs to be prioritized. Along with every other issue we have in front of us. That included the trade issue, research, domestic promotion and markets. In many cases that sustains the markets position. I think that is just a logical. When we start talking about domestic policy I think you have to isolate particular issues. On each individual importance.

CHAIRMAN NICHOLAS: You are projecting \$600,000.00 thousand dollars less then what the committee thought. What is your plan to make up the \$600,000.00 when you are coming in here now when your projection.

LARRY LEE: Asked Neil Fischer to help him out.

NEIL FISCHER: I am the administrator of the Commission. In the last years budget there were \$2,400,000.00 million dollars. {{there is some real garble here and I could not make it out}} We took at that time what our projection of what the acreage would be for the coming year and ran that out on an average yield basis and I think the total revenue for the biennium comes to close to \$5,400,000.00 million dollars. The current budget for this year is at \$2,400,000.00 million dollars and the difference we find at this point verses where we were when we made the presentation in January is that revenues have been better then expected at that time. The carry in budget levels are anticipated to be near or even larger then they were last July 1. That puts us in a little bit better position. We also are prepared to extend the payments on the Trade case out a little bit longer and cut, under spend if you will, that line item. That plan will not be necessary now because of the better revenue picture that we now have. The good news of this that you will have or we will be able to make those payments. We will not have to under

Page 5

House Agriculture Committee

Bill/Resolution Number HB 1486

Hearing Date 4---04---03

spend the {two point four} budget and the revenues at the end of the year will be improved over what we would have thought last December or January. So they are confident that With the crop this year of an average. This next year the crop could very likely generate revenues of \$400,000.00 to maybe \$700,000.00 thousand dollars more then the current crop did. That would put you in the situation where a budget very similar to this years would be possible. Three contracts: One with the durum growers, grain growers and one with association of wheat growers to do domestic policy work. In order to expand that we keep the budget just exactly the same as it was this year or expand that you would have to do some shifting In the process. It is still possible that revenues will be better then that. It is still possible that if we can do some prioritization in the existing budget. Whether we are working within the domestic promotion side different then domestic policy or in some of the special projects. So at this point it appears as though the commission would be able to do as much as they have been doing in domestic policy which is with contracts with these organizations and very likely Could enhance that if they choose through the budgeting process. This whole process starts The week after next. Review of the research project that are ongoing at NDSU. And other research. In May we start the strategic planning process which is on the agenda to lay all of these goals commission and opportunity we see before us. Began the prioritization. Like in every budget process. The difference in what you might see in the fiscal note is your best on the day you prepare it in terms of acreage which has come up since that. Since that fiscal not was put together. The budget as described back in Jan. are the best that you can produce that day they you put that together. As this point I think it might be germane to the subject here is the fact that the trade case that Mr. Chairman that you refereed to, we are getting a lot of play on that, a lot

Page 6

House Agriculture Committee

Bill/Resolution Number HB 1486

Hearing Date 4---04---03

office that very one can live with. buy ins from the administration of others. The Commission has made that a very high priority.

As it has evolved and taken on different aspects as time goes on starting out with comprehensive Through one investigation and then branching. There again those activities along the line with drafting a successful case have not slowed down. We find periods when the expenditures are less. The good news column, is with the arrangement with the attorneys, consultants to extend that. Looks like we are going to be able to do a little bet better on the payment schedule.

CHAIRMAN NICHOLAS: O.K., then address with \$4,800,000,00 million dollar over the biennium address how the two mills will go in he flow chart.

NEIL FISCHER: If you repeated the current budget, you would actually be closer to a \$2,500,000.00 budget or that would be a \$5,000,000.00 biannual budget. If the commission would look at it in that manner. But each year they devise a new budget on the planning process and prioritization process. At this point the equivalent of one mill is being spend on what you may call domestic policy. A better way to say that would be contracted to the three organizations that would have the most actively involved in domestic policy. In order to Specifically ear mark two mills that would be other prioritization's or you would go deeper into the reserve. There again in January we did not think there was going to be significant reserves and at this point it will be tight but there is a very good chance that there will be \$335,000.00 to \$500,000,00 dollars there at that time. At the last meeting we though that is what we would be able to have in the reserves on July 1. We keep monthly tallies. That is the way it look in terms of revenues.

Page 7

House Agriculture Committee

Bill/Resolution Number HB 1486

Hearing Date 4---04---03

SENATOR KLEIN: We certainly want to send the message that you come together and set a policy that everyone can live with. We are really look at you can continue to work with the groups that you have been working with but yet set a policy that everybody can live with. We need to have a majority of the people on board. That is kind of the just of the Senate and how we moved that forward.

NEIL FISCHER: That was certainly heard by the commission and I think that is the intent here is to work with organizations. There already is a working relationship.. We want to move the ball forward.

SENATOR URLACHER: I think it has been stated well by Senator Klein. There needs to be cooperation. The question I have is when you establish your budget and priorities and contract for services is there flexibility in the course of the biennium to reestablish these priorities Domestic policies that comes in to play. Can you make shifts in cooperation with those contractors.

NEIL FISCHER: The commission has generally tried to contract with each of these organizations with yes there is specific language in the contract but a lot of the so called responsibility or the judgment on just exactly how that money will be spend is up to the desecration of the entity of the contractors. There is specific language. In the past when there Has been a need to push a need over the top the organizations have come to the commission Asking for additional funding. Maybe air travel, expense offset. It is in the process.

SENATOR URLACHER: I think there has to be flexibility to accommodate these needs when they come up. There need to be cooperation number one and then funding to some degree.

COMMISSIONER LARRY LEE: Addressing the committee about cooperation.

Page 8

House Agriculture Committee

Bill/Resolution Number HB 1486

Hearing Date 4---04---03

We don't just want to be a credit card. WE have to plan ahead. We try to re-ad just. We have to sit down with the organization. If something is coming up we can address at the next contracting session. If there are emergencies in there, we have look at them as individual cases. If it is important we will readjust. We have to work together.

SENATOR KLEIN: Didn't we throw a little salt on Dakota Gold as to them being private. We should say nicer things.

LARRY LEE: We need to come up with a concessus with what need to be done. We are at the point we have some amendments that the Senate has brought in which we can live with that. It Has taken and put some domestic policy into our arena and we will work with that. I would just as soon keep on with the contracting process. They have been in the arena.

CHAIRMAN NICHOLAS: Well your National track record is not very good.

You are part of a minority group that has been opposing that. You have not demonstrated that you are trying to work even at the National level. Bring things together. Do you want to comment.

LARRY LEE: On the National level. What are the cost approach. What is the cost, what is the benefit of merging the organizations. It has not been approached this way. It has actually been a railroad situation. Not that we would not be on board. We want to see what it will do for us. And what the savings are. In this process one of the four organizations has dropped out. And I think rightly so.?? Council is a stand alone domestic promotion organization. The other three organizations are moving forward on this. Whether it will be reality. What are the cost benefits?

CHAIRMAN NICHOLAS: Any other questions committee members.

Page 9

House Agriculture Committee

Bill/Resolution Number HB 1486

Hearing Date 4---04---03

REPRESENTATIVE BOE: We need to see a road map as to where you are going to go.

You seem to be going to great length to get around that with out really speaking directly to it.

LARRY LEE: We have a commitment. Our last budget shows the commitment.

Start look at what we do with a short crop. There was a cut. There was a sun set. It has nothing to do with domestic policy. It has something to do with membership.

SENATOR URLACHER: What we are asking for is a report as to the contracting etc.

LARRY LEE: I think we should sit down but lets not force this issue right now. Let make sure that we have participation with everyone. A mill levy increase that dose not bring in more revenue is going to be much more harmful the living within the guide lines or restrictions. When we look at the restrictions that we have right now it is not insurmountable.

SENATOR URLACHER: I am not being critical. I am wanting to know what you perceive our message to be.

LARRY LEE: The message that I am giving is direct. The trade policy issue. I don't know how many people know how complicated this is. With out finding a solution that has a success to it would be a step backward rather then forward. With that we have dedicated more funds Toward this. We want to win this That's all. {or what ever the statement was}

CHAIRMAN NICHOLAS : No you not, no you are not. The point being Larry if it took more then the two mills then we should give you more then two mills. That is what are job is. We are here to provide you with the funding. The 1999 legislator thought this was a high priority. We put money in your budget to do that if it took more money to do that then we should put more money in it, We are the policy making branch of Government. That is what

Page 10
House Agriculture Committee
Bill/Resolution Number HB 1486
Hearing Date 4---04---03

we are supports to do. I hope you understand our roll. We want you to do more on domestic policy.

LARRY LEE: If we have the support to move forward without major refunds we would probably come and ask for that increase. To make clear we are better off with one mill And having high participation then have people fall off.

REP. UGLEM : In the past the wheat commission has not really felt it proper to do lobbying in Washington DC Do you feel that is what the funds are for? Would you see the Wheat commission changing that.

NEIL FISCHER: The commission has deferred to the farm organizations. The fact that the contracts were one of the fastest areas of growth in the ND WHEAT COMMISSIONS

BUDGET. I think speaks to the issue that was asked here that they are moving into that area And yet the desecration is left up to the organizations that have been recipients of the contracts to make those determinations. These are the contracts that have been written. That is a delicate issue. Keep them happy out there. I think the commission can work with this. more active roll.

SENATOR NICHOLS: I think this is kind of a test case. We need the cooperation of he concerned people. You will have to find that level. Report back and see where we could come into play for additional funds if necessary to accomplish the goal. Come up with something we can look at the next session.

SENATOR NICHOLS: One of things that I feel that has not been done through this process is visiting with the guys that pay the tax. I think the Wheat Commission needs to do is go out

To Costa Richard
Operator's Signature

10/16/03
Date

Page 11

House Agriculture Committee

Bill/Resolution Number HB 1486

Hearing Date 4---04---03

To the county representatives, and visit with them and make sure that they get to the producers as to what there thoughts are. If we are going to get into domestic policy big time we better know exactly what we are doing.. My question is how would you address this.

NEIL FISCHER: I agree with you one hundred percent.

Appear before the Farmers Union and Farm Bureau meetings and address the situation.

CHAIRMAN NICHOLAS: I think part of this stems from the problems that have been suffered in eastern ND for the last ten years. The problem is now moving into your area. The scab problem goes 50 miles in a westerly direction in ND. If the climatic conditions stay the way they are this is certainly be a much higher priority to you then it has been in the past.

We are really trying to salvage the wheat industry. Some of us are questioning the leadership On the part of the wheat commission in doing that so that is why we are having this discussion.

REPRESENTATIVE BOE: We want domestic policy in ND.

CHAIRMAN NICHOLAS : I consider this to be a probationary period time next two years. Responsibility is in reliability.

CHAIRMAN NICHOLAS: We have had a good discussion.

I full expect two mills to be moved for special projects and domestic policy. I fully expect two mills to be moved over to grain growers and I think anything less then that is a breach of what we have heard here today..

CHAIRMAN NICHOLAS: Any other comments?

OK the House will accede to the Senate Amendments.

MOTION MADE BY REPRESENTATIVE BOE

SECONDED BY UGLEM

Page 12

House Agriculture Committee

Bill/Resolution Number HB 1486

Hearing Date 4---04---03

ROLL CALL WAS TAKEN AND THERE WERE 6 YES AND 0 NO NO
ABSENT.

CHAIRMAN NICHOLAS: WE WILL CLOSE ON HB 1486

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

La Costa Rickford
Operator's Signature

10/16/03
Date

**REPORT OF CONFERENCE COMMITTEE
(ACCEDE/RECEDE)**

Bill Number HB 1486 (, as (re)engrossed):

Your Conference Committee HOUSE AGRICULTURE

For the Senate:

For the House:

SENATOR URLACHER ✓	CHAIRMAN NICHOLAS ✓
SENATOR J. KLEIN ✓	REPRESENTATIVE UGLEM ✓
SENATOR R. NICHOLS ✓	REPRESENTATIVE BOE ✓

recommends that the (SENATE/HOUSE) (ACCEDE to) (RECEDE from)

the (Senate/House) amendments on (SJ/HJ) page(s) _____ --

_____ and place _____ on the Seventh order.

_____, adopt (further) amendments as follows, and place _____ on the
Seventh order:

having been unable to agree, recommends that the committee be discharged and a
new committee be appointed.

((Re)Engrossed) _____ was placed on the Seventh order of business on the calendar.

DATE: 4/4/03

CARRIER:

LC NO. of amendment
LC NO. of engrossment
Emergency clause added or deleted
Statement of purpose of amendment

La Costa Richard
Operator's Signature

10/6/03
Date

HB 1486
4-4-03

Date:
Roll Call Vote #

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

House _____ Committee _____

☐ Subcommittee on _____
or
☒ Conference Committee

Legislative Council Amendment Number _____

Action Taken HOUSE ACCEDES TO SENATE AMENDMENT

Motion Made By BOE Seconded By UGLEW

CHAIR

Representatives	Yes	No	SENATORS	Yes	No
REP NICHOLAS	✓		SEN. URLACHER	✓	
REP. UGLEW	✓		SEN. J. KLEIN	✓	
REP. BOE	✓		SEN. R NICHOLS	✓	

Total (Yes) 6 No 0

Absent 0

Floor Assignment Rep Nicholas

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

REPORT OF CONFERENCE COMMITTEE (420)
April 4, 2003 12:44 p.m.

Module No: SR-61-6819

Insert LC: .

REPORT OF CONFERENCE COMMITTEE

HB 1486, as engrossed: Your conference committee (Sens. Klein, Urlacher, Nichols and Reps. Nicholas, Uglem, Boe) recommends that the **HOUSE ACCEDE** to the Senate amendments on HJ pages 1012-1012 and place HB 1486 on the Seventh order.

Engrossed HB 1486 was placed on the Seventh order of business on the calendar.

(2) DESK, (2) COMM

Page No. 1

SR-61-6819

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

Operator's Signature

Salvatore Riccardi

Date

10/16/03

2003 TESTIMONY

HB 1486

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

Yolanda Richardson
Operator's Signature

10/6/03
Date

NORTH DAKOTA



www.ndmarketmanager.org

*Working for you,
the producer!*

HB 1486

Mr. Chairman and members of the committee, my name is Bruce Freitag, I farm near Scranton, and am currently serving as President of the North Dakota Grain Growers.

The Grain Growers are in full support of this bill and the proposed amendment in accordance with a resolution adopted at our convention in November.

The North Dakota Grain Growers is a membership organization whose mission is to increase the profitability of North Dakota wheat and barley producers through education, leadership, information and representation.

The NDGGA has represented wheat growers in many ways in the past few years. We have worked to obtain the best possible farm bill for wheat growers. We have weighed in on farm bill implementation issues to make sure that wheat producers are treated fairly in USDA decisions. We have supported disaster legislation and quality loss provisions that benefit wheat producers. We have worked on pesticide registration for products that benefit wheat growers, and we have worked on regulatory and harmonization issues as they affect wheat growers. We have represented wheat growers on crop insurance issues. We also have represented wheat growers on many committees and boards on issues from research to conservation to make sure wheat growers concerns are heard. Also, through our web site, newsletter, and grower meetings we provide wheat producers with timely and accurate information on marketing, news, and farm policy. This is information that can be used to help wheat producers make decisions that can benefit their bottom line.

Phone: 701-222-2216 Toll Free: 800-932-8822 Fax 701-223-0018 www.ndmarketmanager.org
4023 N. State Street Bismarck, ND 58503

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

Bruce Freitag
Operator's Signature

10/16/03
Date

This is a big job, and funding is not adequate at the present time to continue these activities and take on the tasks ahead of us.

The NDGGA is currently funded by membership dues, a contract with the North Dakota Barley Council, and a contract with the North Dakota Wheat Commission. The North Dakota Wheat Commission also has a contract with the National Association of Wheat Growers which funds North Dakota's commitment to that organization.

Wheat is North Dakota's largest crop and certainly wheat organizations are deserving of the funding and representation enjoyed by other crops. In comparison to other crops in North Dakota, the wheat checkoff has the lowest per acre cost at 30 cents, and even after this increase, it would remain lower than barley, corn, soybeans, and peas. As North Dakota's largest crop, in an economy that depends on agriculture, certainly wheat growers deserve a funding level that is not at the bottom of the pack.

Some have challenged the concept of checkoff funds going to grower associations as if it is a new idea. This practice is common in other commodities, and has been widely accepted for years in almost all areas, except for wheat in North Dakota, where grower association funding is questioned and criticized. For example, corn, peas, canola, sunflower, dry beans, potatoes, all have associations that have contractual relationships with their checkoff organizations. These associations are funded at substantial levels compared to the wheat grower associations, and the contract income makes up a

significant portion of their operating revenue. Also, our sister wheat grower associations in other states in most cases receive significant support from their checkoff organizations. Nationally, other commodities such as cotton, rice and sugar have significantly more money to work with. They put that money to good use in policy debates and the result is that their commodities are supported at significant levels.

We believe it is a time for a change in attitude and a new initiative on behalf of wheat growers. Along with our current activities, there are many challenges ahead. Criticism of the farm bill in the urban media has reached a level not seen before. It is important that wheat growers have the means to challenge these attacks. Environmental groups will continue to threaten wheat grower's ability to access crop protection products. These groups are well financed and many are intent on putting wheat producers out of business. We are planning a new initiative on crop insurance that will provide more coverage and eliminate the need for disaster programs in the future. And before you know it, we will be approaching another farm bill debate.

This legislation will provide needed funds to maintain and increase our efforts on behalf of wheat producers. It is responsible, and gives wheat growers a fair chance to be competitive with other crops. The amendment provides for contracting, a practice that is common and accepted. Accountability is inherent in the contracting process and this will insure that checkoff funds are spent appropriately.

In conclusion, there is a need to improve funding levels within the wheat industry. This legislation provides the means for producers to answer that need. If you look at the current budget situation of the wheat commission it becomes obvious that the time to fix this problem is now. We hope you will support this legislation.

La Costa Richard
Operator's Signature

10/16/03
Date

Chairman Nicklaus, Members of the House Agriculture Committee
February 13, 2003

AB1486

My name is Al Skogen. I am serving my ninth and final year as a member of the board of the NDGGA. During my time on the board I have served 2 years as president, four years as a board member with the National Assn. of Wheat Growers during which I served as chairman of NAWG's domestic policy committee, and 2 years on the National Barley Growers Assn.

