



MO-AG Wrap-Up

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January 28, 2009

FROM STEVE'S DESK Taylor

by Steve



The State of Agriculture

The Missouri General Assembly has hit full stride. This week, committees are holding hearings on some of the several hundred bills that have been filed. The economic downturn is

being felt at the state level and is the primary focus. As this Wrap-up is going to press, Governor Jay Nixon is giving his State of the State address. It is expected that he will propose cuts to Missouri's budget.

In some ways, the State of Missouri's agriculture industry was presented during a Senate Seminar chaired last week by President Pro Tem Charlie Shields. Several of the major agricultural organizations took advantage of this "open-mike" opportunity to give presentations to the Senators. Not having the time to hit every issue completely, I highlighted some issues such as transportation, regulatory oversight, volatility, and the survival of animal agriculture.

Regarding transportation, I pointed out how Missouri agribusinesses transport huge volumes of products throughout the state of Missouri. The growth of agriculture and a good transportation system are inseparable. With the focus on an economic stimulus at the federal level, there is a good chance that some federal money for roads and bridges will make its way to Missouri. The distribution of those funds and how rural Missouri will benefit is yet to be

Cargill
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determined.

In addition to maintaining roads and bridges, I expressed our concerns regarding availability and pricing of rail cars. I referenced a recently released study commissioned by the Surface Transportation Board (STB) which indicated that the railroad industry is engaging in anti-competitive business practices and refusing to provide adequate service to freight rail shippers who are captive to only one railroad. I also mentioned how a national rail freight capacity study shows that rail service will be at or over capacity by the year 2035 in most of Missouri. And, while our roads and the rail system are heading towards over capacity, navigation is being neglected. The U.S. Corp of Engineers, aided by the U.S. Fish and Wildlife Service and recreation interests in the northern basin states, has nearly strangled Missouri River navigation.

Besides transportation, I voiced support for animal agriculture in Missouri. Agriculture is interdependent and the survival of animal production impacts us all. I also gave the Senators a quick overview of the degree of market volatility that MO-AG members have had to contend with this past year. Finally, I thanked them for their vigorous oversight of the regulatory agencies and encouraged them to continue to ensure that regulations do not extend past the point which is necessary.

The Senate Seminar was a broad brush look at the general issues. Now, looking at some proposed legislation, I must say we certainly have some work to do at the Capitol this year. In his report below, MO-AG's Legislative Consultant, Jim Russell, provides additional insights regarding the start of the legislative session. MO-AG is fortunate to have Jim over at the Capitol, roaming the halls, and watching out for our interests. Jim mentions below one bill, SB 143, which we are watching very closely.

SB 143 requires licensed grain dealers to document the basis involved in any sale of grain. The documentation shall include information explaining how the dealer determined each basis. The assumed intent of SB 143 is to document all factors that could represent the difference between cash price and

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the futures market. This would be an enormous and costly task, given the complexities and the variances involved with the various types of contracts for grain sales. This cost would be incurred by grain dealers.

Senator Rob Mayer (R- Dexter) is the sponsor of SB 143. Senator Mayer is responding to the problem of lack of convergence in the cash and future price for grains, especially wheat. While we agree that there is a problem with the lack of convergence, we do not think SB 143 is the answer. At the state level, the grain marketing system works very well overall and is a highly competitive marketplace which ensures fair markets for farmers, grain dealers, and end-users. The problem regarding convergence needs to be addressed at the national level by the Commodity Futures Trading Commission (CTFC). The solution proposed by SB 143 would only create a regulatory burden inflicting heavy costs and do nothing to solve the problem.

Protecting and promoting the interests of agribusiness is the number one priority of your Board and staff at MO-AG. However, we can always use your help. Please keep a watch out for upcoming Wrap-Ups or other member alerts from our office as the legislative session moves forward. Feel free to give us a call at the MO-AG offices if you have any questions or ideas you would like to share with us.

LEGISLATIVE REPORT *Russell*

by Jim

After all the preliminary opening ceremonies, legislators are now beginning to get down to work as the leadership in both chambers has named committees. To date, there have been over 600 bills filed, but not all have been assigned to committees. I expect substantive committee work will begin next week. The House and Senate had a short work week, as Martin Luther King Day was observed on Monday and the President's Inauguration on Tuesday resulted in the legislature not beginning session until 4 pm. There were several orientation hearings held to help familiarize lawmakers, especially the new ones, with the legislative process and major legislative

issues, including appropriations.

