

through state-issued eligibility cards. He said that these centers could be coupled with health care and counseling services to provide a full range of services to underserved populations.

Mr. Mathis said that the terminology used in the marketing of food products needs to be controlled. He gave examples of deceptive advertising, in which package labeling evoked images of farm-produced products ("buttery flavor") on products that were not farm produced.

Mr. Mathis suggested that the implied warranty law relating to the sale of livestock be changed to exclude Johnes Disease and pseudorabies.

**Harold Schoessow (farmer)**

Mr. Schoessow said that the way to help farmers in America would be to open all foreign markets to American produce, especially those in China, but also in Cuba.

Mr. Schoessow complained that taking land out of production for conservation increases wildlife populations, which in turn increases wildlife damage to crops.

Representative Kestell suggested that, instead of paying farmers not to produce crops on their land, the state could buy development rights to the land and allow farmers to continue working the land.

**George Roemer**

Mr. Roemer said that, following a catastrophic barn fire, he decided to rebuild and continue dairy farming. He said that he has a large farm and that installing the required nutrient management system was very involved and expensive. He noted that all farmers will have to comply with similar requirements by the year 2004.

Mr. Roemer said that farmers need access to affordable health insurance.

*Gail Goehring (buyer for Equity Livestock Sales)*

Ms. Goehring said that she tries to aggregate the livestock that are offered for sale from small farms, to make them more competitive and to get better prices for the farmers.

Ms. Goehring said that vertical integration of livestock production and the potential preferential treatment of large scale livestock producers by packers can create particular problems for small producers trying to compete and remain viable. She asked whether any one person should be allowed to have such a large farm or to be vertically integrated.

*Sue Marx*

Ms. Marx described the difficulty of small operators who are faced by competition from large and consolidated operations. She said that anti-trust laws should be enforced to prevent monopolies from developing in the agricultural sector. She said that the federal farm bill provides an inadequate safety net for small farmers.

*Peter Hawkinson*

Mr. Hawkinson described difficulties he has encountered in obtaining the necessary permits for his dairy operation. He said that the DNR environmental protection rules are acceptable, in themselves, but the permitting process is unacceptably slow due to inadequate DNR staff to process applications. He said that more staff should be provided at the DNR so that this permitting process does not present an undue burden to applicants.

Mr. Hawkinson discussed the need to attract new farmers into dairy farming. He noted that he is a young farmer, but that most of his peers are old and will soon be retiring. He said that he wants more peers joining him in the dairy industry, to ensure that markets are in place and to ensure that the farm

support community, such as implement dealers, suppliers and others, can stay in business and continue to serve him.

**Raymond Ireland (retired farmer)**

Mr. Ireland said that on September 4, farmers will be dumping milk to protest the current low milk prices. He said that the federal government should redirect its spending to support agriculture.

# DRAFT

Assembly Agriculture Subcommittee on the Agricultural Economy  
Reedsville, WI  
August 31, 2000

Gerald Jaeger (Campbellsport; Farmer)

Mr. Jaeger distributed a handout regarding low milk prices received by farmers. He identified the problem as imports of milk protein concentrate (MPC). He recommended several solutions that include cessation of purchasing imported non-fat dry milk or MPC until the price reaches \$14.50 per hundredweight, a federal investigation of use of MPC in the production of natural cheese and increased enforcement of restrictions of the use of imported MPC in natural cheese. He also urged legislative consideration of the Family Farm Protection Act.

[Comment from the audience: Allen Kracht said that cheese plants have been using more imported MPC to start cheese. He said that this use of MPC displaces U.S.-produced milk.]

[Comment from the audience: Lloyd Kreuger expressed concerns regarding NAFTA. He said that milk prices have fallen as a result of NAFTA.]