It is safe to say in Agriculture we need all of the support we can get, from general farm organizations such as the Farm Bureau and the Farmers Union to market promotion and research groups to individual commodity policy groups such as the Grain Growers and the Durum growers. The general farm organizations have a tremendous task overseeing and directing a whole host of economic, trade, tax, rural development, commerce, transportation, education, etc, as well as public relations efforts for agriculture. They function especially well in two specific areas, in conjunction with other farm advocacy groups;

- 1) Bringing the awareness of a problem or need such as disaster, economic problems, etc. to the attention of our friends in Congress.
- 2) Work well with all groups to secure funding for specific problems.

Generally, to this point in the process all ag groups work fairly well together.

For example, as a unified force, we were very successful securing funding for past years disaster legislation and the emergency Market Loss Assistance program, and the first and single most important thing we accomplished during the formulation of the recent farm bill was getting the increased funding locked down in the ten year budget. Once the discussion turns from overall funding levels to dividing up the pie, the responsibility becomes primarily that of the commodity organizations. At that point what you really have is individual commodities fighting for every dollar they can get targeted for their commodities and each commodity lobbying for delivery methods and administrative rules that benefit their own commodity the most.

Another interesting phenomenon is how these discussions become regional because of the regional nature of where these crops are raised. What I am leading up to here is the fact that in the past the money and help has gone to the areas of the country that grow commodities that have the strongest and best funded grower organizations supporting them. Corn, Cotton, and Rice farmers know this works and certainly we have evidence to this fact in our own region with the sugar industry. Now, North Dakota is still very much and will be in the future, a Wheat, Durum, and Barley state and the NDGGA and USDGA are working very hard to represent these crops.

For example, we worked very hard to see that Wheat and Barley received their fair share of the emergency MLA money appropriated by congress. Because Wheat was the first crop to suffer the effects of low prices in the late 90's, we played a lead roll, working with NAWG, to develop the payment formula and delivery system for that assistance that would benefit North Dakota producers.

The Grain Growers, along with Barley Council staff and with support from the National Barley Growers Assn. designed and delivered the Malt Barley Endorsement for crop insurance, a program that protects farmers from the risk of contracting Malting Barley and ultimately loosing the contract because of

weather related quality losses and being forced to sell at feed prices. 2003 is a perfect example of this programs value as farmers can take advantage of \$3.00-\$3.50 malt Barley contracts and be protected should they be forced to sell their Barley for feed at \$1.50 or \$2.00 per bushel. This alone could provide additional protection for Barley producers of more than \$100,000,000 THIS YEAR.

I would add that the cost of developing this program was largely bore by the Barley Council. A similar plan for milling Durum is being developed by the US Durum Growers Assn. However because of budget problems the Wheat commission has reduced its funding for the project.

The past several years North Dakota has been the primary advocate and recipient of Crop Disaster Assistance. On a national level while the general farm organizations made a superb effort to get assistance, the NAWG, with the guidance of the NDGGA and USDGA was the leading commodity grower group to champion this effort. In a recent attempt to garner more support it was highly publicized that Farm Bureau, Farmers Union, and the NAWG were the leading groups in the effort and the NDGGA was the group that motivated several state groups to make the trip to Washington to make the case for help.

In 2001 our organizations with lots of help from other farm groups garnered quality loss assistance in Congress through a bill offered by Senator Dorgan. This is a typical case where the work starts after the money gets appropriated. Again, other commodities from different parts of the country tried to walk away with the money. Representatives from the Durum Growers, Grain Growers, and Barley Council met with USDA officials in DC and realized that the way they were going to administer the program North Dakota would get only about \$15,000,000. After much effort and pressure to change the rules USDA agreed to hear us out. Our effort ultimately resulted in a change in the method of calculating the losses which resulted in our North Dakota growers receiving over \$87,000,000 of assistance. That is a \$70,000,000 swing driven solely by our efforts. As a result of that effort USDA officials vowed to consult much more with our grower associations during their rule writing process in the future.

In the late 90's we in North Dakota recognized the need, as the nations leading producer of both Wheat and Barley, for our organizations to influence the next farm bill in a direction that would be of benefit to North Dakota Growers. We developed, tested and refined a farm bill proposal written by North Dakota farmers that accomplished our goals. We then gained unanimous support from both the NAWG and NBGA as they adopted our plan. After forming a coalition of Commodity groups who supported our plan it became the framework of a very positive bipartisan farm bill which passed the US House of Representatives. While the bills value to North Dakota Wheat and Barley producers was reduced some in the final outcome it still protects farmers rights to manage their own farms, minimize market influence and market distortion, provides a much better safety net, increases support to all farmers and increases its annual potential value to North Dakota by \$200,000,000 per year for the life of the bill over a continuation of the previous farm bill.

Also in the late 1990's we joined the grass roots effort to correct the injustices and market damage caused by illegal market activity of the Canadian Wheat Board. We created a document some 25 pages in length which pointed out in detail, and from a grower's perspective, the things that the CWB was doing to undermine fair trade for Wheat and Durum and exhibited the possible financial damage to North Dakota farmers. We hired an independent consulting firm to validate our concerns and obtained support from several concerned organizations from North Dakota and neighboring states.

Because of the public interest raised over this problem we were invited to present our case to the US Trade Ambassador Charlene Barshefsky. We spent 1 ½ hours with Ambassador Barshefsky and four of her staff explaining the seriousness of the problem in a meeting hosted by Senator Conrad. At the conclusion of the meeting the Trade Ambassador acknowledged the need to take aggressive action to fix the problem, outlined several things she was going to do, and asked us to go back and document as much wrong doing as possible for the effort. The timing was right as the Wheat Commission had already started the information gathering process in preparation for the filing of a trade case as encouraged by this committee.

Two years ago we began developing a market and information web site to meet the needs of the modern day marketer which provided market information and price detail including local basis charting which had not been done before, and made it available to all producers in the region. In many cases this provided, for free, market information that was costing producers several hundred dollars per year. The development of this site was financed in part by Wheat Commission dollars however further enhancement of the site had to be put on hold due to the commissions elimination of support for the project.

There is more to do.

We have an interest in NDSU taking a leadership role in the research of biotech Wheat and Barley for the promise it has for our producer's competitiveness in world markets.

We are in the early stages of development of crop insurance package that would allow producers higher levels of coverage at lower costs which includes a cost effective disaster protection plan that would eliminate the need for annual disaster legislation.

We, along with NAWG, are in the early stages of a very important initiative to educate the American public on the value of an efficient, competitive, and well funded agriculture production system in this country.

We want to enhance our web site and information dissemination system to provide all North Dakota Wheat and Barley growers with the first knowledge in both production and marketing, necessary to remain on the leading edge of technology in the industry.

And finally, we intend on keeping a keen eye on all issues of farm policy, both domestic and trade, to see that Wheat, Durum, and Barley producers in North Dakota are given a fair chance to succeed.

Given what we have accomplished and the enormous task ahead, I find it hard to believe our funding plan is anything but acceptable. And I certainly do not understand why any farm group in North Dakota would want to do anything to jeopardize, restrict, or harm the efforts of these organizations who are so committed to the future of Agriculture in this state.

Again, I urge your support.
Thank You



U.S. Durum Growers Association

PROMOTING THE PRODUCTION AND MARKETING OF DURUM AND SEMOLINA

4023 State Street • Bismarck, ND 58503 • (701) 222-2204 • (877) 463-8786 • www.durumgrowers.com

To: Chairman Nicholas and all other Ag Committee Members

I'm speaking in favor of House Bill #1486 along with any amendment.

My name is Bruce Lewallen and I'm the past president of the United States Durum Growers Association. I've been on the board since 1996 and am also a member of the Grain Growers Association.

When you mention increasing our wheat check-off from the current \$.01 to \$.015, I wonder what goes through one's mind. As a producer and supporter of check-offs, the increase means many opportunities.

Our mission of the United States Durum Growers Association (USDGA) is to secure identity recognition for wheat (specifically durum), along with encouraging greater consumption of durum and to increase production potential. Our board recognizes this as a challenge and vital to our state's economic welfare and the future of our industry.

The information that was passed out to you shows an important correlation on how our state leads the nation in 2 wheat classes - hard red spring wheat and durum. Our state grows 44% of the nation's spring wheat (around 211 million bushels) and 68% of the nation's durum (77 million bushels). Spring wheat and durum were down to under 8 million acres in 2002, a decrease of over 15% from just the previous year. This economic downturn was due mainly to weather conditions beyond our control. At the same time soybean acres increased over 500% from 520,000 in 2001 to 2,630,000 in 2002. This is one example of where we are losing our wheat acres. Our producers are switching to soybeans because of net dollars in their pockets, which in turn, filters down throughout our state.

To stay competitive, we need more money to fund our leading industry.

We have the system in check with our Wheat Commission. We as producers need to step up to the plate and be competitive.

The Wheat Commission does an excellent job promoting our wheat internationally working with U.S. Wheats and WETEC (Wheat Export Trade Education Committee) to keep the export channels open. But, we have lost our market share from 20+ years ago to today. To try and stabilize and gain market share our North Dakota Wheat Commission



U.S. Durum Growers Association

PROMOTING THE PRODUCTION AND MARKETING OF DURUM AND SEMOLINA

4023 State Street • Bismarck, ND 58503 • (701) 222-2204 • (877) 463-8786 • www.durumgrowers.com

needs more funds to get the job done. Domestically, the NDWC does as well as it can with the financial resources it has.

Our two wheat commodity groups in our state work hand in hand with the NDWC and request funds annually to operate along with other sources of income such as memberships, pasta companies, etc. It isn't enough to stay competitive with our neighbors to the south and east.

I feel our boards have shown the credibility to our state to request an increase in funding. We initiated the LDPs (Loan Deficiency Payments) put in place in the late 1990s for durum. In my county, the LDP reached as high as \$.54 per bushel. The QLP (Quality Loss Payment) brought in over 80 million dollars in our state. Note: the USDGA was the initial group that started this disaster assistance that in the end was applied to over 100 crops throughout the nation.

We are presently in the middle of a Milling Durum Proposal special endorsement through Federal Crop Insurance.

These are the main projects we've accomplished over the last few years.

The NDWC is committed to the 301 trade case and is presently needing funds for 2 more years of commitment. Along with that, they also have the anti-dumping suit in which the USDGA is also a plaintiff. Every time these cases get delayed for a month or even a year, it costs our producers and our state more money.

Wheat is our biggest industry. What are we as legislators and producers going to do if we don't have the funding for our future?

Thank you for the opportunity to testify in favor of House Bill [#]1486.


Bruce Lewallen

NORTH DAKOTA



GRAIN GROWERS
ASSOCIATION

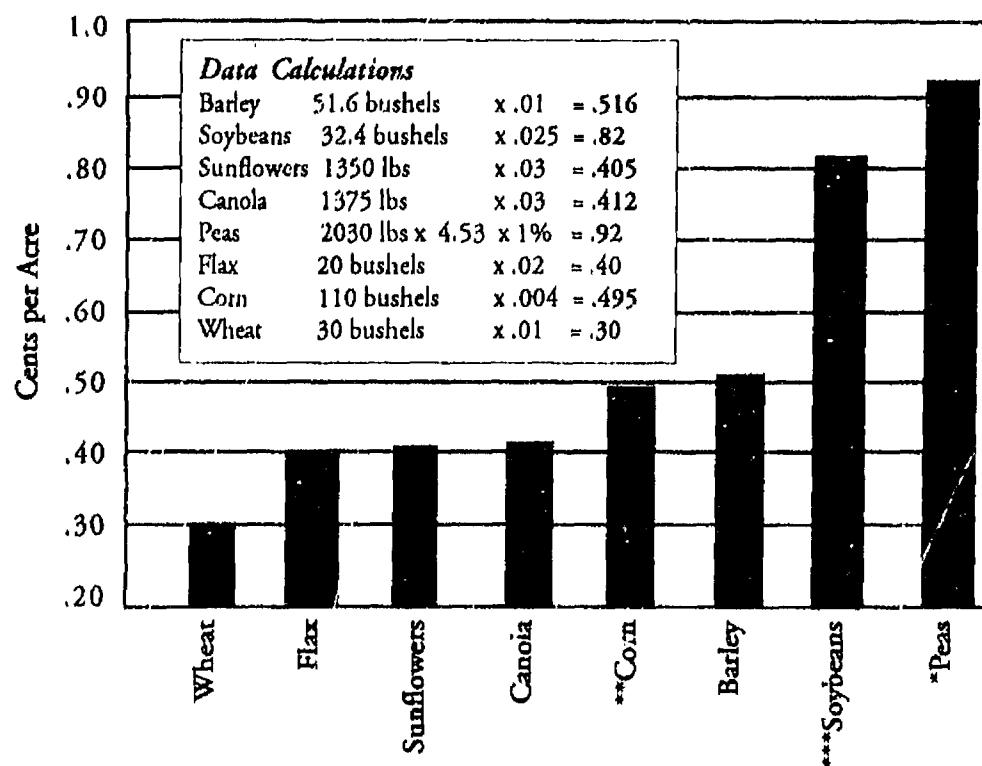
4023 N. State St.
Bismarck, ND 58503
Ph: 701-222-2216



4023 N. State St.
Bismarck, ND 58503
Ph: 701-222-2204

Check Off Comparisons On a Per Acre Basis


*These figures are based on a 5 year production average of bushels or lbs per acre.
* 3 years of production data ** Percent of Value of Sale *** At loan rate values*



The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

Volosta Richard
Operator's Signature

10/16/03
Date

 NORTH DAKOTA
WHEAT COMMISSION

home | help | guestbook

[wheat information](#) | [industry news](#) | [food & nutrition](#) | [wheat commission](#)


[hard red spring wheat](#) ◀
[durum wheat](#) ◀
[market information](#) ◀
[crop progress report](#)

Wheat Information

The United States offers six distinct classes of wheat to customers worldwide: hard red spring, hard red winter, hard white, soft red winter, soft white, and durum. These classifications are based on kernel hardness, kernel color, and time of planting. Each class has its own uniform characteristics related to milling, baking and other food uses.

North Dakota leads the nation in the production of two of these classes: hard red spring and durum. The state's farmers grow 44 percent of the nation's hard red spring - 211 million bushels (5.7 million tons) - and 68 percent of its durum, 71 million bushels (1.9 million tons). ([See Markets & Statistics](#))

Farmers play a vital role in North Dakota's success in wheat production. Read more about the region's farmers and their production methods in [The Land and Its People](#).



[wheat information](#) | [industry news](#) | [food & nutrition](#) | [wheat commission](#)
[home](#) | [help](#) | [guestbook](#) | [search](#) | [site map](#)

Copyright 2002 North Dakota Wheat Commission
design and programming by [inet technologies](#)

<http://www.ndwheat.com/wi/>

2/11/03

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

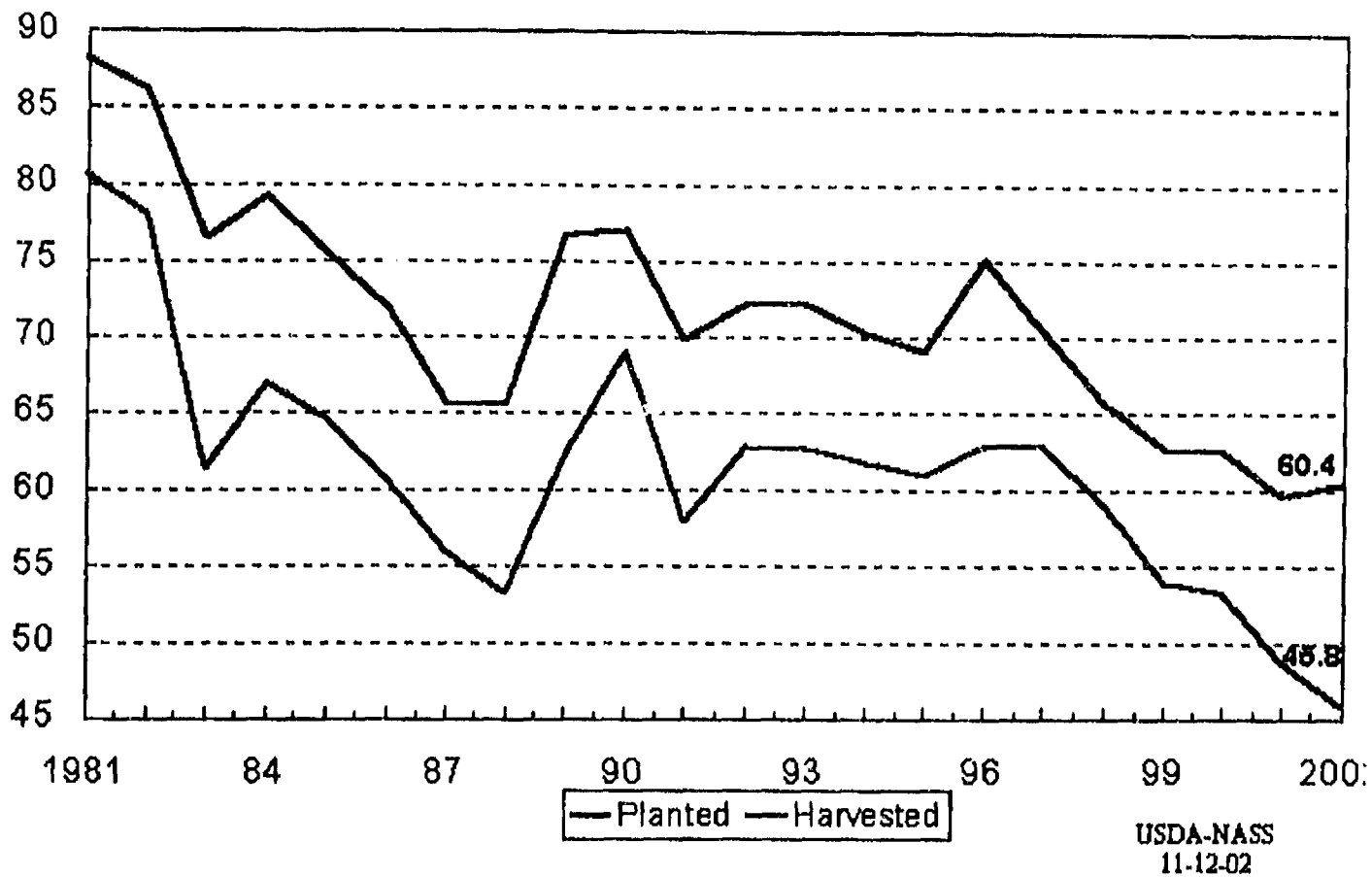
Richard Costa
Operator's Signature

10/16/03
Date

USDA - National Agricultural Statistics Service

U.S. All Wheat Acres

Million Acres



Go To: [[NASS Home Page](#)] [[USDA Home Page](#)]

Send comments and questions to: NASS Customer Service at nass@nass.usda.gov
or Phone the Agricultural Statistics Hotline at 1-800-727-9540.