The designee for the Director of the Department of Agriculture, Jon Hagler, made a brief presentation to the House Appropriations Committee on Ag. His presentation was well received by the entire committee. I would expect him to be confirmed by the Senate this coming week. Two introduced measures that are of particular interest to MO-AG members are SB 143 and SB 209.

SB 143 puts an extreme amount of reporting requirements on grain dealers. This proposal imposes rather severe fines for improper reporting. Many people think if this measure passes, it would result in full employment for CPA's. I imagine a full slate of attorneys also will have an opportunity to participate before it is all over. We are hopeful that common sense will strike prior to any hearing on this measure. A group who will deliver this common sense information will meet with the sponsor this coming week.

The other proposal of interest, SB 209, creates a centralized filing system for agricultural liens. The 1982 Farm Bill provided for two different methods of filling UCC liens for ag products. One lien method is a centralized filing system (i.e. located in the Secretary of State's office). Under the other method, called prior notification, the debtor would give the lender approximately five places where he could reasonably expect to sell his product. The lender would then have the responsibility to notify those prospective purchasers that the lender wanted a check made payable to both the debtor and the lender. If they didn't, then the purchaser could face double payment.

Prior notification is what we currently have in Missouri. The bankers fought hard for centralized filing in the early 1980's, even though some counties were not computerized. It seems that the only thing they cared about was that they were secured. The bankers were not concerned about the fact that there would not be any growing crops, milk production, or any weight gain on livestock if MO-AG members had not supplied the inputs for them. Veterinary services should also be covered. The last time I checked, a dead carcass did not have much

collateral value.

MO-AG, on the other hand, fought for prior notification and we prevailed. The Missouri Bankers, as a matter of interest to its members, sends out notices to all known purchasers of ag products indicating that a bank does have a lien on the product.

These are two very complicated issues that potentially have a tremendous financial impact on all MO-AG members. If you would like more info on these issues, please contact the MO-AG offices at 573-636-6130.

Parks Do Not Trump Agriculture

The Missouri Administrative Hearing Commission (AHC) rejected the Missouri Parks Association's appeal of a construction permit issued to an Audrain Co. hog farmer. The AHC granted the motion for summary determination and recommended to the Clean Water Commission (CWC) that the construction permit be upheld. The first opportunity for the CWC to entertain this recommended decision will be at their March 4 meeting. The AHC stated that the Missouri Clean Water Law's purpose is to maintain standards that protect the quality of water in Missouri. The Missouri Clean Water Law grants the CWC broad powers but restricts that power to a narrowly defined subject matter. The CWC does not have jurisdiction to address questions of zoning, location, property values or other non-water quality related items.

Administrative agencies cannot broaden the scope of their statutory authority. The AHC stated that the Department of Natural Resources (DNR) and the CWC simply lack the authority to include in this construction permit conditions that relate to state parks and historic sites and landmarks.

McManus - AG's Chief of Agriculture and Environment

Assistant Attorney General Jack McManus will serve as Chief Counsel of the Agriculture and Environment Division in the Missouri Attorney

General's office. McManus has worked in the Attorney General's Special Litigation Unit since 2007. Prior to that, he spent 19 years in the Ohio Attorney General's Office handling environmental cases and representing the Ohio Environmental Protection Agency and Department of Natural Resources.

The Agriculture and Environment Division directs legal action involving the state's air, water and soil resources. The division has the authority to pursue injunctions, fines, penalties and, in the most serious cases of pollution, incarceration. The stated purpose of the Division is to protect and enhance agriculture, as well as the quality of life for rural Missourians.

MEMBER NEWS

Missouri Agriculture Outlook Conference - March 11, 2009 in Jefferson City, MO

This Conference will discuss the drivers of Missouri agricultural and bio-fuel markets, with implications for the financial risk of Missouri farms and the rural economy in the long and intermediate terms. Presenters include senior-level FAPRI analysts. To register please visit muconf.missouri.edu/FAPRIOutlook/.

NEWS YOU CAN USE

What Will Climate Policy Changes Mean for Agriculture?