Representative Ott expressed concern that the Family Farm Protection Act may be a political document and that its supporters are not necessarily motivated by a desire to support agriculture. Mr. Kreuger responded that the Family Farm Protection Act does not add new regulations, but rather enforces existing ones and that it includes support for the family farm. He said that supporters of the Family Farm Protection Act believe that family farmers protect the environment, and said that a key provision of the act is that cost-sharing from the state must be available before facilities or practices to avoid pollution can be required on a farm.

**Randy Geiger (Dairy Farmer; Reedsville; Member of the Wisconsin Agri-Business Council)**

Mr. Geiger said that dairy production is an \$18 billion segment of the Wisconsin economy. He observed that the state would make intense efforts to capture a new business that would produce that much revenue within the state. He commented on the disparities between prices received by dairy producers and prices paid by consumers, and said that a profit is being made in the middle. He gave an example of cheese from the same producer selling at \$2 more per pound in one store than another store in Madison. He referred to this as the "farm-retail price gap."

Mr. Geiger said that young farmers cannot afford to buy land to commence a farming operation because non-farmers are willing and able to pay such high prices for land. He also noted that critics of the use of pesticides by farmers should be aware of the use of pesticides and fertilizers in urban areas which can be substantially higher than farm use.

[Comment from the audience: Why is there no statement of origin for cheese? Mr. John Umhoefer, representing the cheesemakers expressed support for restrictions or excessive use of MPC.]

[Comment from the audience: MPC content of cheese can be determined by testing, but there is no effective enforcement of the restriction on uses of MPC in natural cheese.]

[Comment from the audience: Sandhill Cranes are an increasing problem and an elk herd owned by a farmer was recently determined to have tuberculosis.]

**Dr. Clarence Siroki (Wisconsin State Veterinarian)**

Dr. Siroki said that white-tailed deer are not subject to Department of Agriculture, Trade and Consumer Protection (DATCP) regulation when held in captivity. He said that this issue is under review by DATCP for consideration during the next legislative session. He expressed concerns about

the practice of feeding or baiting deer and expressed opposition to it, but acknowledged that it was a controversial issue. He commented on the outbreak of tuberculosis in Michigan and urged that Wisconsin should be proactive in addressing tuberculosis.

[Comment from the audience: Concerns about the delay in obtaining test results regarding the Johnes's Disease.]

**Don Cooper (Farmer)**

Mr. Cooper said that the problems faced by agriculture include an excessive reliance on technology and an insufficient reliance on God. He said that farm equipment is increasingly costly but milk prices have not risen accordingly. He observed a trend towards growth in farm size. He said that farming is currently in an emergency situation and federal help is needed. He said that all groups interested in agriculture must collaborate to obtain assistance for the survival of agriculture. He said that farmers need to be more involved in markets.

**Norb Van de Hei**

Mr. Van de Hei said that his cost of farming is high and doubted that he would be able to continue farming.

**Dale Behnke (Veal Grower)**

Mr. Behnke discussed importing and exporting issues related to calves that are purchased by Canadian producers. He said that Canada has something referred to as an "insurance pool" that appears to be a subsidy for prices. After calves are fattened, they are sent back to the United States.

Representative Steinbrink asked whether Mr. Behnke has concerns about animal rights issues. Mr. Behnke said that he deals with this issue everyday and focuses on education. He also added that Canada allows methods of medical treatment of animals that are not allowed in the United States. He

expressed support for labeling regarding the country of origin of agricultural products and education regarding the agricultural practices in those countries.

[Comment from the audience: Animals raised in Canada can be sold in the United States as U.S. inspected meat.]

[Comment from the audience: Marathon County ginseng producers have also seen production move to Canada due to Canadian subsidies.]

Wayne Craig

Mr. Craig said that MPC is displacing 14% of U.S. milk in cheese production and that the product is not being described as imitation cheese because the U.S. Department of Agriculture is not enforcing the regulations. He described grazing practices that he has adopted pursuant to a "grazing lands initiative." Some funding is available for technical assistance and cost-sharing for the necessary practices. He said that 50% of the Wisconsin startup dairies use grazing to feed dairy cattle. He said there is a need for budgetary line item programs at the federal level rather than earmarking funds for grazing from another program.