<http://www.usda.gov/nass/aggraphs/awac.htm>

2/11/03

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

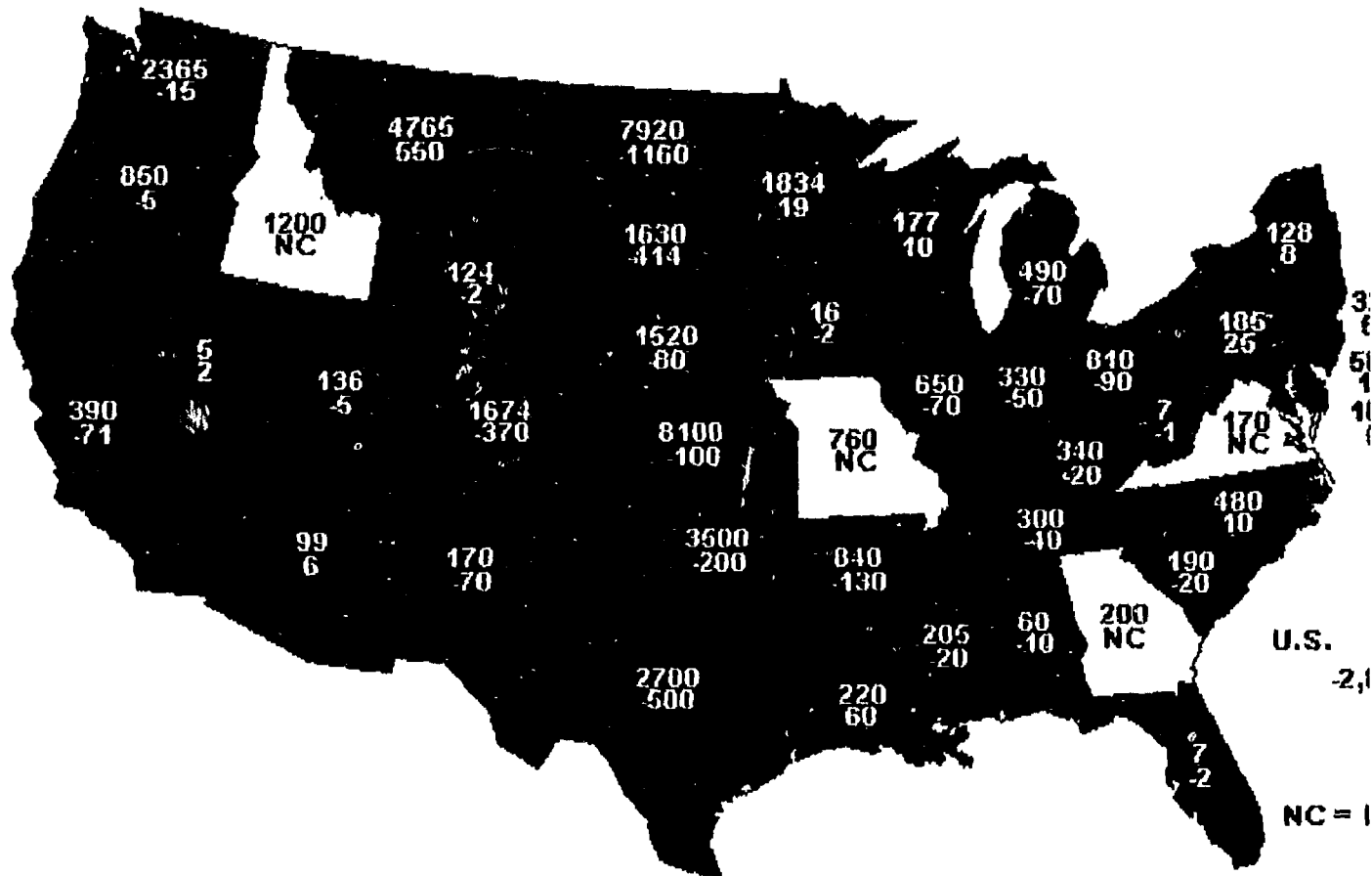
For Costa Richardson
Operator's Signature

10/16/03
Date

USDA - National Agricultural Statistics Service

2002 All Wheat Harvested

Acres (000) and Change From Previous Year



USDA
11-1

Go To: [[NASS Home Page](#) | [USDA Home Page](#)]

Send comments and questions to: NASS Customer Service at nass@nass.usda.gov
or Phone the NASS Information Hotline at 1-800-727-9540.

<http://www.usda.gov/nass/aggraphs/awacm.htm>

2/11/03

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

Operator's Signature

Yolanda Richardson

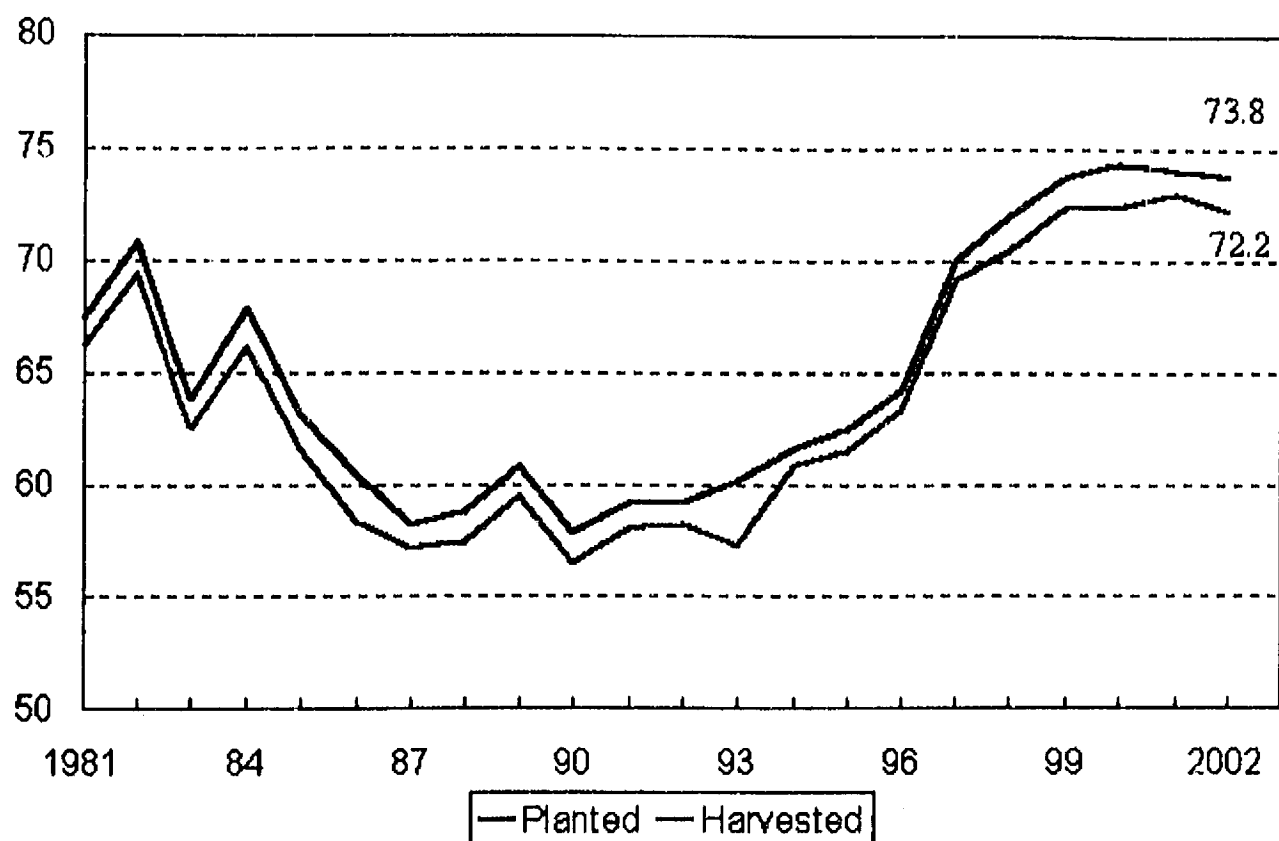
Date

10/16/03

USDA - National Agricultural Statistics Service

U.S. Soybean Acres

Million Acres

USDA-NASS
01-10-03Go To: [[NASS Home Page](#) | [USDA Home Page](#)]Send comments and questions to: NASS Customer Service at nass@nass.usda.gov
or Phone the Agricultural Statistics Hotline at 1-800-727-9540.<http://www.usda.gov/nass/aggraphs/soyac.htm>

2/11/03

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

Richard Costa
Operator's Signature

10/16/03
Date

USDA - National Agricultural Statistics Service
2002 Soybeans Harvested
Acres (000) and Change From Previous Year



Go To: [[NASS Home Page](#) | [USDA Home Page](#)]

Send comments and questions to: NASS Customer Service at nass@nass.usda.gov
or Phone the Agricultural Statistics Hotline at 1-800-727-9540.

<http://www.usda.gov/nass/aggraphs/soyacm.htm>

2/11/03

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

Volosta Rickford
Operator's Signature

10/16/03
Date



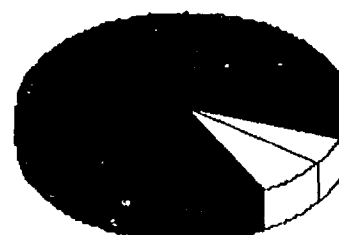
The State Auditor's report for the two-year period ending June 30, 2002, states that a "review of the North Dakota Wheat Commission's internal control and compliance with laws and regulations governing the agency did not disclose any reportable conditions."

FINANCIAL STATEMENT FOR FISCAL YEAR 2002-03

	Actual FY 2000-01	Actual FY 2001-02	Projected FY 2002-03
Beginning Balance	\$940,761 ..	\$1,299,496	\$374,341
Checkoff Collected	3,371,015	2,592,947	2,040,000
Interest Income	43,776	15,156	9,350
Sales/Miscellaneous	827	1,073	800
Total Receipts	4,356,380	3,908,672	2,424,491
Refunds to Producers	191,013	174,195	142,800
Expenditures	2,865,870	3,360,137	2,234,194
Ending Balance	\$1,299,496	\$374,341	\$47,497

The expenditure level listed in the financial statement differs from that listed under operating expenditures due to accrued expenses.

FY 2001-02 OPERATING EXPENDITURES (\$3,539,407)



- 24% Export Marketing
- 46% Trade Policy/Issues
- 14% Research/Customer Service
- 7% Domestic Promotion/Education
- 4% Public Information
- 6% Administration

OPERATING EXPENDITURES							
	ACTUAL 2000-01	ACTUAL 2001-02	BUDGET 2002-03		ACTUAL 2000-01	ACTUAL 2001-02	BUDGET 2002-03
ADMINISTRATION	\$198,152	\$202,197	\$210,445	RESEARCH & CUSTOMER SERVICE	\$442,937	\$477,080	\$354,095
Salaries, Commissioner Per Diem,				Salaries, Commissioner Per Diem,			
Employer Taxes, Benefits	95,976	101,114	93,320	Employer Taxes, Benefits	30,708	32,130	34,405
Travel & Expenses	13,716	7,876	11,200	Travel & Expenses	10,385	15,288	14,820
General Operating	88,460	93,207	105,925	North Dakota State University			
EXPORT MARKETING	\$834,974	\$833,692	\$787,457	End Use Quality	114,470	83,355	75,500
Salaries, Commissioner Per Diem,				Wheat Breeding/Genetics	80,864	94,993	60,870
Employer Taxes, Benefits	102,359	107,099	114,683	Disease/Pest Management	21,171	30,950	4,500
Travel & Expenses	34,615	50,962	49,400	Marketing/Economics	55,500	76,500	25,000
U.S. Wheat Associates	698,000	675,631	623,374	SBARE ARF Matching Fund	-	-	45,000
TRADE POLICY/ISSUES	\$886,421	\$1,620,793	\$603,476	Other			
Salaries, Commissioner Per Diem,				Northern Crops Institute	45,000	50,000	25,000
Employer Taxes, Benefits	71,652	74,970	80,279	Consultant Fees & Expenses	29,551	27,688	30,000
Travel & Expenses	24,231	35,673	34,580	Wheat Marketing Center	16,264	25,000	10,000
Wheat Export Trade Education Committee	45,767	41,024	41,617	Wheat Quality Council	7,085	4,000	4,000
Legal Counsel & Consultants	597,771	1,227,444	255,000	N.D. Variety Survey	3,000	3,500	3,500
U.S. Durum Growers Association	15,000	41,110	30,000	Collection/Shipping Samples	3,250	3,470	-
N.D. Grain Growers Association	40,000	76,072	50,000	Miscellaneous Support	25,689	30,206	21,500
Nat'l Assoc. of Wheat Growers	62,000	119,500	112,000	PUBLIC INFORMATION	\$218,620	\$157,485	\$182,752
NAWG Special Projects	25,300	-	-	Salaries, Commissioner Per Diem,			
Alliance for Rail Competition	5,000	5,000	-	Employer Taxes, Benefits	68,945	51,597	63,627
DOMESTIC PROMOTION	\$221,395	\$248,159	\$95,969	Travel & Expenses	23,034	21,123	21,000
Salaries, Commissioner Per Diem,				Wheat Report/Other Advertising	26,597	3,203	2,000
Employer Taxes, Benefits	67,559	51,487	37,869	Postage (Dakota Gold/Other)	35,840	35,337	38,500
Travel & Expenses	14,600	13,338	9,000	Printing (Dakota Gold/Other)	42,257	27,693	41,000
Wheat Foods Council	92,575	93,725	20,075	General Support	21,947	18,532	16,625
Special Promotion Projects	30,000	72,500	-				
National Pasta Association	2,500	2,500	2,500				
Postage/Printing/Other Support	14,161	14,608	26,525	TOTAL	\$2,802,499	\$3,539,407	\$2,234,194

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

Richard Costa
Operator's Signature

10/16/03
Date

FASonline

Return to the FAS Home Page

U.S. Export Sales Weekly Export Performance Indicator

Based on Export Sales Reporting Data

AS OF WEEK ENDING 1/30/2003

1000 Metric Tons/Running Bales

MARKETING YEAR	WHEAT & PRODUCTS	CORN	SOYBEANS	SOYBEAN MEAL	SOYBEAN OIL	UPLAND COTTON	RICE
NUMBER OF WEEKS	35	22	22	18	18	27	27
TOTAL EXPORTS FOR YEAR							
5 YR AVG (96/97-00/01)	26,181	45,549	25,289	6,484	747	5,818	2,731
1998/99	25,679	49,557	22,889	6,127	887	3,811	2,929
1999/2000	25,516	48,759	26,972	6,116	342	6,128	3,039
2000/2001	23,868	47,734	27,567	6,533	322	6,009	2,651
2001/2002	24,175	48,003	29,926	6,815	804	10,267	3,269
2002/2003 PROJ.	25,180	46,990	25,310	5,440	1,040	9,880	3,290
ACCUMULATED EXPORTS TO DATE							
5 YEAR AVERAGE	18,883	19,182	14,343	2,465	320	2,530	1,396
1998/99	18,443	19,411	12,636	2,438	463	2,583	1,739
1999/2000	18,447	21,479	14,313	2,522	162	2,319	1,595
2000/2001	17,550	13,913	14,541	2,272	147	2,378	1,343
2001/2002	16,431	17,637	17,121	2,438	248	4,772	1,442
2002/2003	14,702	16,938	16,602	2,173	209	3,974	1,716
CHG. FROM PREV. YR	-11%	-4%	-3%	-11%	-16%	-17%	19%
ACCUMULATED EXPORTS AS PERCENT OF TOTAL EXPORTS							
5 YEAR AVERAGE	72%	42%	57%	38%	43%	43%	51%
1998/99	72%	39%	55%	40%	52%	68%	59%
1999/2000	72%	44%	53%	41%	47%	38%	52%
2000/2001	68%	40%	53%	35%	46%	40%	51%
2001/2002	68%	37%	57%	36%	31%	46%	44%
2002/2003	58%	36%	66%	40%	20%	40%	52%
WEEKLY EXPORT AVERAGE FOR YEAR							
5 YEAR AVERAGE	503	876	486	125	14	112	53
1998/99	494	953	440	118	17	73	56
1999/2000	491	938	519	118	7	118	58
2000/2001	497	918	530	126	6	116	51
2001/2002	465	923	576	131	15	197	63
2002/2003 PROJ.	484	904	487	105	20	190	63

<http://www.fas.usda.gov/export-sales/weekpi.htm>

2/10/03

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

La Costa Richard
Operator's Signature

10/10/03
Date

Weekly Export Performance Indicator

Page 2 of 2

WEEKLY EXPORT AVERAGE TO DATE							
5 YEAR AVERAGE	540	872	652	137	18	94	52
1998/99	527	882	574	135	26	96	64
1999/2000	527	976	651	140	9	86	59
2000/2001	501	860	661	126	8	88	50
2001/2002	469	802	778	135	14	177	53
2002/2003	420	770	755	121	12	147	64
WEEKLY EXPORTS	301	697	1,505	74	6	221	72
WEEKLY NET SALES	333	745	549	(50)	27	254	173
OUTSTANDING SALES							
5 YEAR AVERAGE	3,230	7,958	4,485	1,667	165	2,528	538
1998/99	3,324	8,485	3,647	1,415	194	919	401
1999/2000	2,904	7,771	3,920	1,097	83	3,331	554
2000/2001	3,965	7,569	6,703	1,467	95	2,514	573
2001/2002	3,763	7,944	6,514	1,975	197	4,626	491
2002/2003	3,537	5,267	6,568	1,597	214	3,690	905
CHG. FROM PREV. YR.	-6%	-34%	1%	-19%	8%	-20%	84%
TOTAL COMMITMENT TO DATE							
5 YEAR AVERAGE	22,113	27,140	18,828	4,132	484	5,058	1,934
1998/99	21,766	27,896	16,283	3,853	657	3,502	2,140
1999/2000	21,351	29,250	18,233	3,619	245	5,649	2,149
2000/2001	21,515	26,482	21,244	3,738	242	4,893	1,916
2001/2002	20,195	25,581	23,636	4,413	446	9,398	1,933
2002/2003	18,239	22,205	23,170	3,770	422	7,664	2,621
CHG. FROM PREV. YR.	-10%	-13%	-2%	-15%	-5%	-18%	1%
TOTAL COMMITMENT AS PERCENT OF TOTAL EXPORTS							
5 YEAR AVERAGE	84%	60%	74%	64%	65%	87%	71%
1998/99	85%	56%	71%	63%	74%	92%	73%
1999/2000	84%	60%	68%	59%	72%	92%	71%
2000/2001	83%	55%	77%	57%	75%	81%	72%
2001/2002	84%	53%	79%	65%	55%	92%	59%
2002/2003	72%	47%	92%	69%	41%	78%	80%

Last modified: Wednesday, February 05, 2003

<http://www.fas.usda.gov/export-sales/weekpi.htm>

2/10/03

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

Operator's Signature

Richard Costa

Date

10/10/03

North Dakota Farmers Union

PO Box 2136 • Jamestown ND 58402-2136

PHONE: 701-252-2340

E-MAIL: ndfu@ndfu.org

800-366-NDFU (6338)

WEBSITE: www.ndfu.org

FAX: 701-252-6584

MISSION STATEMENT: North Dakota Farmers Union, guided by the principles of cooperation, legislation and education, is an organization committed to the prosperity of family farms and rural communities.



