For North Dakota Sen. Terry Wanzek, recently passed legislation in his state to provide exemptions to a ban on corporate hog and dairy farming is all about the preservation of the family farm — including his own.

“My cousin owns a dairy farm next door to our crop farm,” explains Wanzek, who sponsored SB 2351 last year. “He is investing heavily in updated facilities, but if we wanted to incorporate together to add value to my crops, any corporation would be illegal should our children inherit it, because they are not closely enough related.”

SB 2351, passed by the North Dakota Legislative Assembly, would provide the necessary exemptions. Specifically, it would allow corporations to own up to 640 acres for a dairy or hog farm; corporate ownership of any other type of farming operation, or of farmland, would remain illegal in North Dakota.

“We have to provide ways for family farms to grow and continue to the next generation,” Wanzek says. But opponents of the legislation (including the North Dakota Farmers Union) say SB 2351 is not the answer, and they gathered enough signatures to force a statewide vote on it in June. A “no” vote would mean that corporate dairy and hog farms owned by individuals further apart than three degrees of kinship would remain illegal.

Sen. Joe Miller, also a farmer, is leading a coalition of farm groups working for a “yes” vote.

“We have to grow our dairy industry,” says Miller, noting that the state currently only has two milk processors in operation. “And when we do, it will help our grain industry. “We are a nation of family farmers, many of which incorporate because of liability concerns. This bill isn’t going to change that. What I do hope it does is ignite the livestock industry and help the crop farmers too.”

Contentious debate over corporate farming laws is nothing new for the Midwest. Starting in the 1970s, as farm profitability dropped and farms grew larger across the country, this region became the center of a movement to restrict corporate farming.

Over the years, many of these laws have been removed or weakened by court rulings or legislative changes. And this year in North Dakota, Nebraska and South Dakota, the restriction issue has sparked intense policy discussion, inside and outside of state capitols.

Traditionally, state restrictions have prevented corporations from either owning land and/or livestock or from contracting with farmers to grow livestock. In Nebraska, a previous ban on corporate ownership of land was ruled unconstitutional, but meatpackers are still prevented from owning in-state livestock, including by entering into contracts with producers.

This year, however, LB 176 lifted the restriction in one sector of the livestock industry — pork production. Nebraska’s longtime restrictions have been designed to prevent vertical integration in the market. But according to Sen. Ken Schilz, meatpackers have been able to pay farmers in a neighboring state to feed hogs and then process them in Nebraska. They could not contract with in-state farmers to do the same thing, he adds.

Some of his colleagues, though, are not convinced that LB 176’s changes are best for agriculture, and family farms, in Nebraska. “Fair prices for livestock require an open market,” Sen. Al Davis says. “Contract production takes this away, and as it increases, farmers lose that open and public market. Nebraska’s ban on packer ownership has kept
hog farms under the control of family farmers."

Sen. Beau McCoy agrees. He notes, too, that the state’s corporate restrictions on owning cattle have long been in place — and will continue to be under LB 176.

“Nebraska is the No. 1 cattle-feeding state, and yet it bans packer ownership of cattle," McCoy says. “How can the hog industry be that different?”

South Dakota also bans contract feeding or ownership of hogs (but not of other livestock). But Sen. Gary Cammack, sponsor of SB 98 [4], says his bill (signed into law in March) will ensure “that all species are treated equally, ending the practice of additional restrictions on hog farms.”

By:
Tuesday, March 15, 2016 at 12:00 AM

Attachment

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