



MO-AG Wrap-Up

In This Issue

FROM STEVE'S DESK

NEWS YOU CAN USE

UPCOMING EVENTS

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April 8, 2009

FROM STEVE'S DESK Taylor

by Steve



Occasionally, there seems to be more happening than can fit in this publication. This is one of those occasions.

As was reported in the last Wrap-Up, MO-AG Chairman Seth Ricketts and I testified at a hearing for House Bill 915. Last week, the House Agri-Business Committee reported out of Committee a House Committee Substitute (HCS) for HB 915 and HB 923. Basically, the HCS does the following:

1. It raises the formula for determining bond requirements for grain dealers from 1 % to 1.5% and increases the maximum bond to \$600,000. Originally, HB915 would have raised the formula to 2% and raised the maximum to \$1 million.
2. The HCS combines HB923 with HB915. HB 923, and now the HCS, would make operating outside of licensure a Class A misdemeanor.

By rolling back the proposed increases to some degree, the Committee took note of our concerns about the extremely high bonding requirements originally proposed. Some of the media reports on the hearing are below.

Another hot topic is transportation. On April 2nd, I attended the 2009 Missouri Transportation

Chris Hoffman

Hoffman and Reed
Trenton

Rex Meyr

Shawntee Feed and Seed
Jackson

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Ray-Carroll Co. Grain
Growers
Richmond

Wayne Orey

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Brian Parman

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Development Conference that was held in Jefferson City. Governor Jay Nixon was the keynote speaker. While the Governor naturally covered many transportation topics, he specifically spoke to the needs of agriculture and noted how technology will be resulting in "unheard of yields" relating to crop production and the need to transport that crop. The Governor mentioned Missouri's advantage in having two major navigable waterways, the Mississippi and the Missouri Rivers. As a long-time leader on transportation issues, Sen. Bill Stouffer, Chairman of the Senate Transportation Committee, painted a vision of Missouri being a leader in transportation for the next 100 years. Sen. Stouffer also noted that everyone will need to be involved to develop the consensus of what needs to be done, and how to pay for it.

Speaking of transportation, the 2009 National Grain and Feed Association (NGFA) Agricultural Transportation Symposium will be held in Kansas City, MO on May 12 and 13th. I am planning to attend and would encourage anyone interested in agricultural transportation issues to do the same. In addition to a focus on NGFA's rail arbitration program, the Symposium will provide a broad and in-depth review of transportation issues that includes all major modes of transportation from rail and truck, to barge and bulk ocean freight. Key decision-makers from across the transportation and agricultural industry, as well as government officials, will speak. For more information, a flyer on the Symposium can be found at the MO-AG website (www.mo-ag.com).

And, finally, MO-AG, in cooperation with Croplife, recently sponsored a lunch workshop with the guest speaker being Leonard Gianessi, Director of the Crop Protection Research Institute for CropLife Foundation. Policymakers invited to the luncheon heard Leonard speak on the topic of how organic agriculture is being oversold. Those attending the workshop included legislators and staff, commodity groups, members of the media, and others. An interview with Leonard was conducted by the Brownfield Network. The resulting article can be read by [clicking here](#). The workshop was a fantastic opportunity to get real life facts and real science presented to key people affecting policy and agriculture. On a somewhat related issue, see the article below regarding the

organic garden in the backyard of the White House.

Until next time ... Steve

NEWS YOU CAN USE

Groups Differ on Elevator Bonding Legislation

Problems with two Missouri grain elevators have revived efforts to update state regulations. The Missouri House Agri-Business Committee is considering changes and has heard from the grain industry about the issue. State agriculture officials have taken possession of what is left of the T.J. Gieseke Grain Elevator in Martinsburg and Gallatin Grain in Davies County. An investigation continues into allegations of fraud in the Gieseke case. The problems have renewed an interest in increasing the bonds grain elevators are required to carry, but that doesn't sit well with some grain industry officials.

"The thing that I've heard a lot is the displeasure, I'll put it, as far as linking the raising of the bond to the fraud," said Steve Taylor, executive director of the Missouri Agribusiness Association. Taylor urged committee members to focus on prevention and review budget cuts to the state agriculture department that might have hurt its ability to regulate elevators.

Representative Steve Hobbs (R-Mexico) sponsors two separate bills addressing the issue. One increases the bond required for elevator operators from \$300,000 to \$1 million. The other bill makes it a misdemeanor for grain brokers to sell commodities for which they do not have a license. Hobbs acknowledges that his legislation will not fully address the problem. One reason, says Hobbs, is that too many questions remain unanswered in the case of T.J. Gieseke Farms and Trucking. "Right now, there's much, much more we don't know about that incident than what we do know," Hobbs told House colleagues on the committee. "Until some assessment of blame and what actually happened is brought to light, it's hard to say what safeguards need to be put in place, because quite frankly we don't know."

Missouri Corn Growers Association spokesperson Ashley McCarty testified in favor of the bill to increase bonds. "Given what has occurred over the last several months, it's probably the first of many steps to restoring some trust in the working relationship between producers and merchandisers in the marketplace," McCarty told the committee.

Seth Ricketts operates three Missouri grain elevators and pointed out to committee members that there are other issues to consider. He worries about legislation that would raise bond requirements. "We believe this could have a tremendous impact on smaller grain merchants," Ricketts told the House committee. "The primary impact of this legislation is not the increased cost of the bonding, but the ability of a small business to even obtain a grain bond."