Testimony on HB 1486

February 13, 2003

House Agriculture Committee

Chairman Nicholas and members of the House Agriculture Committee, my name is Richard Schlosser. I am appearing before you today on behalf of the members of North Dakota Farmers Union in opposition to HB1486 which would raise the wheat tax levy by five mills. As the first line of the bill states, 'A tax of fifteen mills per bushel by weight must be levied and imposed upon all wheat in this state.' Why is a tax increase proposed for wheat producers when the general consensus of this legislature is 'no new taxes'? Why propose a wheat tax increase given the financial problems that some of our farmers are experiencing?

The new language that would be inserted in this section of the code on line fourteen of the bill would also provide for four (4) mills to be forwarded for the 'support' of two trade associations incorporated in North Dakota which have as their primary purpose the representation of wheat growers. Our members oppose the transfer of checkoff moneys from state authorized commodity promotion programs to organizations that engage in lobbying activities. Additionally, when the North Dakota Farmers Union Board of Governors met in Bismarck on January 28, a resolution opposing HB 1486 was drafted and adopted. Most of the discussion addressed member objections to the transfer of the four mills to the two trade associations. Many questioned the legality of the transfer of

North Dakota Farmers Union is a tax exempt agricultural organization under 501 (c) (5) of the Internal Revenue Code. It is not a charitable organization and therefore payments to North Dakota Farmers Union are not deductible as charitable contributions for income tax purposes. However, they may be deductible under other provisions of the Internal Revenue Code.

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

Operator's Signature

Richard Schlosser

10/16/03
Date

these funds to a private dues paying association. We are aware of the Attorney General's opinion that essentially states that the Wheat Commission is authorized to contract with private associations for specific services such as lobbying. This bill, however, does not refer to these contractual arrangements. Rather, it requires the Wheat Commission to funnel four mills to 'support' the trade associations and does not specifically state the public purpose of these funds.

Another major concern that we have is that the four mills would provide for approximately \$2,000,000 per biennium for the 'support' of these trade associations. As we read the bill, there is no provision for legislative oversight or review of the trade associations' expenditures or its plans to spend these funds. We think the citizens of North Dakota as well as the wheat producers of this state would question whether it is good public policy to transfer \$2,000,000 per biennium collected under legislative authority to private associations with apparently no provision for oversight.

Also, if this bill passes over our objections, the money directed to the trade associations will be public money, will it not? Will the open records and open meetings law apply to this situation? As we read the bill, there is no provision that specifically states that these private associations shall comply with or be exempt from the open meetings and open records law. Again, this raises another legal issue.

We also question whether the two trade associations that would receive these funds do in fact have as their sole mission the representation of wheat producers. Does not the North Dakota Grain Growers Association represent barley growers as well as wheat

producers? Does the U.S. Durum Growers Association also represent durum growers from other states? Will North Dakota wheat producer tax money be used to represent producers of other commodities as well as out of state durum growers?

In conclusion, the commodity promotion and checkoff section of North Dakota Farmers Union policy states that NDFU recognizes that commodity promotion programs can be valuable tools for consumer education and market development. However, we believe that state authorized commodity checkoff programs should be closely monitored and that elected representatives should appear before the appropriate legislative committee to give a full accounting of the use of all funds expended on behalf of the producers of that commodity. Furthermore, since these programs are funded by producers, we feel that the appropriate procedure for addressing changes in existing checkoff programs, including changes in checkoff levies, is for the elected representatives of these commodity groups to present these changes to the affected producers before final approval.

Summarizing our opposition to HB 1486, we oppose the increase for several reasons. Given the present environment where we often hear of the no new tax approach during this legislative assembly, why a 50% increase in the wheat tax? Accountability. Is it good public policy to authorize the use these wheat tax dollars for the purpose set forth in this bill without requiring oversight? Finally, we feel that it is inappropriate to implement legislation that had as its directive to 'support' private dues paying organizations that engage in lobbying activities from moneys that are the result of" levied and imposed upon all wheat grown in this state."

**Testimony before the House Agriculture Committee
In Opposition to House Bill 1486
Larry Lee, Chairman
North Dakota Wheat Commission
February 13, 2003**

Chairman Nicholas and members of the House Agriculture Committee, I am Larry Lee, a farmer from Velva, North Dakota. I have served on the North Dakota Wheat Commission since 1992, elected by producers in the north central portion of the state. I am currently chairman. Early in the session, our administrator and I stood before you to report on the recent accomplishments of the North Dakota Wheat Commission in the areas of export marketing, trade policy, research, and domestic product promotion. It is through these programs, that the Wheat Commission works to expand the worldwide use of North Dakota wheat. Our annual report, which you should have a copy of, summarizes accomplishments.

Today, I am here to testify in opposition to House Bill 1486. The bill would increase the North Dakota wheat checkoff from 10 mills (1 cent) per bushel to 15 mills (1.5 cents) per bushel. The bill mandates that with 4 mills (4/10 of a cent) of the increase be forwarded to the North Dakota Grain Growers and U.S. Durum Growers Association to support the two membership-based groups, primarily for lobbying on domestic farm policy. Given an average North Dakota wheat crop of 273 million bushels, each mill would generate \$273,000 in gross collections. The annual pass-through of public dollars to these two private associations under this proposal would amount to about \$1 million.

The North Dakota Wheat Commission is opposed to HB 1486 based on the following concerns:

- 1) the ability and willingness of producers to support a checkoff increase when no other tax hikes are being proposed this legislative session,
- 2) the tight timeframe in which to inform producers of the proposed increase and its purpose, and
- 3) the appropriateness of legislatively earmarking public funds to support specific private trade associations.

The confidence and support of a super majority of the state's wheat producers is necessary for any checkoff increase or substantive change in its purpose is to be actually funded by the farmers who grow and sell the wheat. Wheat prices improved markedly at harvest, but much of the state suffered a crop loss due to drought, excessive heat and even flooding. House Bill 1486 asks wheat producers to pay more when they have less.

In 1997 and 1999, in back-to-back sessions, the North Dakota wheat checkoff was increased from five mills to the current 10 mills. Many wheat producers have not had time to evaluate or appreciate all that has been accomplished as a result. A case in point is the Commission's highly visible trade case against the Canadian Wheat Board.

Testimony on HB 1486

Larry Lee, Chairman — N.D. Wheat Commission

Page 2

We have made tremendous progress. If all goes well, producers should have relief by mid-summer.

North Dakota Wheat Commission county representatives learned about the proposal for another checkoff increase during December at our annual meeting. The concept was presented by leaders of both the North Dakota Grain Growers and U.S. Durum Growers associations. A straw poll taken at the end of the meeting showed 27 opposed and only 10 in favor of increasing the checkoff for the purpose of supporting the private grower associations. We value the opinions of our elected county reps and made their opposition known.

When the bill was nonetheless introduced on January 20th, we wanted to give all producers an opportunity to give their perspective, so we asked. Commissioners and the office have received phone calls and e-mails from nearly 70 producers to date voicing nearly unanimous opposition to the legislation. As you'll see skimming through this stack of comments, the most common reasons cited for opposition are the level of increase and the mandated purpose.

It has long been Commission policy not to enter into the debate on traditional farm bill issues, except to point out how such matters affect the marketing of wheat and wheat products. However, the North Dakota Wheat Commission does work aggressively in the area of policies and regulations that affect the import and export of wheat, taking necessary action when there is a benefit or risk to U.S. domestic or export markets.

Although the North Dakota Wheat Commission is opposed to this legislation, we certainly do appreciate the work of the North Dakota Grain Growers and U.S. Durum Growers associations. All three organizations have had a positive, lengthy and productive working relationship governed by contracts for services that have benefited the state's wheat industry tremendously. The Commission recognizes that these groups provide a valuable service for a number of wheat producers on matters pertaining to farm income and price support, production controls, conservation incentives, crop insurance and the like. Their work complements that of major farm organizations as well as state and national elected officials. However, it is our view that the cost of representation on domestic farm issues is best and most fairly paid for by farmers who support their particular views.

With this legislation, we would be charting new territory with an estimated \$1 million annually in public checkoff dollars being mandated for support of private associations. The bill threatens the entire wheat checkoff program — all marketing and research programs — because not all producers agree on matters of farm policy.

Other state and national commodity groups have had problems and challenges from within their own ranks when the line between marketing and farm policy has been blurred. There is more opposition than support among producers for changing the purpose of the North Dakota wheat checkoff. Producers who do not agree with the checkoff or programs directed by the Commission may request a refund within 60 days after they sell wheat. In fiscal year 2001-02, the Commission granted just over 1,200 refunds accounting for 6.7 percent of collections.

Larry Lee
Operator's Signature

10/16/03
Date

Testimony on HB 1486

Larry Lee, Chairman — N.D. Wheat Commission

Page 3

A hasty increase in the checkoff for a purpose not well supported could prompt a huge jump in refunds, creating not only a financial loss to core programs but also a loss of moral support from producers. It is a risk we should not take.

Surely there is a need for additional funding on many key initiatives for the wheat industry, but this legislation is not the appropriate vehicle to provide that funding. There are just too many unanswered questions about the precedent it sets. The economic environment is not favorable for any tax increase. Taxing of wheat producers should be no exception.

Thank you for your time and consideration. I would be happy to answer any questions.

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

Larry Lee
Operator's Signature

10/16/03
Date

Mr. Chairman, Members of the Committee,

Thank you for the opportunity to speak on this issue.

My name is Jim Teigen. My family and I operate a farm near Rugby, raising hard red spring wheat, barley, and oil sunflower. In the 28 years that I have been farming, I have never requested a refund from the Wheat Commission.

I speak in opposition to HB 1486. While I, like many farmers, am not overly enthused about increased costs of any type, the purpose of this proposed wheat tax increase is much more disturbing to me than the amount.

In my opinion, it is wrong to take public monies, such as the wheat tax, and give it to private organizations which have no legislative oversight. Furthermore, those of us producers who have made the decision not to join the Wheat Growers or the Durum Growers should not have to fund their activities, especially since we don't have a voice in the development of their policies or in the decision as to how those monies will be spent. That would be taxation without representation.

In addition, this bill will establish a dangerous precedent. If it passes, there will probably be several other organizations lined up before this committee next session to get funding for their groups. What criteria will be used to determine which groups are eligible for favorable consideration? Will it be all commodity organizations in the state? Will it include general farm organizations, which in most cases represent far greater numbers than single commodity groups? Will a group of 100, or 50, or 20, or even 2 of us qualify if we can make a viable case for inclusion?

Supporters of this bill have said they think more money is needed for lobbying on domestic agricultural issues. If that is the case, I think we should take a more thoughtful approach to develop another proposal, and fund it in some other manner. Taking money that was intended for trade promotion, market development, and research is the wrong approach. I believe we should consider the votes of the Wheat Commission and the County Representatives to the Wheat Commission, both of which voted against this proposal at this winter's meeting.

In summary, I believe that this is the wrong proposal to consider. I ask you to vote no on HB 1486.

HB NO. 1486

Mr. Chairman and Ag Committee members as well as other guests:

I am Dan Wiltse — a wheat, barley and row crop farmer from Ransom County. I appreciate this opportunity to express my concerns on such an important issue. I stand in opposition to HB No. 1486 for many reasons.

I have over 20 years of experience with commodity and grower groups, both statewide and nationally. I have served on the boards of the N.D. Grain Growers, the N.D. Barley Council, and I am the immediate past president of the National Barley Growers. During my time on these boards, I have prided myself on being politically independent as I served farmers from all counties and states. Only after my term ended with the National Barley Growers, did I attend a district political meeting.

It is unclear to me what politics are being played with this bill and what goal the supporters hope to achieve. I am a long-time supporter of commodity checkoffs and grower groups as they enhance the viability of North Dakota crops and livestock. These groups have many times proved their worth. My fear is that a bad bill like this will jeopardize the integrity and confidence that growers have in a successful system. Times change, legislators come and go, but the checkoff originators never anticipated that such a proposed bill could see the light of day. It sure has caused a stir in the countryside and that's why I'm here.

Who will decide what private groups get to share checkoff funds from the other commodity organizations and how many may share it? Who will decide how those dollars get spent? Will it depend on the size of the checkoff budget or the need? I

sympathize with those who rely on the wheat checkoff for their operations, but have little sympathy for those commissioned to plan and prioritize such an important budget for this state's wheat growers. It appears very few of the interested parties that usually develop these type of initiatives have been around the same table and that is unacceptable for North Dakota wheat farmers. Because of the time needed to develop a producer-acceptable bill, it may be too late this session. But at the very least, Mr. Chairman, this committee has the power and the right to call a meeting of those it regulates.

I've testified more than once on behalf of the Barley Council in front of the Agriculture, Audit and Budget Committees. We were scrutinized on both how we collected and expended our checkoff dollars. With pride, I can say we did a good job of prioritizing in times of special need and shortfall to meet our budget. If domestic policy became more important than other budget items, we shifted for the times. The ability to ask the Legislature to increase the checkoff, as has been done in the past, only covered up some problems and did little to correct real needs. Growers will ultimately, whether now or by the next wheat crop, show their dismay to the consequences of HB No. 1486 if passed. I fear it will be catastrophic, not only to Wheat Commission revenues, but those of all commodities.

Again, HB No. 1486 will greatly undermine the credibility of our checkoff system which is so important for future generations of agriculture in North Dakota. Please recommend a "do not pass."

Dan Wiltse
Lisbon, N.D.

(701) 683-4765
(701) 678-3002

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

Richard Costa
Operator's Signature

10/16/03
Date



NORTH DAKOTA GRAIN DEALERS ASSOCIATION

STEVEN D. STREGE, Executive Vice President
CHERYL WELLE, Executive Assistant
CONNIE LEIER, Administrative Assistant
Ph: 701-235-4184, Fax: 701-235-1026
118 Broadway, 806 Black Bldg., Fargo, ND 58102
Website: www.ndgda.org

LARRY PHILLIPS, Safety & Health Director
Ph: 701-251-9112, Fax: 701-251-1758
P.O. Box 5055, Jamestown, ND 58402-5055

STU LETCHER, Safety Specialist
Ph: 701-543-3110, Fax: 701-543-4183
P.O. Box 72, Halton, ND 58240

HB 1486 TESTIMONY

House Ag Committee -- February 13, 2003

STEVE STREGE
The North Dakota Grain Dealers Association is here to speak in opposition to this bill. As we see it, the North Dakota Wheat Commission is opposed due to concerns about producer resistance to an increase, plus questions over the use of funds and accountability. We agree.

The Grain Dealers Board of Directors met with representatives of the Grain Growers and Durum Growers Associations prior to our 91st annual convention last month. Later in the convention our delegate body of farmers and managers unanimously passed a resolution supporting a position in concurrence with the Wheat Commission against this legislation.

In the second to the last WHEREAS, the resolution cites the 40+ year cooperative and productive relationship of the Wheat Commission and Grain Dealers Association working together and supporting each other on product promotion, rail, quality, and other issues. The fifth WHEREAS states plainly why we have a vested interest. Country grain elevators have collected that Wheat Commission checkoff since 1959. They take part in hosting trade teams that develop or enhance wheat marketing. They participate in various quality surveys. Our elevators enjoy increased sales due to Commission activity. We do not want to risk farmer dissatisfaction due to an untimely checkoff increase and its diversion to other uses.

HB 1486 is a unique concept in North Dakota commodity checkoffs, in that it mandates in the statute a portion of the checkoff to be distributed to private groups. We doubt the wisdom of setting such a precedent. It will assess all growers to carry on work of membership groups the majority have not chosen to join. Other groups may deserve a share. What about the Farm Bureau, or the Farmers Union, or for that matter the Grain Dealers Association? The grain elevators have been collecting the checkoff for more than 40 years without any direct compensation.

Elevator managers are the front line of defense for checkoff groups. When the farmer questions why that levy has been taken off, most elevator managers point out the product promotion work being done and discourage refunding. I've heard from several managers who think that this bill will increase refunding and may be a net loss to the Commission.

