

MINUTES OF THE SENATE JUDICIARY COMMITTEE.

The meeting was called to order by Chairperson Emert at 10:06 a.m. on March 1, 2000 in Room 123-S of the Capitol.

All members were present except: Senator Oleen (excused)

Committee staff present:

Gordon Self, Revisor
Mike Heim, Research
Jerry Donaldson, Research
Mary Blair, Secretary

Conferees appearing before the committee:

Mike Stumo, Attorney, Organization for Competitive Markets
Representative Dennis McKinney
Mike Callicrate, Feedlot Owner and Cattle Feeder
Luke Schwieterman, Schwieterman, Inc., Cattle Feeder and Farmer
Bill Bowman, Kansas Cattlement's Association
Elroy Heim, Feedlot Manager and Cattle Feeder

Others attending: see attached list

SB 590—concerning livestock; regarding ownership of such livestock

The following conferees were all proponents of **SB 590**:

Conferee Stumo presented a brief overview of **SB 590**, a bill which “promotes agricultural market competition and preserves the decentralization structure of agriculture by placing a ban on meat packers owning, directly or indirectly, livestock for production of livestock or livestock products.” He discussed: competition policy rules designed specifically for production agriculture; basic rules of competition adopted by other states; vertical integration in marketing and its application to agribusiness; and the economic benefits to local agricultural communities of maintaining a competitive market. ([attachment 1](#))

Conferee McKinney requested clarifying language to **SB 590** on page 1 at lines 37 through 39 to make certain that closed co-ops are exempted. He discussed the difficulties facing Kansas producers when they try to compete against packers who are able to attain adequate profits on the processing and retailing sides of the business and yet control the market through direct ownership or other captive supply arrangements attaining profits on the production side as well. He stated that independent producers need the production profits to support their families and he encouraged Committee to pass this bill or look for other means to encourage competition in Kansas livestock markets. ([attachment 2](#))

Conferee Callicrate presented several statistical studies done by economists which indicate the growing gap between retail food prices and farm prices due “largely to exploitation of market power” by “an industrialized, centrally planned, corporately controlled agricultural economic model” which “serves to concentrate wealth in the hands of a few corporations while strangling producers and rural communities.” He stated that passage of **SB 590** will restore competitive markets and return a fair level of income to Kansas Producers. ([attachment 3](#))

Conferee Schwieterman reviewed work he has done as a market analyst to determine why the livestock industry has been unprofitable for a long period of time. He discussed two market factors which have an “indisputable” effect on this issue: there is no oversupply of livestock as has been claimed; and captive supplies, meaning livestock supplies, are controlled by packers through packer ownership or forward contracts, which depress livestock prices. He reviewed several charts to substantiate his analysis and conclusions. ([attachment 4](#))

Conferee Bowman presented statistical data to substantiate his statement that there is a growing disparity between retail food prices and farm prices which is a result of exploitation of market power and not due to extra services provided by processors and retailers. He offered statements and views pertaining to this issue which were given by Commissioners Thelma J. Askey and Lynn M. Bragg, International Trade Commission, at a hearing for antidumping petitions filed against the Importing of Canadian live cattle, held in Washington D.D. by the Ranchers and Cattlemen's Action Legal Foundation. ([attachment 5](#)) He also reviewed an article by Dan Looker relating to the banning of packer ownership of livestock. (see [Successful Farming, Mid-February 2000, pg. 9](#))

Conferee Heim stated that he believed **SB 590** will help address "the serious consequences of packer concentration." He presented personal testimony as a feedlot operator trying to bid his customers' cattle on the market and discussed a complaint he filed with the Packers and Stockyard Administration in 1998 where he stated he had been denied fair access to the market for 3 years and was recently completely shut out of the market except for "bids not to buy." He requested the Committee's support of the bill. ([attachment 6](#))

Written testimony in support of **SB 590** was submitted by Ken Winter, Winter Feed Yard, Inc. ([attachment 7](#)) and Ivan Wyatt, Kansas Farmers Union. ([attachment 8](#))

The meeting adjourned at 11:02 a.m. The next scheduled meeting is March 2, 2000.