Bill sponsor, Representative Hobbs, says he's flexible and willing to work with elevators. [Source: *Missourinet*]

Farm Bureau Urges Farmers to Protect Their Grain Transactions

The Missouri Farm Bureau Federation is urging farmers to make sure grain transactions are protected. The reminder comes after the recent insolvency of T.J. Gieseke Farms and Trucking of Martinsburg. In February, state regulators suspended the company's license and froze its assets after a routine audit revealed that it owed more than \$1.3 million in unpaid grain royalties. Revised estimates indicate those losses could approach \$15 million.

The Association says in a news release that it is "important for farmers to ask the right questions and take the right steps." It urged farmers to review a brochure from the Missouri Department of Agriculture which is called "Are Your Grain Transactions Protected?" The brochure is available online (www.mda.mo.gov/qiw/qiw.htm) or by writing or calling the Department of Agriculture. [Source: *Associated Press*]

What about Ethanol?

Has there ever been a more topsy, turvy product category than ethanol? In the 2007 CropLife 100 Survey, ethanol production using corn was THE big topic of conversation. Retailers reported their grower-customers were scrambling to plant more acres of corn than ever before to feed the demand for this alternative fuel source. Also, 33% of retailers polled were getting directly involved in the marketplace by investing in plants.

Now, 18 odd months later, the numbers are much bleaker. According to the 2008 CropLife 100 Survey, only 10% of retailers surveyed are active in the ethanol market. Worse still, falling oil prices, coupled with once-high commodity prices (which is when many purchases were made), has led to many ethanol producers going bankrupt.

"As crude oil continues to erode and corn remains where it is at or stronger, more plants will close," observes Jim Shelton, general manager for Landmark Services Cooperative in Juda, WI. "Plants with a debt load may be forced to go back to their investors and ask for additional infusions of capital to maintain cash flow for business needs and their bank loan covenants."

Ag retailers are confident that demand for ethanol will move forward. "The appetite will be there," says Steve Taylor, executive director of the Missouri Agribusiness Association. "I don't think the ethanol mandate will go away, so the fundamental demand won't go away."

Seth Ricketts, president of Ricketts Farm Service, Salisbury, MO, agrees. "The ethanol business is very important to ag retail," says Ricketts. "This represents 3.7 million bushels of corn usage per year. Without it, the whole paradigm would change for our industry."
[Source: *Croplife March*, 2009 edition]

Not in My Backyard

The White House is planning to have an "organic" garden in the backyard of the White House to provide fresh fruits and vegetables for the Obama's and their guests. In a letter to the White House, the Mid-America Croplife Association (MACA) pointed out the advantages and need for conventional agriculture. The letter contained the following thoughts:

We are writing regarding the garden recently added to the White House grounds to ensure a fresh supply of fruits and vegetables to your family, guests and staff.

Farmers and ranchers are the first environmentalists, maintaining and improving the soil and natural resources to pass onto future generations. Technology allows for farmers to meet the increasing demand for food and fiber in a sustainable manner.

As you go about planning and planting the White House garden, we respectfully encourage you to recognize the role conventional agriculture plays in the U.S in feeding the ever-increasing population, contributing to the U.S. economy and providing a safe and economical food supply. America's farmers understand crop protection technologies are supported by sound scientific research and innovation.

In other news, MACA is reporting that EPA Administrator, Lisa Jackson is directing EPA staff to rescind the regulations known as the permit fee incentive rule. In September 2008, EPA issued a proposed rule which may have resulted in many facilities paying substantially higher NPDES permit fees. [Source: MACA]

Note: MO-AG Executive Director, Steve Taylor, serves on the Regulatory and Environmental Issues Committee for MACA.

Attention: Nurse Tank Owners & Operators

We are seeing a significant number of DOT Inspectors "stopping by" the ag retailer in their

area that has anhydrous ammonia on-site. The inspectors appear to be on a "field trip" to learn all they can about the condition and use of nurse tanks. We believe they will start performing official inspections in the very near future. If you own or operate nurse tanks used to transport anhydrous ammonia, you should review the Nurse Tank Safety Advisory on the MO-AG website. Go to the Regulatory section on the MO-AG website (www.mo-ag.com) and click on the DOT Nurse Tank Safety Advisory to find out more information. If your nurse tanks have missing or illegible ASME data plates, you should seriously consider taking immediate action. Please review the Nurse Tank Safety Advisory which identifies serious safety problems and noncompliance issues regarding the maintenance, filling, transport and use of nurse tanks in anhydrous ammonia service. [Source: Asmark Institute]

UPCOMING EVENTS

JUNE, 2009

8-12 Missouri Agribusiness Academy; St. Louis, MO

25 Central Missouri Golf Tournament; MCGA; Marshall, MO

27 Missouri Department of Agriculture Golf Classic; Holts Summit, MO

JULY, 2009

1 Southeast MO Golf Tournament; MCGA; Sikeston, MO

7 Missouri Pork Classic Golf Tournament; Columbia, MO

9 Northwest MO Golf Tournament; MCGA; Maryville, MO

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

28 Chillicothe Golf Tournament; MCGA; Chillicothe, MO

AUGUST, 2009

**5-7 MCGA Annual and Board of
Directors Meetings;
Lake Ozark, MO**

13-23 2009 Missouri State Fair; Sedalia, MO

SEPTEMBER, 2009

30- Oct 2 Missouri Seedmens Association
Annual

Meeting; Lake Ozark, MO

DECEMBER, 2009

**11-12 Missouri Cattlemen's Association
Annual Meeting
and Convention; Springfield, MO**

JANUARY, 2010

6-7 MO-AG Winter Convention; Lodge of
Four Seasons;

Lake Ozark, 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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