We urge a Do Not Pass on HB 1486.

I'll try to answer any questions you might have.

Jo Costa Richardson
Operator's Signature

10/16/03
Date

Steve Strega
HB 1486

RESOLUTION ON WHEAT COMMISSION CHECKOFF

North Dakota Grain Dealers Association Convention – January 21, 2003 – Bismarck

Whereas: The North Dakota Wheat Commission was established in 1959 as a producer-funded market development organization, and

Whereas: It has spent its funds on market promotion, research and international trade actions that benefit all North Dakota wheat producers, and

Whereas: The North Dakota Grain Growers Association and U.S. Durum Growers Association are now proposing a checkoff increase from one cent per bushel to 1.5 cents per bushel, with 0.4 cent of the increase going to the grower groups and

Whereas: Funding private organizations through a state-mandated checkoff is a significant departure from the purpose of the Commission, and

Whereas: North Dakota grain elevators have a vested interest in this matter because they collect the checkoff, take part in hosting trade teams, participate in increased sales due to Commission activity, and would not want to risk farmer dissatisfaction due to an untimely checkoff increase and its diversion to other uses, and

Whereas: The Grain Dealers and the Wheat Commission have had a 40+ year cooperative and productive relationship of working together and supporting each other on product promotion, rail, quality, and other issues, and

Whereas: The Wheat Commission is opposing the proposed checkoff increase for reasons of likely producer resistance, use of funds, and accountability,

Therefore be it resolved the North Dakota Grain Dealers Association concurs with the Wheat Commission's position on this checkoff increase.

La Costa Richard
Operator's Signature

10/16/03
Date



www.ndmarketmanager.org

*Working for you,
the producer!*

Mr. Chairman and members of the committee, my name is Bruce Freitag, I farm near Scranton, and am currently serving as President of the North Dakota Grain Growers. The Grain Growers are in full support of this bill and the proposed amendment according to a resolution adopted at our convention in November.

The North Dakota Grain Growers is a membership organization whose mission is to increase the profitability of North Dakota wheat and barley producers through education, leadership, information and representation. By definition, our organization is commodity specific.

While the general farm organizations play a valuable role in representing agriculture as a whole to bring awareness of specific problems to congress and secure funding to address those problems, by their nature they cannot represent individual commodities and their specific issues. In the past, those crops with the best funded grower organizations have been successful in obtaining legislation favorable to their commodity. Because of the regional nature in which crops are raised, this leads to regional differences in support. Cotton, corn, rice, and sugar producers are well aware of this and support their industries with much success.

The NDGGA has represented wheat growers in many ways in the past few years. We have worked to obtain the best possible farm bill for wheat growers. We have weighed in on farm bill implementation issues to make sure that wheat producers are treated fairly in USDA decisions. We have supported disaster legislation and quality loss provisions that

Phone: 701-222-2216 Toll Free: 800-932-8822 Fax 701-223-0018 www.ndmarketmanager.org
4023 N. State Street Bismarck, ND 58503

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

To Costa Richardson
Operator's Signature

10/16/03
Date

Some have challenged the concept of checkoff funds going to grower associations as if it is a new idea. This practice is common in other commodities, and has been widely accepted for years in almost all areas, except for wheat in North Dakota, where grower association funding is questioned and criticized. For example, in this state corn, peas, canola, sunflower, dry beans, potatoes, all have associations that have contractual relationships with their checkoff organizations. These associations are funded at substantial levels compared to the wheat grower associations, and the contract income makes up a significant portion of their operating revenue. Also, our sister wheat grower associations in other states in most cases receive significant support from their checkoff organizations.

We believe it is a time for a change in attitude and a new initiative on behalf of wheat growers. Along with our current activities, there are many challenges ahead. Criticism of the farm bill in the urban media has reached a level not seen before. It is important that wheat growers have the means to challenge these attacks. Environmental groups will continue to threaten wheat grower's ability to access crop protection products. These groups are well financed and many are intent on putting wheat producers out of business. We are planning a new initiative on crop insurance that will provide more coverage and eliminate the need for disaster programs in the future. And before you know it, we will be approaching another farm bill debate.

This legislation will provide needed funds to maintain and increase our efforts on behalf of wheat producers. It is responsible, and gives wheat growers a fair chance to be competitive with other crops. The proposed amendment addresses the concerns raised by some producers that the increase was too big and that there was no accountability for the

NORTH DAKOTA



**GRAIN GROWERS
ASSOCIATION**

4023 STATE STREET • BISMARCK, ND 58503 • 701-222-2216 • ND WATS 1-800-832-8822 • FAX 701-223-0018

Reason for check off increase:

Wheat is the lowest per acre-funded check off in the state at .30 cents
Off that .06 cents is dedicated to the trade case.

Next closest commodity is flax at .40 cents per acre

Corn and Barley run around .50 cents per acre and soybeans are at .82 cents (beans are non refundable)

It is important that wheat is represented on a national level in policy debate

The current national association of wheat growers budget is \$800,000 dollars

The wheat industry has a total of approximately 7 million dollars which compares to cotton's 60 million dollars.

The Wheat commission budget is tight and the reserves will be at almost zero in July.
This has resulted in cuts in research, grower funding, export and domestic promotion.

A check off increase would enable us to better represent growers on pesticide issues and other environmental regulations.

It would help to defend farm program payments from attacks in the urban press and allow for improved communications between growers and consumers.

Montana is proposing an increase in their check off from one cent to two cents.

The North Dakota Wheat industry must maintain economic resources to stay competitive with other wheat producing regions. (ie Oregon is 3 cents – Idaho was 2 cents now it is 1.5 cents because of more than expected income – Washington is 1 % of sale

It is imperative that the wheat industry has the ability to do the proper economic research in such areas and crop insurance, conservation and commodity programs.

It is of the utmost importance that wheat has an organized way to

This is a refundable check off if you do not like what we are doing than you can refund.

Checkoff levels of wheat states

States at 1 cent

North Dakota
South Dakota
Wyoming
Colorado
Minnesota
Kansas
Arkansas

States above 1 cent

*Montana (2 cents)
Washington (1/2 percent)
Oregon (3 cents)
Idaho (1 1/2 cents)
Texas (1 1/2 cents)
Oklahoma (1 1/2 cents)
Nebraska (1 1/4 cents)
California (4 cents/cwt)
North Carolina (1/2 percent)

*Montana has legislation in their legislature to increase their wheat checkoff from 1 cent to 2 cents. It has passed the Montana senate on a vote of 45-2.

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

Operator's Signature

Salvatore Riccio

Date

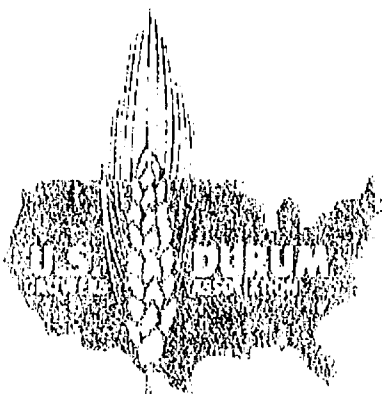
10/16/03

NORTH DAKOTA



GRAIN GROWERS
ASSOCIATION

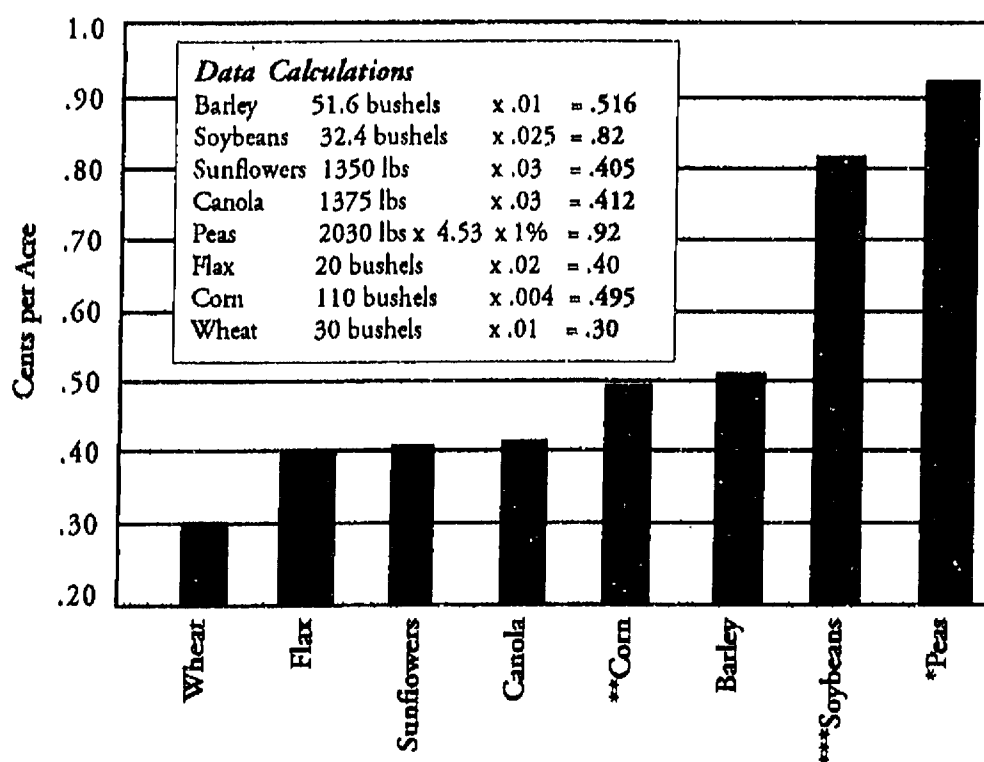
4023 N. State St.
Bismarck, ND 58503
Ph: 701-222-2216



4023 N. State St.
Bismarck, ND 58503
Ph: 701-222-2204

Check Off Comparisons On a Per Acre Basis

*These figures are based on a 5 year production average of bushels or lbs per acre.
* 3 years of production data ** Percent of Value of Sale *** At loan rate values*



The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

Lo Costa Rickford
Operator's Signature

10/16/03
Date

Ed LORAAS testimony Page 1.

SENATOR FLAKE member of Committee

Greeting - Ed Loraas, President USDGA

I'm here today to testify in support of HB1486.

Recently the USDGA has worked on several different projects that have resulted in substantial financial benefits to the ND durum farmer. About six years ago with the help

of the NDWC and twelve durum ^{buying Elevators} ~~business~~ in ND, data was compiled as to the difference

market value of a bushel of durum versus a bushel of other wheat. With durum carrying

a higher market value. This information was submitted to USDA. This difference was ^{in an attempt to establish a higher loan value for durum.}

finally recognized and last year ^{is this?} a higher loan rate was established for a bushel of durum.

What this means ^{in ND} with an average crop and if commodity prices are depressed this

difference of 80 cents a bushel ~~could~~ could result in about 50 million more dollars into

the ND economy. This is one example of projects that the USDGA has been working on

recently. One of the other directors ^{of USDGA} will be addressing some other projects that have been

beneficial to the ND growers. There has been some controversy about this bill, but what

we are ^{attempting to do is keep} ~~dealing with is keeping~~ our wheat industry viable by having a few dollars to focus

on special projects, both local and on the national level. Over the last 40 years the ND

wheat and durum farmer has received many ^{published} ~~known~~ and many unknown benefits from

their check-off to the ND Wheat Commission. This is only an expansion of that program

so that these two groups, the NDGGA & USDGA, have more dollars for programs and

projects that benefits the growers many times over. As the President of the ND Grain

Growers Association, Bruce Freitag pointed out the amount assessed on a bushel of

raised in ND. We feel this small increase is not only justified, but is necessary. We must remember the person that it benefits *from this is the one that pays the assessment* ~~and pays this assessment~~. And if you don't have

Even
Right to →
Respond

Primarily

PA with U.S.D.A. & Crop Insurance up lot

Some ~~women~~ have asked ABOUT the FISCAL

2

Accountability of these organizations. By ~~the~~
we have been good

~~These~~ Record I feel we
and these Fund that have been made
our own industries

STWARD of 1950
AVAILABLE to U.S. IF we don't Support a
WE ASK FOR



Toll Free 888-313-6723
Auto Attendant Toll Free 888-684-9090
Fax 701-239-1665
Local 701-239-2525
Auto Attendant Local 701-234-9090
www.agforce.com

MY RAMP IS MIKE MARTIN
I FARM IN SW PORTION OF
DICKY. I AM PLEASED TO
SAY THAT I AM ~~HELPED~~ REPRESENTED TO BE
THE ND SENATOR BY ^{and on this committee} SEN. ERBELE.
OUR FARM IS LOCATED ABOUT 4 MI
FROM THE FARM WHERE CHAN FLAKULL GROW
UP. IN FACT I KNOW MOST OF
HIS BOYHOOD HICKRAMP, WHICH
I'M SURE HE ~~WAS~~ WOULD RATHER
NOT HAVE ME GET INTO.



The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

Lo Costa Rickford
Operator's Signature

10/6/03
Date



Toll Free 888-313-6723
Auto Attendant Toll Free 888-684-9090
Fax 701-239-1666
Local 701-239-2525
Auto Attendant Local 701-234-9090
www.agforce.com

I am a member of the
NORTH DAKOTA FARMERS
Union and the NORTH DAKOTA
FARM BUREAU. BOTH OF THESE
ORGANIZATIONS ~~are~~ ^{advocacy} ~~groups~~
proven to be effective ~~for~~ ^{for} groups
for agriculture in the past. AND
I'm sure they will continue to
be in the future.

HOWEVER THEY BOTH HAVE
~~one~~ ^{they both} ~~problem~~ ^{sometimes unknowingly}
~~THEY TEND TO~~
BRING POLITICS INTO MOST EVERY
~~ISSUE~~ ISSUES



LaCosta Rickford
Operator's Signature

10/16/03
Date



Toll Free 888-313-6723
Auto Attendant Toll Free 888-884-9090
Fax 701-239-1665
Local 701-239-2525
Auto Attendant Local 701-234-9090
www.agforce.com

I ALSO have been a member of NDGGA for the past 2 years

I AM SURE THAT ALL OF YOU
SENATORS ARE AWARE THAT
IN ORDER TO MOVE POSITIVE
AND MEANINGFUL LEGISLATION
THRU BOTH THE STATE AND
NATIONAL LEVEL IT ~~REQUIRES~~
MANY TIMES REQUIRES BIPARTISAN
AND NONPOLITICAL EFFORTS. THE
~~NORTH~~ NORTH DAKOTA GRAIN GROWERS
HAS ASSUMED THAT NONPOLITICAL
LEADERSHIP ROLE AND HAS PROVEN
INNUMERABLE TIMES, THAT IT



The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

Salvatore Riccardi
Operator's Signature

10/16/03
Date



Toll Free 888-313-6723
Auto Attendant Toll Free 888-684-9090
Fax 701-239-1665
Local 701-239-2525
Auto Attendant Local 701-234-9090
www.agforce.com

CAN MOVE LEGISLATION TRU
BOTH THE STATE AND NATIONAL
GOVERNMENT THAT IS BENEFICIAL
TO OUR STATES NUMBER ONE
INDUSTRY AND NUMBER ONE
CROP. IN ORDER TO CONTINUE
THIS ~~EFFORT~~ IT IS IMPERATIVE
THAT ^{GRAN} GROWERS HAVE THE
NECESSARY RESOURCES TO CONTINUE
THEIR EFFORTS.

~~ONE THING THAT DEEPLY
PUZZLES ME IS THAT THIS
SMALL CHECKOFF INCREASE HAS~~



Jo Costa Richardson
Operator's Signature

10/16/03
Date



Insurance Services, Inc.
P.O. Box 6007
Fargo, ND 58108-6007

Toll Free 888-313-6723
Auto Attendant Toll Free 888-684-9090
Fax 701-239-1665
Local 701-239-2525
Auto Attendant Local 701-234-9090
www.agforce.com

BECOME A POLITICAL ISSUE
FOR A FARM ORGANIZATION THAT
HAS ~~THE SAME~~ SHOULD HAVE THE SAME GOALS AS THE
GRAIN GROWERS ASSOCIATION.
AFTER THEIR RECENT
RESOLUTION CALLING FOR AG SEC
VENEMANS RESIGNATION, ~~IF~~
THEY HAVE MOST CERTAINLY
CLOSED THE DOORS AT USDA
TO THEIR LOBBING EFFORTS.
THIS ACTION ALONE SHOULD
SHOW THE NORTH DAKOTA
LEGISLATURE THE NEED FOR A



La Costa Richard
Operator's Signature

10/16/03
Date



Toll Free 888-313-6723
Auto Attendant Toll Free 888-684-9090
Fax 701-239-1665
Local 701-239-2525
Auto Attendant Local 701-234-9090
www.agforce.com

~~NON PARTISAN LOBBYING GROUP~~
~~THAT IS THE ND66A.~~

I ASK FOR AND WOULD
APPRECIATE A POSITIVE VOTE
ON THIS BILL.

IT WILL TRULY BE A
GOOD INVESTMENT THAT WE
THE PRODUCERS WILL FUND
FOR THE BETTERMENT OF
OUR WHEAT INDUSTRY



La Costa Rickford
Operator's Signature

10/6/03
Date

Roger Johnson
Agriculture Commissioner
www.agdepartment.com



Phone (701) 328-2231
Toll Free (800) 242-7535
Fax (701) 328-4567

600 E. Boulevard Ave., Dept. 602
Bismarck, ND 58505-0020

**Testimony of Roger Johnson
Agriculture Commissioner
North Dakota Department of Agriculture
House Bill 1486
Senate Agriculture Committee
Roosevelt Park Room
March 6, 2003**

Chairman Flakoll and members of the Senate Agriculture Committee, I am Agriculture Commissioner Roger Johnson. I am here today in opposition to HB 1486, which would increase the wheat tax levy from ten mills to fifteen mills. The legislation calls for the Wheat Commission to forward four out of five of those mills to "no more than two trade associations that are incorporated in the state and which have as their primary purpose the representation of wheat producers."

I oppose this legislation for 5 main reasons:

- Net returns on wheat have been minimal or non-existent over the past several years. This is not the right time to raise the wheat tax levy, which will only further reduce what little margin wheat farmers receive for their product.
- This proposed increase may harm the integrity of check-off funds. This may be dangerous, particularly when check-off funds are being challenged nationwide.
- Ear-marking tax dollars for political lobbying purposes is bad public policy.