Wayne Miller (Investors Community Bank, Manitowoc)

Mr. Miller said that many of his bank customers are using up their equity to survive. He noted that the CROP program at WHEDA is an annual program, and that longer term funds are often necessary. He said that there is a problem at the federal level with certain agricultural loan guarantees for farmers who need to restructure their debt. The federal program does not allow subordinations, which are allowable, for example, in Small Business Administration loans to small businesses. He said that this would be a substantial advantage to farmers because it would save some of the costs of refinancing.

[General discussion regarding issues of insurance, including the small business insurance pool, the medical savings account, HIRSP and BadgerCare.]

*Jerry Vanderheiden (Seymour)*

Mr. Vanderheiden said that farmers must be able to obtain at least the costs of production for farm products. At the federal level, he suggested elimination of block voting cooperatives. He said that the milk marketing board should expand its activities beyond advertising, including lobbying in Congress. He suggested that California should be brought into the milk pricing system. Regarding Dairy 20/20, he said that only consultants are making money. He criticized the cooperatives for working more for themselves than for the farmers.

After an extensive discussion of price issues, Representative Ott asked whether there should be a more aggressive supply management system.

[Comment from the audience: There is possible federal acceptance of a two-tier system.] Representative Ott noted the difficulty of obtaining financial support of the agricultural industry in Wisconsin, using state general tax revenues when 85% of the milk is shipped out of state in some form.



***AGRICULTURE ISSUES***

***Summary of Comments Made at the Four Subcommittee Meetings of the  
Assembly Agriculture Committee***

***Prepared by: Mark Patronsky and David Lovell***

***September 8, 2000***

## **I. Good news**

### **A. High land prices**

1. Allows some farmers to leave farming with cash left over

### **B. Ready availability of jobs off the farm**

## **II. Problems**

### **A. Markets**

1. Milk prices too low/production exceeds demand
2. Suggest cease purchase of imported non-fat dried milk and milk protein concentrate (MPC) until prices are higher (to benefit US farmers)
3. Farmers not receiving full value of whey
4. Soda replacing milk in children's diets

### **B. Competition**

1. Concentration of buyers and suppliers---less competition
2. Imports of agricultural commodities into the state is increasing
3. Agricultural subsidies paid in other countries by the government
4. Large agricultural corporations promoting overproduction through bioengineering
5. Large milk processors financing large milk producers

### **C. Consequences of farm loss**

1. Loss of collateral businesses
  - a) Livestock auctions, implement dealers, feed and fertilizer dealers

### **D. Cost of entry for new farmers**

1. Land prices too high for new farm profitability
2. Design and installation of required manure handling systems and other environmental protections is high

### **E. Other**

1. Stray voltage
2. Environmental regulation costly
3. Regulatory process is slow
4. Property taxes remain high despite use value assessment

## **III. Recommended solutions**

### **A. Federal solutions**

1. Prices and competition
  - a) General federal policies
    - (1) Reconsider low price/high production national food policies
    - (2) Federal declaration of emergency re agricultural commodity prices
    - (3) Set higher support prices
    - (4) Manage the supply of agricultural products
  - b) Milk and cheese pricing
    - (1) Improve the reporting of milk prices paid by processors