On January 27, President Obama began reversing climate change policies of the Bush administration. Otto Doering, Purdue University agricultural economist, tells Brownfield he isn't sure what that means for agriculture. "What it means for agriculture is going to depend on a tremendous number of things," said Doering. "Among them, for example, the 2007 energy bill."

And, while the focus typically is on carbon when the discussion turns to climate change, the Purdue ag economist believes agriculture needs to be more concerned with an EPA report on

nitrogen. "And the issue there is not only excess nitrogen that is used around the world for crops and other things that get into the water supply, but a lot of this nitrogen goes in to the atmosphere as a greenhouse gas that is literally hundreds of times more potent than CO2." Doering said. "Watch for nitrogen. That's a big one for agriculture and it's coming down the pike." [Source: *Brownfield*]

VeraSun Puts Seven Ethanol Plants on Auction Block

VeraSun Energy Corp., the nation's second largest ethanol producer, is putting seven of its biorefineries up for auction as part of a bankruptcy court financing agreement. VeraSun needs up to \$12.3 million in additional funds to maintain its work force and plants in Ord and Central City in Nebraska; Albert City and Dyersville in Iowa, Woodbury, Mich., Hankinson, N.D., and Janesville, Minn., through April 30, according to a filing approved Thursday by a federal bankruptcy court in Delaware. "As part of the agreement, the lender is calling for a sales process by auction," VeraSun spokesman Mike Lockrem said Friday. [Source: *Ag Professional*]

SPCC Amended: Compliance Dates

Signed on January 14th, EPA is extending the compliance dates for all facilities and establishing new compliance dates for farms subject to the Spill Prevention, Control, and Countermeasure (SPCC) rule. The January amendment extends the dates by which the owner or operator of an SPCC-regulated facility must prepare or amend and implement its SPCC Plan and also establishes the dates by which the owner or operator of a farm must prepare or amend and implement its SPCC Plan. [Source: *Asmark Institute*]

UPCOMING EVENTS

JANUARY, 2009

30-31 Missouri Dairy Forum; Lake Ozark, MO

FEBRUARY, 2009

4-6 Missouri Natural Resources
Conference;

Lake Ozark, MO

6 CCA Exam; MFA Inc.; Columbia, MO

**10 Conservation Contractor Training;
Springfield, MO**

11-12 2009 Missouri Pork Expo; Columbia,
MO

13-15 Missouri Farm Bureau Young Farmers
and

Ranchers Conference; Lake Ozark, MO

**18 Conservation Contractor Training;
Rolla, MO**

20-22 Western Farm Show at the American
Royal;

Kansas City, MO

23-24 Missouri Farm Bureau Commodity
Conference &

Legislative Briefing; Jefferson City, MO

25 MU Agriculture and Life Sciences
Career Fair;

Columbia, MO

**25 Conservation Contractor Training;
University Forest, MO**

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MARCH, 2009

**3 Conservation Contractor Training;
Hannibal, MO**

**5 Conservation Contractor Training;
Columbia, MO**

**10 Conservation Contractor Training;
Warrensburg, MO**

**11 Missouri Agriculture Outlook
Conference;**

Jefferson City, MO

**26 Conservation Contractor Training;
Warrenton, MO**

APRIL, 2009

**15 Conservation Contractor Training;
Chillicothe, MO**

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JUNE, 2009

10 Conservation Contractor Training; Macon, MO

20 Missouri Department of Agriculture
Golf Classic,
Holts Summit, MO

JULY, 2009

22-24 MO-AG Summer Meeting; Country
Club Hotel;
Lake Ozark, MO

28 Conservation Contractor Training; St. Louis, MO

AUGUST, 2009

25 Conservation Contractor Training;
Park Hills, MO

SEPTEMBER, 2009

15 Conservation Contractor Training;
West Plains, MO

OCTOBER, 2009

28 Conservation Contractor Training;
St. Joseph, MO

DECEMBER, 2009

2-3 Conservation Contractor Training;
West Plains, MO

Note: Items in **red** are new postings since the last Wrap-Up issue.

Letters to the Editor

Do you have a response to the Missouri Agribusiness Wrap Up? Let us know! The Missouri Agribusiness Wrap Up is a bi-weekly publication of the Missouri Agribusiness

Association (MO-AG). MO-AG is a member-owned association based in Jefferson City, Mo. which protects members' interests in state legislation and provides educational opportunities.

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