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

Richard Costa
Operator's Signature

10/16/03
Date

- Direct transfer of tax dollars to private membership organizations is generally bad public policy.
- Raising the tax without an appropriate educational campaign may cause large refund requests, thereby jeopardizing current Commission operations.

Let's examine each of these more closely.

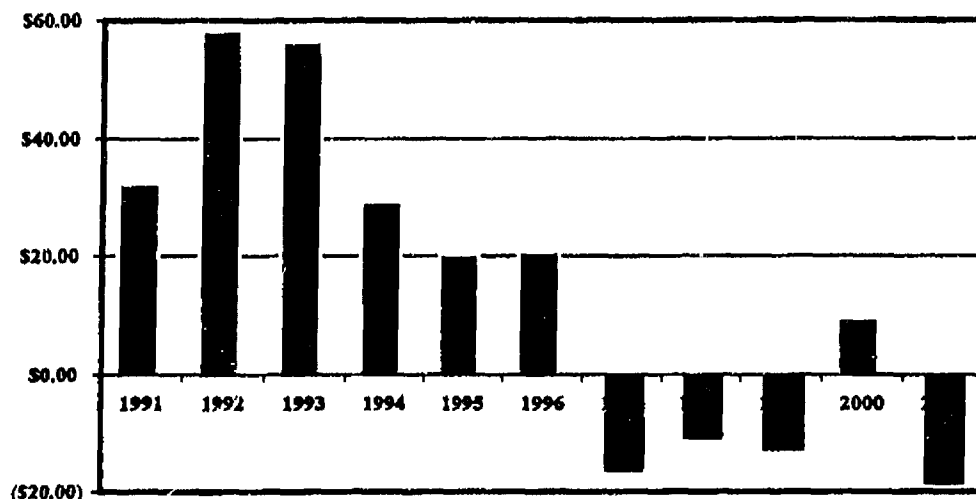
Net returns on wheat have been minimal or non-existent over the past several years. This is not the right time to raise the wheat tax levy, which will only further reduce what little margin wheat farmers receive for their product.

Times are tough on many North Dakota farms. Much of our state was in a drought this past year, and there's no telling when moisture will spell the dryness in those areas. Just this past year, direct crop and livestock losses were estimated at almost \$223 million, and total economic activity losses were estimate at more than \$865 million. This is certainly not the time to be looking at a tax increase on our wheat farmers.

Net returns per acre of spring wheat have been minimal or negative over the past several years.

The following chart, compiled from data published by the ND Farm & Ranch Business Management Program, clearly illustrates this problem:

Net Return per Acre of Wheat, North Dakota. (nominal dollars)



Source: ND Farm & Ranch Business Management
Annual Reports, 1991-2001.

This proposed increase may harm the integrity of check-off funds. This may be dangerous, particularly when check-off funds are being challenged nationwide.

Many check-off organizations and commodity councils (e.g. beef, pork, mushrooms) have come under fire in recent years, and the establishment and use of these funds are being challenged in court on an ongoing basis. It is imperative that the integrity of the check-off funds collected by the ND Wheat Commission be maintained.

The proposed check-off increase would essentially funnel dollars to two other non-public organizations to be used for political purposes, which is not a part of the mission of the Wheat Commission. Allowing this check-off increase will only increase efforts by groups who are currently challenging the legality of commodity councils.

Ear-marking tax dollars for political lobbying purposes is bad public policy.

This legislation would set an undesirable precedent with respect to ear-marking state collected wheat tax dollars for specific purposes, particularly political purposes. Elected members of the various commodity councils and commissions – who are elected by the farmers themselves – would lose authority to expend part of the public funds collected on their behalf. HB 1486 would put those public funds directly in the hands of private organizations for political purposes.

Further, these private organizations would be much less accountable to the taxpayers, the legislature, or the Wheat Commission. In today's tight budget environment, most of the rest of state government is rightly being asked to be even more accountable. This bill goes in the opposite direction.

Direct transfer of tax dollars to private membership organizations is generally bad public policy.

The Wheat Commission is a government agency that collects taxes from wheat farmers. The commodity groups are organized as non-public entities. It is not hard to imagine other commodity groups or organizations coming to the legislature in the future to do the same thing. It is an easy way to avoid the hard work of raising funds through membership dues.

I know one of the key arguments for this bill is the assertion that wheat producers need a larger presence and a louder voice during congressional debates on farm policy. I don't accept that assertion as true, but even if I did, I would not support sending tax dollars directly to private membership organizations to try to influence that public policy.

Most wheat producers are not just wheat producers. They produce a number of commodities. From a practical standpoint, it would make more sense to send general fund dollars to a general farm organization, such as Farm Bureau or Farmers Union (They at least represent many more producers and producers of more commodities.) than to commodity-specific organizations. And doing so would indeed be a very slippery slope.

Raising the tax without an appropriate educational campaign may cause large refund requests, thereby jeopardizing current Commission operations.

Approval of this increase without an educational program that explains the benefits and drawbacks certainly increases the risk of an increased number of requests for refunds from North Dakota wheat producers. If that happens, Wheat Commission members and staff will have to divert some of their energies away from the mission of research and of promoting markets for North Dakota wheat to more emphasis on educating producers in order to save existing promotional efforts. Their time needs to be spent in the most productive ways possible.

North Dakota hard red spring wheat and durum wheat are premium commodities. Promoting their premium characteristics is essential to the long term viability of both crops. Further, in order for any marketing or promotional product to work over the long haul, those unique attributes, those high quality characteristics, need to be maintained and continuously improved. That can only be done by continued research. This bill, if passed, would detract from both of these important functions—marketing and research—and would divert precious, limited resources to private organizations for political purposes. When producers disagree with that

political agenda, as they inevitably will, support for the wheat tax and all activities associated with it will decline, perhaps precipitously.

Conclusion

In summary, HB 1486 places an additional, unnecessary tax on wheat farmers, jeopardizes the integrity of the North Dakota Wheat Commission, potentially imperils the activities of the Commission, sets a bad precedent for other commodity councils and organizations, and may cause large refund requests. I ask you to consider these matters as you deliberate on HB 1486, and I urge you to give this legislation a "do not pass" recommendation.



**Testimony before the Senate Agriculture Committee
In Opposition to House Bill 1486
Larry Lee, Chairman
North Dakota Wheat Commission
March 6, 2003**

Chairman Flakoll and members of the Senate Agriculture Committee, I am Larry Lee, a farmer from Velva, North Dakota. I have served on the North Dakota Wheat Commission since 1992, elected by producers from seven counties in the north central portion of the state. I currently serve as chairman of the Commission.

Background

The Wheat Commission's mission as outlined in the enabling legislation is to stabilize and improve the agricultural economy of the state by promoting, aiding and developing the orderly marketing and processing of North Dakota wheat. Toward this end, the Commission carries out export marketing, trade policy, research, domestic product promotion, and public information programs. The annual report to producers, handed out along with my written testimony, summarizes some recent accomplishments.

Overall, the North Dakota Wheat Commission and the checkoff program has been effective in building demand, developing markets, advancing on production problems, and making progress in the trade arena. Earlier this week, the Department of Commerce issued a preliminary ruling in the Commission's favor in a countervailing duty investigation against unfair imports of Canadian spring wheat and durum. Duties amounting to 15 to 20 cent per bushel will be applied on imports and we are optimistic that the level of those duties will increase as we see this case through its final stages. The Commission is also very pleased with today's announcement from the U.S. Trade Representative that the U.S. government is in fact taking the Canadian Wheat Board's unfair practices to the WTO for dispute settlement.

House Bill 1486 is not about increasing funding for these types of important Commission programs. Instead the bill raises the wheat checkoff by 50 percent and mandates that the Commission — already comprised of elected wheat producers — use 4 mills (4/10 of a cent) "for the purposes of contracting ... with no more than two trade associations that are incorporated in this state and which have as their primary purpose the representation of wheat producers."

Given an average North Dakota wheat crop of 273 million bushels, each mill would generate \$273,000 in gross collections. Annual contracts with private associations under this proposal would amount to about \$1 million in total.

Opposition to HB 1486

The North Dakota Wheat Commission is opposed to House Bill 1486. Though not reflected in the language in the amended version about purposes for such contracts, the obvious legislative intent is that the increased funding go the North Dakota Grain Growers and U.S. Durum Growers to influence federal farm policy.

4023 State Street
Bismarck, ND 58503-0690

1-800-328-5111

Fax: 701/328-5115
e-mail: ndwheat@ndwheat.com
web site: <http://www.ndwheat.com>

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

Richard Costa
Operator's Signature

10/6/03
Date

Testimony on HB 1486

Larry Lee, Chairman — N.D. Wheat Commission

March 6, 2003 — Page 2

Grassroots support is lacking. The confidence and support of a super majority of the state's wheat producers is necessary for any checkoff increase or substantive change in its purpose is to be actually funded by the farmers who grow and sell the wheat. The Commission's opposition is based on the substantial input that we have received from wheat producers across the state.

A straw poll taken of North Dakota Wheat Commission elected county representatives at our annual meeting in December found 27 opposed and only 10 in favor of increasing the checkoff for the purpose of making more dollars available to the grower associations for work on domestic farm policy.

Additionally, since this bill was introduced, the Commissioners and the office have received phone calls and e-mails from nearly 80 producers with all but 3 being opposed to the legislation. A listing of the producers who have contacted us is provided along with my testimony for your review. The most common reasons cited for opposition are the level of increase and the mandated purpose.

A very unfortunate result of House Bill 1486 even having been introduced is that in the month of February alone 20 producers who have never before requested a refund of the checkoff have now done so. This is only a glimpse of what is to come if House Bill 1486 passes. The Commission would undoubtedly see the level of refunds skyrocket beyond the current level of 6.7 percent. At a refund rate of approximately 15 percent, funding for commission programs would drop below current levels. And in the process, we lose more than their monetary contribution. We lose their moral support!

Current funding is substantial. The North Dakota Wheat Commission does currently contract with the U.S. Durum Growers Association, the North Dakota Grain Growers Association and its national affiliate, the National Association of Wheat Growers. The funding for the 2002-03 fiscal year totals \$192,000 and for the current biennium is almost \$430,000. Many of the successes that representatives of these associations attest to were achieved with checkoff funding. Specifically:

- The North Dakota Grain Growers Association is receiving \$50,000 this year for services under contract that include assistance in obtaining outside funding for wheat research; assistance with environmental, conservation, food safety and export competition issues; producer communications including education on risk management tools and value-added enterprises; and leadership training. The Commission provided an additional \$26,000 the previous year for the launch of the Growers' "Market Manager" web site, but that was a one-time commitment with a sunset following 2001-02. So in fact, while the Commission was forced to cut funding for many programs this year due to the drought, support for grower services was not cut, and has actually been higher in the last two years than ever before.

Testimony on HB 1486
Larry Lee, Chairman — N.D. Wheat Commission
March 6, 2003 — Page 3

- The North Dakota Wheat Commission also is paying the Grain Growers' dues to the National Association of Wheat Growers of \$112,000 this year (\$119,500 last year based on production assessments) in return for national representation on issues pertaining to trade, research, crop protection and the environment, plus producer communications and public education services.
- The U.S. Durum Growers Association, which contracts with the North Dakota Grain Growers Association for staff services, is receiving \$30,000 in wheat checkoff funds during 2002-03 for assistance in obtaining funding for durum research, assistance with environmental, conservation, food safety and export competition issues; and producer communications including education on risk management tools and value-added enterprises. Last year the funding to the Durum Growers was slightly higher at \$41,110, with the additional amount being an add-on to cover representation in Washington, D.C. on the issue of quality loss.

Participation should be by membership. The Commission recognizes that the grower associations provide valuable services for a number of wheat producers on matters pertaining to farm income and price support, production controls, conservation incentives, crop insurance and the like. However, it is our view that the cost of representation on domestic farm issues is best and most fairly paid for through by farmers who support their particular views.

This legislation would chart new territory with an estimated \$1 million annually in public checkoff dollars being mandated for contracts with private associations. Producers will demand an even higher level of accountability, something that no amendment to date addresses in any satisfactory way. Oral and written reports to the Commission and the Legislature will not be enough. Producers will want direct information, access and input.

Other state and national commodity groups have had problems and challenges from within their own ranks when the line between marketing and farm policy has been blurred. The Commission has already received some complaints and refund requests from farmers who cite disagreement with the Grain Growers' wide open stance on biotechnology and perceptions that their checkoff dollars are being used to lobby on traditional Farm Bill issues.

Is relying on increased government support a sustainable, long-term plan?

Lastly, HB 1486 suggests a shift in philosophy and priority that is scary. Certainly there are many challenges facing American wheat growers. Our wheat is and needs to remain something special to compete with low cost alternatives from the Black Sea and other exporting nations. Competing in the global market is not easy. But I question whether we really want to shift our focus, our energies and our finances from research and marketing to attaining increased government support?

Testimony on HB 1486
Larry Lee, Chairman — N.D. Wheat Commission
March 6, 2003 — Page 4

More funding yes, HB 1486 no. Surely there is a need for additional funding on many key initiatives for the wheat industry. The Commission could put more money to good use. However, rumors about the North Dakota Wheat Commission going broke if the checkoff is not increased this session are just that — rumors. The Commission has made the necessary cuts to its budget, and barring another severe drought, we will be able to sustain our core marketing and research programs while seeing the trade case to a successful end. That's not to say, with a lot of planning and advance communication with producers including the state's farm and grower organizations, that we won't be requesting an increase in 2005. We may well need to request an increase, but HB 1486 is not the appropriate vehicle to provide that funding.

The economic environment is not favorable for any tax increase. Taxing of wheat producers should be no exception. Thank you for your time and consideration. I would be happy to answer any questions.

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

L. Costa Richardson
Operator's Signature

10/16/03
Date

New refunders

	District I	District II	District III	District IV	District V	District VI	Out-of-State	Total
July '02	1		1					2
Aug.		1			1	2		4
Sept.			2			2		4
Oct.			3		2	3	1	9
Nov.	1				1			2
Dec.				1		1		2
Jan. '03	2	1	1	2		1		7
Feb.	4	2	7	3	1	3		20
Total	8	4	14	6	5	12	1	50

Prepared 2/28/2003

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

Operator's Signature

To Costa Rickford

Date

10/16/03

Telephone calls & emails received at the NDWC office 1-28-03 through 3-6-03

Opposition to HB 1486

<u>Name</u>	<u>City</u>	<u>County</u>
Cook, Bill	Valley City	Barnes
Svenningsen, Marcy	Valley City	Barnes
Thilmony, Anthony	Valley City	Barnes
White, LaVae	Valley City	Barnes
Gilbertson, Matt		Benson
Volk, Phil	York	Benson
Grote, Scott	Powers Lake	Burke
Nelson, Marlow	Powers Lake	Burke
Morris, Todd	Regan	Burleigh
Morris, Shane	Regan	Burleigh
Bassingthwaite, Dwight	Saries	Cavaller
Haslekaas, David	Milton	Cavaller
Jacobson, Terry	Wales	Cavaller
Reinhardt, Hans	Langdon	Cavaller
Udry, Scott & Brian	Langdon	Cavaller
Holm, Mark	Crosby	Divide
Nelson, Jeremy	Crosby	Divide
Steinbach, Richard	New Rockford	Eddy
Weber, Brad	New Rockford	Eddy
Bollinger, David	McIntosh	Grant
Niederman, Wes		Grant
Trich, Bill	Elgin	Grant
Honningen, Donna	Binford	Griggs
Krauter, Aaron	Regent	Hettinger
Bergman, Alan	Jud	LaMoure
Lundgren, Blaine	Kulm	LaMoure
Gross, Richard	Napoleon	Logan
Blumhagen, Myron	Drake	McHenry
Watne, Mark	Velva	McHenry
Homer, Jack	Wishek	McIntosh
Ulrich, Terry	Ashley	McIntosh
Nenow, Doug	Alexander	McKenzie
Novak, Larry & George	Alexander	McKenzie
Elchorst, Ward	Coleharbor	McLean
Falkenstein, Bernard	Wilton	McLean
Hilken, Gene	Wilton	McLean
Jennings, Aggie	Washburn	McLean
Schmidt, Warren	Max	McLean
Westrum, Waldo	Turtle Lake	McLean
Wieble, Wes	Turtle Lake	McLean
Schriefer, Marc	Golden Valley	Mercer
Smith, John	Beulah	Mercer
Dahlen, Ron	Michigan	Nelson
Schroeder, Robert	Cavaller	Pembina
Watson, Cecil	Cavaller	Pembina
Diebaugh, Mike	Rugby	Pierce

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

La Costa Richard
Operator's Signature

10/6/03
Date

Telephone calls & emails received at the NDWC office 1-28-03 through 3-6-03

Opposition to HB 1486

<u>Name</u>	<u>City</u>	<u>County</u>
Hansen, Connie	Devils Lake	Ramsey
Spelkermeler, Dan	Sheldon	Ransom
Wiltse, Dan	Lisbon	Ransom
Carlson, Quentin	Glenburn	Renville
Carlson, Robert	Glenburn	Renville
Sundquist, Gerald	Hankinson	Richland
Lock, Duane & Mike	Forman	Sargent
Zetocha, Roger	Stirum	Sargent
Barnhardt, Terry	Taylor	Stark
Kuylen, Bob	South Heart	Stark
Kuylen, Pat	South Heart	Stark
Sadowsky, David	Dickinson	Stark
Jacobson, Bruce	Finley	Steele
Legler, Vic	Jamestown	Stutsman
Musland, Pam	Jamestown	Stutsman
Olson, Darold	Buchanan	Stutsman
Bata, Bill	Adams	Walsh
Cart, James	Kenmare	Ward
Erickson, Jon	Minot	Ward
Erickson, Larry	Minot	Ward
Ken, Bob	Douglas	Ward
Mudtson, Gary	Donnybrook	Ward
Kramer, Ron	Douglas	Ward
Ness, Marvin	Douglas	Ward
Olson, Rueben	Kenmare	Ward
Patrie, Loren	Bowdon	Wells
Geltel, Jim	Grenora	Williams
Hill, Jim	Ray	Williams
Schmitz, Herman	Williston	Williams
Stromme, Dennis	Zahl	Williams

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

Gal Costa Richardson
Operator's Signature

10/16/03
Date

Telephone calls & emails received at the NDWC office 1-28-03 through 3-6-03

Support for HB 1486

<u>Name</u>	<u>City</u>	<u>County</u>
Sondeland, Dale	Edinburg	Pembina
Overby, Paul	Wolfford	Rolette
Hofstrand, Jim	Leeds	Benson

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

Operator's Signature

La Costa Rickford

Date

10/6/03

NORTH DAKOTA WHEAT COMMISSION
Report to Producers • Fiscal Years 2001 and 2002

TO MARKET TO MARKET

CONTACT WHEAT COMMISSION FOR COPY

BEYOND THE FARM BILL...