- d) **Create a buyout program for Johne's disease**
- e) **Provide access to affordable health insurance**
- f) **Allow milk marketing board to set base price for milk**
- 2. **Technical assistance programs to assist farmers**
  - a) **Give PSC authority to order electric coops to address stray voltage**
- 3. **Taxes**
  - a) **Use value assessment**
    - (1) Expand use value assessment to include forested land on a farm
    - (2) Differentiate between agricultural and recreational woodlands in use value assessment
    - (3) Make use value assessment available only to land in agricultural use permanently
  - b) **Eliminate sales taxes paid by farmers**
- 4. **Food quality**
  - a) **Implement quality check on imported agricultural commodities**
- 5. **Animal health**
  - a) **Address tuberculosis concerns, especially in relation to white-tailed deer**
  - b) **Speed up results of Johne's tests**
  - c) **Change implied warranty law to exclude Johne's and pseudorabies**
- 6. **Environmental regulations**
  - a) **Reduce the costs of manure storage regulations**
  - b) **Nonpoint source pollution**
    - (1) Adopt standards that recognize differences in terrain throughout the state
    - (2) Provide funding to install facilities
    - (3) Review navigable waters regulations as applied to farms
    - (4) Provide that all farms are eligible for payments, not just ones that are expanding
  - c) **Do not require improvement of drainage ditches unless farmers choose to**
  - d) **Speed up decisions by DNR on permits**
- 7. **Crop and livestock damage**
  - a) **Sandhill cranes and wild turkeys**
    - (1) Pay crop damage
  - b) **Coyotes**
    - (1) Impose a bounty
    - (2) Pay for damages to livestock
    - (3) Ease hunting restrictions
  - c) **Generally, reduce wildlife populations**
- 8. **Miscellaneous**
  - a) **Provide full funding for the morning milk program**

- (2) Create a Midwest dairy compact
- (3) Bring California into the milk pricing system
- (4) Investigate the prices charged for cheese
- c) **Require full reporting of all cheese produced**
- d) **Use anti-trust laws to address noncompetitive practices of buyers and suppliers**
- e) **Investigate how food prices are affected by "middlemen"**
- f) **Limit imports of agricultural products**
- 2. **Food production and distribution issues**
  - a) **Investigate inappropriate use of MPC in cheese**
  - b) **Require country of origin labels for agricultural products**
  - c) **Allow state inspection of meat shipped in interstate commerce**
  - d) **Use US surpluses in overseas disaster relief and local nutrition programs**
  - e) **Establish a "family farm" label for agricultural products**
- 3. **Environmental regulations**
  - a) **Adopt reasonable regulations in the coastal zone management and similar programs**
- 4. **Programs to assist farmers**
  - a) **Create a separate program to support dairy grazing**
  - b) **Allow subordinations in agricultural loan guarantees to reduce costs of refinancing**
  - c) **Create a program of direct payments to farmers based on a farmers prior year gross income**
  - d) **Provide access to affordable health insurance**
  - e) **Increase the amount of land entered in conservation reserve**
- 5. **Miscellaneous**
  - a) **Eliminate block voting by cooperatives**
  - b) **Review whether the benefits to farmers under Social Security will be adequate in light of low farm income during a farmer's earning years**
  - c) **Keep the Mississippi River open as a transportation route**

**B. State solutions**

- 1. **Financial programs to assist farmers**
  - a) **Develop programs to assist direct marketing by small and medium sized farms**
  - b) **Involve the Department of Commerce in the agricultural industry**
  - c) **Provide loans for farmers to develop niche markets**

**C. Local solutions**

1. Purchase of development rights (PDR) programs
  - a) **Assure that PDR assists farmers rather than those who remove land from agricultural use**
  - b) **Administer PDR through an elected body**
  - c) **Review restrictions places on farms with land affected by PDR**
2. Zoning
  - a) **Facilitate the placement of large scale animal agricultural in areas zoned for exclusive agricultural use**

**D. Farmer solutions**

1. Production
  - a) **Adopt more efficient practices**
  - b) **Use caution in adopting biotechnology, which will increase production and reduce prices**
2. Marketing
  - a) **Increase the use of cooperative marketing**
  - b) **Increase use of futures markets**
  - c) **Focus on national and international markets**
  - d) **Educate the public regarding animal rights issues**
  - e) **Participate directly in marketing coops**