**Staking Your Claim
in the Global Market**

Let's Trade

**HAVING IT ALL :
Research Is Key**

FEEL GOOD with GRAINS

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

Colin A. Richard
Operator's Signature

10/16/02
Date



**Testimony before the Senate Agriculture Committee
in Opposition to House Bill 1486
Harlan Klein, Vice-chairman
North Dakota Wheat Commission
March 6, 2003**

Good afternoon Chairman Flakoll and members of the Senate Agriculture Committee. I am Harlan Klein, a farmer-rancher from Elgin, North Dakota. I am currently vice-chairman of the North Dakota Wheat Commission and a past president of the North Dakota Grain Growers Association.

I understand fully the idea of the North Dakota Grain Growers Association and the U.S. Durum Growers Association in trying to put forth a mechanism to establish a more direct funding source. They do need funding and I have supported the funding through the North Dakota Wheat Commission they currently receive.

However, this bill is not the correct way to provide that funding. It does not have the support of the producers in my area of southwest North Dakota. The more correct way is through the membership base. This will give them a stronger voice in what they do. Membership does speak loudly.

This legislation does not have the producer support and without that element it can not be a success. In closing, I ask members of the Committee to kill this bill and that we in the wheat industry to go back to the table and put together a proposal that can first be accepted by a majority of the producers of North Dakota, and then bring it to the legislative body for your approval with the wheat industry in agreement.

With that, I thank you for your time and ask you to vote no on House Bill 1486. I will take questions if there are any.

4023 State Street
Bismarck, ND 58503-0690

Tel: 701/328-5111

Fax: 701/328-5115

e-mail: ndwheat@ndwheat.com

web site: <http://www.ndwheat.com>

TESTIMONY IN OPPOSITION TO HB 1486
PRESENTED BY ROCKY BATEMAN

Chairman Flakoll and members of the Senate Ag Committee, my name is Rocky Bateman. I'm a farmer and rancher from New Salem, ND. I also have had the privilege of representing my friends and neighbors in the House of Representatives for three terms.

While I was in the legislature, I found myself on many occasions defending the commodity groups and their programs, and today I stand before you to defend the North Dakota Wheat Commission against HB 1486.

As a durum and spring wheat producer, I want to make a very important point here about the ND Wheat Commission. It was designed to be non-political. That's why you don't see a lobbyist representing the Wheat Commission running around the capital. This very design also leaves the Wheat Commission vulnerable to attacks such as we see in HB 1486. The crafters of this bill did little to seek input and certainly ignored valid concerns of the Wheat Commission and certainly did not have a consensus from the masses of checkoff paying wheat producers. In my opinion and in the opinion of many of my neighbors, HB 1486 is an outright raid of state controlled funds for purely political purposes. For the legislature, or individual legislators, to think that it is their responsibility to set a new mission or direction for the Wheat Commission smacks of arrogance and a total disrespect by this body for the wheat producers of this state who have the power to elect their county representatives, district reps and who provide input and direction for the wheat checkoff program.

My earlier reference to the fact that the major missions of the Wheat Commission and most commodities in general are non-political by design is a very important point in this whole discussion. The Wheat Commission's work, by design involves long-range thinking and planning to achieve major long-term results. They have to be able to function this way because the problems they are dealing with, in many cases, take years to solve. One has only to look at their successes to see they are very good at what they do. I can say this because I have helped to pay the bill for these programs for close to 30 years and I have always felt my wheat checkoff was and continues to be a good investment. I have never been concerned about my wheat checkoff dollars being used in an area that I might be very opposed to because their mission is non-political and who could possibly argue about the merit of developing markets for the wheat we raise.

Now we all know there are counterparts to virtually all commodity groups that are political by design and they operate in a totally different way for their dues paying members. It is no secret that what happens many times in politics when you are dealing with controversial issues is that quick responses, and sometimes even knee-jerk reactions occur. The issues come up and organizations find themselves jumping from one fire to the next, depending on what the issue of the day seems to be. There is very little long-term planning done because it's all subject to change without notice. There should be no question in anyone's mind why these two totally different styles of

operation, one very long-term problem and solution focused, and the other very immediate and short term in its workings, need to be kept totally separate.

This bill, if passed could very well destroy a very effective producer supported program because of the forced association with highly politically motivated organizations. While some seem intent on trying to channel 1/3 of my checkoff assessments toward farm program support and disaster issues, all of which, on a good year only represents about 10% of my income per acre, just doesn't seem to make sense. Even in New Salem, I learned better math than that. I want all of my checkoff dollars going into programs that will affect the 90% of my income that comes from the marketplace. I have made my own decision to not belong to the ND Grain Growers or the US Durum Growers because I don't like the way they do business. This bill is a good example. This legislature absolutely does not owe these two organizations an existence.

In closing, it is up to every wheat producer in this state to determine who they want representing their political viewpoints. That's why we pay dues - That is not why we pay the checkoff. I strongly urge you to put HB 1486 and the amendments out of its misery.

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

LaCosta Richard
Operator's Signature

10/6/03
Date

TESTIMONY BY ALAN LEE
SENATE AG COMMITTEE ON HB 1486
MARCH 6, 2003
Chairman Flakol—Vice Chairman Erbele

Good afternoon. MY name is Alan Lee. I am a spring wheat and durum producer from Bert hold as well as a county representative for the North Dakota Wheat Commission.

I am here to testify in opposition to House Bill 1486. The issue before you today is not whether or not these organizations need additional funds. I am a long time member of both of the grower groups as well as having served on the North Dakota Wheat Commission for 8 years. I know how tight the money is for all of them.

This is the third time I have testified before this committee on an increase in the amount of check off for the North Dakota Wheat Commission. Having testified previously in 1997 & again in 1999 In both 1997 & in 1999 the North Dakota Wheat Commission took the lead in supporting the legislation (once the language was agreed upon) and in following it through the House and Senate.

Agreed with by Nicholas
All of the major farm groups and organizations supported us in that effort. The N.Dak. Farm Bureau, the N.Dak. Farmers Union, the N.Dak. Grain Dealers Assoc., the Ag Coalition, the N.Dak. Grain Growers, and the U.S Durum Growers organizations. When asked for their support all of these organizations recognized the value of what the check off increase was to be used for and were willing to stand up in support of that effort. In 1997 it was for additional money for wheat research, mainly scab, and in 1999 it was to address trade issues, mainly the CWB.

In 2003 this is not the case. Only two of those organizations that supported the previous increases are testifying in favor of an increase and they are ones who will benefit. The others are either testifying against it or standing aside. As a former member of the NDWC this is a huge concern to me. The NDWC relies on the support of all of North Dakota's producers. That support is not here for this increase and the calls I have had have been predominately against it.

The first problem with HB 1486 is it simply too much money without a plan. As you know it has the ability to raise over \$1,000,000. I have asked board members of both grower groups as to how the money would be used and other than lobbying for the next farm bill there has not been one put forward.

The lobbying is the one issue that is so divisive on this bill. Their efforts on past farm bills has been well recognized. I am a paid up member of both grower groups and their position happens to agree with mine in most cases. However if their position is not yours individually or that of a major farm organization, then we are setting the North Dakota Wheat Commission up for a major increase in refunds as well as possible court challenges by opponents to check-off organizations. These challenges are not to be taken lightly as beef and pork have learned the hard way. I am not saying that beef and pork took them lightly but they have had a serious impact on their effectiveness.

Refunds are another major problem with HB 1486. Refunds are the attention getter. If an organization is not answering your needs and you do not feel they are listening to you, this is a way some individuals can use to make their point. In HB 1486 the money passes directly through the hands of North Dakota Wheat Commission and to the grower groups, but the refunds, indeterminate of whose attention they are intended to get, stay with the North Dakota Wheat Commission.

The North Dakota Wheat Commission has for many years funded grower activities. Activities in which a case can easily be made that are of a benefit to all producers in North Dakota irregardless of political philosophy. It does that through contracts and these contracts are subject to review by the legislature. A method that brings some accountability to the process.

As this issue is debated I urge you to not lose sight of the long term goal. Domestic farm policy is an important part of US agriculture and deserves our full attention. But, equally important, is to not lose sight of the fact that our long term success as farmers will ultimately depend on how well we develop and maintain markets in the face of ever increasing competition from other suppliers of wheat both in our domestic as well as our overseas markets. We cannot expect to rely on the check in the mailbox to save us. Also we have to continue to make sure that we prioritize wheat research, as well as too make sure that North Dakota farmers are treated fairly in trade issues.

These are areas where the North Dakota Wheat Commission has expertise, recognition, and credibility. HB 1486 has the potential to undermine these very important activities. I urge you to vote no.

NO. 1486

Mr. Chairman and Ag Committee members as well as guests.

I am Dan Wiltse- a wheat, barley and row crop farmer from Ransom County. I appreciate this Opportunity to express my concerns on such an important issue. I stand in opposition of HB. 1486 for many reasons. I have over 20 years of experience with commodity and grower groups Both statewide and nationally. I have served on the boards of the N.D. Grain Growers, the N.D. Barley Council and am the immediate past president of the National Barley Growers. During This time I have remained politically independent as I served all farmers and gained respect For that. It is unclear to me what politics are being played with this bill and the agenda the Supporters hope to achieve. This committee represents farmers in N.D. and not private groups Or political parties and I hope your vote will prove that.

I am a long-time supporter of commodity check offs and grower ^{groups} as they enhance the viability Of N.D crops and livestock. These groups have proved their worth many times over. Times Change and legislators come and go, but the check off originators never anticipated that such A bill could see the light of day. It has sure caused a stir in the countryside and the discontent Is overwhelming. That is why I stand here in opposition of H.B. 1486 today because it will ^{not} jeopardize the integrity and confidence that growers have in a hugely successful system. Not Only will it affect the Wheat Commission refund rate it will domino into the other commodities I hope today or ever in our states future will we have to resort to a bill with such outrageous Demands and mandates. For sure now is not the time when the only support comes from those Employed by or sit on the boards of the private groups and the bill's sponsors.

The NDWC has a reputation justifying an increase to its wheat growers before it would attempt an increase as well as other commodity groups. The NDWC and its growers do not Want an increase and the Wheat Commission will make its present budget work. I am afraid If the Grower groups aren't listening to the farmers opposition today they won't listen at all If they get to increase their budgets 5 to 10 times. Who will decide how the dollars get spent? How many private organizations can raid the other commodity organizations? Who will decide Who can and who can't? How much can they ask for, up to 50% of their revenues If they can Justify the need? Who will they really represent, all the growers or just a select few? The relationship will only deteriorate more between the commission and the growers groups as well as The wheat farmer if this were to pass. This bill sets such a terrible precedent I find it amazing It has made it this far without falling or being withdrawn.

I can sympathize with those that have shrinking budgets and increased costs but that seems to be the norm these days as we all have to sacrifice to make ends meet. I believe there is

reluctance in the legislature to increase any taxes unless it may a sin tax and I hope wheat
es not fall into that category. I believe if this committee feels a increase is needed to help
ase private groups they find it in their budget instead of ours. With agriculture such an im-

portant part of our economy maybe all should contribute until a better plan can be developed.
I have said in my letters to the editor that a state lobbyist should hired to lobby in Washington
For our best interests out of the state budget. I find out now that we have such an animal hire
in D.C. but cannot be found, that should free up lots of dollars for these grower groups.

Because of the time needed to develop a producer acceptable bill and tactics used thus far to
Try and pass a bad bill I suggest we table till next session as the Wheat Commission will
survive, Growers will ultimately, whether now, next crop, or next election, show their dismay
At the consequences of HB 1486 if passed. Private interests have already had too much
influence this session without regard for the people. Don't let passage of HB 1486 undermine
The integrity and credibility of our state's check off system for future farmers in ND.
I recommend a "do not pass with or without amendments".

Dan Wiltse
683-4765 or 678-3002

Salvatore Riccardi
Operator's Signature

10/16/03
Date

North Dakota Farmers Union

PO Box 2136 • Jamestown ND 58402-2136

PHONE: 701-252-2340

E-MAIL: ndfu@ndfu.org

800-366-NDFU (6338)

WEBSITE: www.ndfu.org

FAX: 701-252-6584

MISSION STATEMENT: North Dakota Farmers Union, guided by the principles of cooperation, legislation and education, is an organization committed to the prosperity of family farms and rural communities.



TESTIMONY ON HB 1486

Senate Ag Committee — March 6, 2003

Chairman Flakoll and members of the Senate Agriculture Committee, my name is Richard Schlosser. I am appearing before you today on behalf of the members of North Dakota Farmers Union, who rise in opposition to HB 1486. We believe it sets a dangerous precedent for public policy in this state. Our members oppose the transfer of checkoff monies from state-authorized commodity promotion programs to organizations that engage in lobbying activities. HB 1486 proposes to do just that.

To begin, the legislation's call for a half-cent increase above our current one-cent per bushel checkoff is unwarranted. There is no mandate from North Dakotans to increase the tax paid by wheat producers. Especially at a time when much of rural North Dakota is suffering very real economic stress from drought, weather, and poor market conditions. Why is a 50% tax increase on wheat producers being proposed when the general consensus of this legislature is "no new taxes?"

Secondly, the North Dakota Wheat Commission does not support an increase in the current tax levy. This body — the North Dakota State Legislature — has designated the Wheat Commission as the beneficiary of wheat checkoff funding. This body has given that organization the responsibility of promoting, marketing,

Richard Schlosser
Operator's Signature

10/16/03
Date

and overseeing research on the state's largest commodity. What better organization, than the Wheat Commission, to determine whether a tax increase is warranted for their goals? Channeling checkoff dollars directly to other organizations, as this bill proposes, undermines the direction and faith wheat producers have in the state-mandated checkoff program and the oversight of the Wheat Commission.

As we read this bill, there is no provision either for legislative oversight or review of the trade associations' expenditures or plans for using funds. We think the citizens of North Dakota, as well as wheat producers of this state, would question whether it is sound public policy to transfer \$2 million per biennium to private associations with no provision for oversight.

Proponents of this bill — namely, the North Dakota Grain Growers Association and United States Durum Growers Association who stand to gain financially from this legislation — have stated that a tax increase is needed to strengthen North Dakota's lobbying position in Washington, D.C. Proponents of this bill have said North Dakota's wheat lobby has not kept pace with the efforts of soybean or cotton interests on the national level. That may be true. But using public tax dollars to fund the lobbying efforts of private organizations is inappropriate. It blurs the sacred line between public and private interest. It puts this legislature in a position to endorse the political agenda of one organization versus another.

North Dakota Farmers Union opposed the 1996 Farm Bill, known commonly as "Freedom to Farm." It was a proven disaster for family farmers across this nation, including North Dakota wheat producers. This failed farm policy, which drove many families from the land, was supported by the North Dakota Grain Growers'

national affiliate -- the National Association of Wheat Growers -- even as late as 2000 according to the U.S. Congressional Record. Was endorsement of Freedom to Farm the best policy position to take on behalf of wheat producers in this state? Arguably "no," which illustrates the inappropriateness of public dollars funding organizations with legislative agendas.

We also question whether the two trade associations that would receive these funds do, in fact, have as their sole mission the representation of wheat producers. Does not the North Dakota Grain Growers Association represent barley growers as well as wheat producers? Does the U.S. Durum Growers Association also represent durum growers from other states? Will North Dakota wheat producer checkoff dollars be used to represent producers of other commodities as well as out-of-state durum growers? If these organizations represent other interests, than North Dakota Farmers Union and North Dakota Farm Bureau should also be included in this legislation and compensated financially for the work we do on behalf of producers.

Proponents of this bill say the checkoff is voluntary. The checkoff is mandated by state law and the refund process is cumbersome, at best, and designed to discourage refunding. Indirectly or directly through checkoff refunds, the intent of HB 1486 undermines the work of the North Dakota Wheat Commission. Funding for private, commodity organizations is not the responsibility of the public domain. It is inappropriate to implement legislation that has as its directive to "support" private dues-paying organizations that engage in lobbying activities from monies that are "levied and imposed upon all wheat grown in this state."

North Dakota Farmers Union urges you to vote "NO" on HB 1486.

NORTH DAKOTA GRAIN DEALERS ASSOCIATION

STEVEN D. STREGE, Executive Vice President
CHERYL WELLE, Executive Assistant
CONNIE LEIER, Administrative Assistant
Ph: 701-235-4184, Fax: 701-235-1028
118 Broadway, 808 Black Bldg., Fargo, ND 58102
Website: www.ndgda.org

LARRY PHILLIPS, Safety & Health Director
Ph: 701-251-9112, Fax: 701-251-1758
P.O. Box 5055, Jamestown, ND 58402-5055

STU LETCHER, Safety Specialist
Ph: 701-543-3110, Fax: 701-543-4183
P.O. Box 72, Halton, ND 58240

HB 1486 TESTIMONY Senate Ag Committee -- March 6, 2003

The Grain Dealers Association opposes this bill. The Wheat Commission is against it due to expected increased refunding, use of and accountability for funds. We agree. We also don't think it is the business of the grain elevators and Commission to collect dues for private organizations that over 90% of wheat growers have not voluntarily joined. Grain Growers and Durum Growers have said their memberships are about 1500, and some of that is double-counted because of dual memberships. There are about 20,000 wheat producers in ND.

We do not want to see the core programs of the Wheat Commission in market development, product promotion and research jeopardized by increased refunding. That is not good for farmers, grain elevators or the state.

The Grain Dealers Board of Directors met with representatives of the Grain Growers and Durum Growers Associations prior to our convention in January. Later in the convention our delegate body of farmers and managers unanimously passed a resolution in opposition to the bill, in concurrence with the Commission.

That resolution is part of this testimony. It points out the 40-year cooperative and productive relationship of the Wheat Commission and Grain Dealers Association, working together and supporting each other on product promotion, railroad, grain quality, and other issues. The resolution plainly states why we have a vested interest. Country grain elevators have collected that Wheat Commission checkoff since 1959. They take part in hosting trade teams that develop or enhance wheat marketing. They participate in various quality surveys. Our elevators enjoy increased sales due to Commission activity. We do not want to risk farmer dissatisfaction due to an untimely checkoff increase and its diversion to other uses.

HB 1486 is a unique concept in North Dakota commodity checkoffs, in that it mandates in the statute a portion of the checkoff to be distributed to private groups. We doubt the wisdom of setting such a precedent. Where is the accountability for these funds? And maybe other groups deserve a share - Farm Bureau, Farmers Union, or Grain Dealers.

Elevator managers are the front line of defense for checkoff groups. When the farmer questions why that levy has been taken off, most elevator managers point out the product promotion work being done and discourage refunding. Our members don't want to be put in the position of collecting funds for lobbying on farm policy issues many growers don't agree with. We've heard from several managers who think that this bill will increase refunding and may be a net loss to the Commission.

We urge a Do Not Pass on HB 1486. I'll try to answer any questions you might have.

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

Sal Costa Richardson
Operator's Signature

10/16/03
Date

NORTH DAKOTA GRAIN DEALERS ASSOCIATION

STEVEN D. STREGE, Executive Vice President
CHERYL WELLE, Executive Assistant
CONNIE LEIER, Administrative Assistant
Ph: 701-235-4184, Fax: 701-235-1026
118 Broadway, 606 Black Bldg., Fargo, ND 58102

LARRY PHILLIPS, Safety & Health Director
Ph: 701-251-9112, Fax: 701-251-1758
P.O. Box 5055, Jamestown, ND 58402-5055

STU LETCHER, Safety Specialist
Ph: 701-543-3110, Fax: 701-543-4183
P.O. Box 72, Halton, ND 58240

March 7, 2003

TO: Senate Ag Committee
FROM: ND Grain Dealers Association
RE: HB 1486 amendments

The transfer provision in the amendments does not solve the problem of non-joiners' funds going to the grower groups, and it still shortchanges the Wheat Commission. The statement that "its' refundable" is true, but the rest of the story is that the refunder gets ALL the 12 mills back, thus invading the Commission's present budget for three times more than the new money the grower groups had hoped to receive (9 mills vs. 3 mills).

A 12 mill levy raises \$12 per 1000 bushels. 12,500 bushels X 12 mills = \$150. Where a transfer for the \$150 dual membership purpose is authorized, the Commission gets NOTHING off the grower's first 12,500 bushels. The grower groups apparently get their cut OFF THE TOP. That will happen up to 5000 times per year, as described below.

A 250 million bushel wheat crop divided by 19,000 wheat growers means the average production per grower is a little over 13,000 bushels. The amount raised by the three mills transferred to grower groups on a 250 million bushel crop is \$750,000. At \$150 per membership, that's 5000 memberships. Some of those 5000 growers will be below average production, so they won't be contributing the full \$150. Some of their "dues" to the grower groups will be subsidized by other growers, some joiners and some non-joiners. The only way for the non-joiner to prevent any of his checkoff dollars from going towards memberships is to get a refund, and that will be a FULL refund.

The sideline business of handling refunds, as described in one of the letters we submitted at the hearing should be of concern. And as one speaker testified, refunding could spill over into other checkoffs. We still believe the best for HB 1486 is a Do Not Pass, with or without the latest proposed amendments.

In response to Senator Klein's question about whether the amendments had been circulated in advance to interested parties -- the first time we saw them was at the break between pros and cons at the March 6 hearing. The date on them is March 6.

Richard Costa
Operator's Signature

10/16/03
Date

My name is Marcy Svenningsen and my husband and I farm 10 miles west of Valley City. We have beef cows and grow wheat as well as other crops. I am opposed to HB 1486.

I think it's extremely important before we hand over 4 mills to the Grain Growers and the Durum Growers, that we look at two things – what have they supported in the past because it will be indicative of the future – and who are their current allies.

First – NAWG – the ND Grain Growers national organization – consistently supported Freedom to Farm or as we know it – Freedom to Fail. We heard in testimony at the House hearing that these two groups were very concerned about the transfer of wheat acres to soybean acres in North Dakota but they failed to mention that the primary reason for that was Freedom to Farm. The soybean loan rate was much more attractive than wheat and since farmers aren't dumb – they started planting soybeans. Yet, NAWG supported Freedom to Farm until at least 2000. Long after other organizations were calling for a new farm bill.

NAWG also supported the House version of the 2002 farm bill that did not include disaster assistance or increased loan rates for wheat. Looking ahead, it would have been nice to have that disaster piece actually written into the farm bill.

Speaking of disaster assistance – when the first disaster assistance package was formulated in 1998 and National Farmers Union called for President Clinton to veto the package because it wasn't enough – NAWG encouraged the President to sign the original package. Fortunately, he did veto it and we received double the disaster assistance because of that veto.

These are just a few examples – there are more. Is it any wonder that I am opposed to funding this group with my wheat checkoff dollars so they can lobby for me in Washington?

Now let's look at who NAWG's current allies are – Monsanto & US Wheat Associates. We all know that Monsanto has invested millions into it's development of Round Up Ready Wheat and they're looking to get that money back, and fortunately for them, NAWG wants to help. Let me quote what NAWG's CEO Darren Coppock had to say about GM wheat during the January wheat industry meeting – He said, "Rather than sitting on the sidelines hoping it wins acceptance, we're trying to help out. It's very much a partnership with Monsanto." Personally, I'd be very wary of a partnership with a company who is in poor financial shape and is looking out for it's bottom line – not mine.

U.S. Wheat Associates – a group that, by the way, is funded by checkoff dollars and federal taxpayer dollars - and NAWG are actually looking at merging. A biotechnology committee that these two groups formed two years ago didn't like the fact that U.S. Wheat was openly sharing with the media the comments they received regarding GM wheat from the countries that import our grain. This committee actually informed U.S. Wheat that they were not to release any more surveys or information regarding consumer acceptance of genetically engineered wheat until both Boards of Directors had approved it. Can anyone spell censorship?

I'm positive that I don't want my wheat checkoff dollars funding an organization that considers itself in partnership with Monsanto and wants to censor information that it doesn't want the public to see. I want someone who will represent family farmers, not agri-business.

I realize that I can ask for a refund -- but that will hurt the Wheat Commission because I can't get back just the four mill increase -- I will have to demand the full refund the way the current bill is written.

I've also heard about the possible proposed amendments and I am opposed to them because it is going to make more work for someone. If this becomes an "opt in" bill, the elevators will have to bear the burden of signing up membership for these two organizations or if the bill becomes "opt out" then producers will be put through the difficult process of requesting refunds.

I urge this committee to vote "do not pass" on HB 1486.

My name is Gerald Sundquist, my farm is located 4 miles west of Hankinson. I raise corn, soybean, millet, and wheat.

I opposed to HB1486.

In past years the wheat commission has funded US Durum Growers, and N.D. Grain Growers Associations. The fund was use to push legislation, not in my best insterest. There lobbying efforts did not help get the best legislation possible.

Now they want increased funding to expand their limited membership goals, at my expense. The mission of the Wheat Commission is to promote marking and processing of North Dakota Wheat. Not to appropriate or mandate funding for ineffectve commodity group.

If HB1486 were to past, I have two options. I can stop producing wheat or haul out of state. Did I mention my farm is 11 miles to the nearest elevator in South Dakota.

Thank you.

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

Gerald Sundquist
Operator's Signature

10/16/03
Date



P.O. Box 37 • Reynolds, ND 58275
701-847-2261
Fax 701-847-2412

Thursday, March 06, 2003

To: Senate Ag Committee

From: Paul Coppin, General Manager - Reynolds United Co-op

Re: HB 1486

I am writing to urge the Senate to defeat this bill. I know how important the wheat commission is in promoting wheat throughout the world. This bill will threaten their only means of funding, the check-off.

In conversations with area farmers in regards to this bill, it is my feeling that if the bill is passed and the increase goes into effect, refund requests will rise sharply. Producers do not want their check off money mandated to any other group.

I have been a staunch supporter the North Dakota Wheat Commission and their promotion of the North Dakota Wheat industry. When farmers have asked about how to go about getting a refund of their tax, I have explained all the good that the tax has done, and ultimately they would not request a refund.

If this bill is passed, refunding will go up and I will have a difficult time justifying its increase.

Please consider the potential fallout of this increase and it's effect on the sole purpose of our North Dakota Wheat Commission - PROMOTION.

If you have any questions, please give me a call.

Paul Coppin
General Manager
Reynolds United Co-op
Reynolds, ND

Dakota Resource Council

P. O. Box 1095, Dickinson ND 58602-1095
(701) 483-2851; www.drcinfo.com

TESTIMONY: HB 1486

March 6, 2003

Dakota Resource Council submits this testimony in opposition to HB 1486, which would move the wheat levy toward less accountability to the producer, and toward shakier legal ground.

Checkoff programs have fallen under criticism from the producers whose interests they are supposed to further, as well as increasing legal scrutiny. The U. S. Supreme Court's mushroom checkoff decision established the principle that checkoff programs may not require producers to relinquish their Constitutional right to free speech by paying a mandatory fee that generates public messages with which they do not agree. It seems logical that such programs must also protect the Constitutional right of free association. Another legal issue at play in checkoff programs, and particularly what is proposed in HB 1486, is whether contracts for services paid for with checkoff dollars should be open for competitive bid. It seems logical that they should.

DRC's general policy is that a fair checkoff program must include four producer protections. First, to guarantee free speech, it should be refundable. Second, producers should have the right to select representatives who have a role in decisions about how checkoff funds are used. Third, producers should be able to direct their checkoff payments to those entities they believe best represent their interests in the public arena. Finally, producers should pay a checkoff based on the value of their product rather than its volume—a provision that would strengthen the resolve of those entities that spend checkoff dollars to dedicate themselves to increasing producer income, not just volume.

The current state wheat checkoff program gives producers an opportunity to obtain a refund of their checkoff payments. However, the current refund procedures are cumbersome and discourage farmers from seeking a refund. The rights of producers would be better served if they could opt for a refund at the elevator where they deliver their product. Moreover, the language of HB 1486 is somewhat unclear with relation to whether the Wheat Commission would be liable for payments to the Durum Growers and Grain Growers if their payments are refunded. If the Commission were to have that liability, the free speech of producers would be compromised. At a minimum, this matter should be clarified in the legislation.

With regard to producer selection of checkoff spending decision-makers, the current checkoff does at least allow producers an indirect vote for a majority of the Wheat Commission. However, HB 1486 jeopardizes this right by adding direct checkoff payments to two private entities whose leadership is accountable to only a small percentage of producers. One of these entities, the North Dakota Grain Growers Association, has taken a highly visible and proactive position in the promotion of genetically-modified wheat, whose introduction threatens the livelihood of all North Dakota producers. Clearly, many of the state's producers have no confidence in this organization to represent their interests. Many producers may want to support the Wheat Commission's valuable work on the anti-dumping complaint, but not the Grain Growers' work to promote a product that cannot be sold and will undermine their markets.

Salvatore Riccardi
Operator's Signature

10/16/03
Date

Unfortunately, the only recourse available to such producers under this bill would be to refund their entire checkoff, thus depriving the Wheat Commission of funds when they are most needed for anti-dumping.

It has been rumored that amendments and organizational bylaws changes are in the works to make producers who pay the checkoff members of the Grain Growers and/or Durum Growers by virtue of that payment. This provision would seem to compromise the rights of the producers to free association. Finally, since HB 1486 refers to these organizations as contractees, the bill would seem to violate the principle that where public dollars used to contract services, such contracts should be offered in an open bidding process. There may be other private entities that would like to compete for these contracts, and it would appear illegal to deny them this right.

In the current situation, where many producers are convinced that checkoff funds for various commodities are being used against their best interests, the fairest form of checkoff is to allow producers to direct their checkoff payment to the entity in which they have the greatest confidence to work for their self-interest. In beef, for example, National Cattlemen's Beef Association memberships have been declining steeply, and R-CALF memberships have been increasing rapidly. The reason is not a mystery. NCBA has not stood up for producers on trade and market reform issues, whereas R-CALF has. In recent benefit cattle sales at four locations in the state, R-CALF raised over \$10,000 in contributions from producers and from those whose welfare is tied to that of producers. State wheat producers have given freely to Dakota Resource Council and North Dakota Farmers for Profitable Agriculture, which pushed for an anti-dumping complaint for three years before the Wheat Commission acted. If checkoff money is to be directed to private entities, why not let wheat producers direct their contributions to those which have a proven track record of working for their clear self-interest?

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

Operator's Signature

Salvatore Riccardi

10/16/03
Date

House Bill 1486

Mr. Chairman and Senate Agriculture Committee members. My name is Jon Erickson and I oppose House Bill 1486. I am unable to attend the hearing today because of the weather. I farm in Ward County and am not a dues paying member of either of the commodity groups scheduled to receive money if HB 1486 becomes law.

Why should my check-off dollars go to support an organization that #1) will not let me become a member unless I pay a due to them and #2) when there is a possibility that my check-off dollars would be used to lobby for efforts I oppose. If the check-off is increased and used for lobbying shouldn't I be allowed to choose where my check-off dollars are sent. If there is an increase in the check-off it, should be proposed by the producer and not mandated by the legislature. I should have a say on this issue!

I currently serve as a member of the National Cattleman's Beef and Promotion Board (CBB), a board that is responsible for 50% of the check-off dollars collected. By law the CBB is only allowed to spend check-off money for promotion and research. The same concept this bill is promoting was implemented between the CBB and the NCBA a few years ago and in my opinion has caused many problems. The integrity of the CBB has been questioned again and again; with ranchers saying the CBB is too closely aligned with the National Cattleman's Beef Association. Is it, maybe, but the issue is that anytime money is taken from a check-off designed for promotion and research and used for lobbying efforts people will be angry, maybe even request a refund. I don't want the effectiveness of the North Dakota Wheat Commission to be compromised because of a money grab by two commodity groups.

JON ERICKSON
17503 46TH STREET SW
MINOT, NORTH DAKOTA 58791
701-722-3336

La Costa Rickford
Operator's Signature

10/16/03
Date



"Bruce Freitag"
<bfreitag@direcway.com>

To: <enichols@STATE.ND.US>
cc:
Subject: Questions for Commission

04/04/2003 08:33 AM

Gene,

Here are some ideas for questions for the Commission.

- Have you had a meeting or sought feedback from producers on any of the proposed changes to HB1486, or are you basing your opposition on comments and decisions made on the original bill?
- In Larry Lee's testimony, he indicated an opt-in proposal may be acceptable. Was this ever discussed at a Commission meeting?
- With your current budget ending balance and the new smaller acreage projections for this year, what cuts will be necessary in Wheat Commission programs for next year?
- What plans are being made to replenish reserves used up in the past two years?
- What will happen to important research and promotion areas of the Commission's budget?
- Will next years budget include more, less, or the same funding for the wheat grower associations?
- In your testimony and other public statements the commission has on one hand stated they would support an increase in the checkoff with the grower organizations, if given time to build public support. In other statements the commission has indicated that checkoff dollars should not go to "private" grower groups. How do you reconcile these two positions?
- In your Dakota Gold newsletter you portray the wheat grower organizations as private groups that do not represent all growers interests. Is this public criticism in the best interest of the wheat industry?

Hope this is of some use.

Bruce Freitag

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

La Costa Richardson
Operator's Signature

10/16/03
Date

Is it not true that most other commodities in our state and nationally are represented by 2 organizations, one a check off organization where the primary function is Research, Market Promotion and so on and a commodity Grower organization whose primary function is to develop and forward policy on behalf of that particular commodities interest?

Yes, most if not all other program commodities are represented this way.

Is Wheat represented in this manner?

Yes,

In Several cases, is it not true that other program commodity groups have formed more of a seamless relationship on the state and national level, which allows them to speak in a more unified voice?

Yes, Sugar, Cotton, Corn, Sorghum, Soybeans, minor oilseeds and barley have joint policy making boards at the national level and many wheat states have moved in this direction also.

Is it not true that US Wheat, NAWG, WETEC & Wheat Foods Council are looking at combining on the national level?

Yes, However the North Dakota Wheat Commission has been a big part of a small minority that is resisting this move.

It is obvious to me that many wheat states and most commodity groups have moved to this more unified relationship between checkoff and Grower groups both in practice and financially would you not agree? For example Oregon, Idaho, Minnesota, Colorado, North Carolina and Texas.

Are these other state grower groups structured similar to NDGGA or USDGA as you refer to them in the last Dakota Gold "PRIVATE TRADE ORGANIZATIONS?"

Well if so why have you so vigorously and with great risk to the Integrity of your own organizations as well as the grower organizations embarked on such a negative campaign to restrict needed legislation to adequately fund your industry?

Yolanda Rickford
Operator's Signature

10/16/03
Date

Do you plan to create a more seamless and functional system for the wheat industry in North Dakota?

How can you justify waiting when your own Budget Balance shows a drop from 1.3 million in carry over June 31, 2001 to 47,000 June 31, 2003. Do you owe any money for legal fees on the trade case yet? (Maybe 800,000 for the trade case.)

I see you made some large cuts last year within your own budget.

Domestic policy support 50,000 plus threats of deeper cuts
Domestic wheat use promotion over 150,000,
Research over 125,000-Including stiff Drops in wheat Breeding, Disease Management, Market Research, NCI, etc.

But hold on increases of 30,000 for salaries for staff and Board.

Is the money being spent on the trade case over with.

What is going to happen to the money set up in the bond will the Wheat commission and USDGA be getting that?