

**Governor Tim Pawlenty's Livestock Advisory Task Force
Local Siting Sub-Committee Recommendations
January 2005**

The Local Siting Committee (committee)¹ recognizes the economic significance of Minnesota's livestock industry and its importance to rural communities and the state, and believes that diversity of species and of sizes and types of livestock facilities is critical to maintain the vitality of the livestock industry and of the overall state economy. The committee's goal is to maintain Minnesota's commitment to local government zoning and environmental quality while at the same time improving the transparency, predictability, cost effectiveness, fairness and civility of the local siting process. The committee recommends a multi-part strategy for achieving these important goals.

1. Training and Technical Assistance. The committee recognizes that an important factor in local livestock siting is the expectations of the local unit of government, the project proposer, and other interested parties and whether their expectations are similar.

A. **Development of Checklist:** To clarify the expectations of the siting process, the committee recommends development of a checklist that would provide a template for consideration of the project, including those steps necessary for permitting the feedlot. The Minnesota Department of Agriculture (MDA) would provide the federal and state requirements for the checklist and the local unit of government would provide, to the extent possible, the various regulatory and procedural requirements that apply in that local jurisdiction. The checklist will be prepared by the MDA and customized by local government units. The checklist would also be provided to the project proposer(s) at the initiation of the permit process and is intended to reduce confusion and increase the transparency of the approval process.

B. **Training and Assistance Program:** The committee also recommends development of a comprehensive training and technical assistance program for local government officials. The program would provide information and training on livestock siting issues and would be based on an updated version of the 1996 handbook *Planning and Zoning for Animal Agriculture in Minnesota*. Training would commence as soon as possible following the updating of this document by the Minnesota Department of Agriculture (MDA), with an expected handbook completion date of no later than October 1, 2005. MDA would update the handbook in consultation with the Local Planning Assistance Center (LPAC) of the Minnesota Department of Administration. As soon as possible after the handbook is updated, MDA would assist LPAC to provide training programs to local government officials on planning and zoning for animal agriculture. The goal is to complete the

¹ Committee members include Bill Oemichen, Minnesota Association of Cooperatives, and Sandy Ludeman, co-chairs, and County Commissioner Harlan Madsen, Minnesota Association of Township's attorney Troy Gilchrist, State Senators Jim Vickerman and Steve Dille, State Representatives Greg Blaine and Paul Marquart, along with original Minnesota Governor's Livestock Task Force members Dana Allen, Lisa Heggedahl, Dave Hoelmer, Joe Swedberg, and Karen Zimmerman.

first phase of the training process within one year of finishing the Handbook update, with training to be offered on an on-going basis in the future. In addition to training on planning and zoning, the program will include, but not be limited to, information on the rural economic impact of animal agriculture, use of GIS modeling, cost factors associated with local government involvement, and the environmental review process. To help facilitate the training, supplemental funding would be sought from a combination of public and private sources.

In developing this training and technical assistance program, the committee recommends MDA and LPAC rely on the guidance and support of an advisory team including:

- Producer organizations (representing the state's major livestock sectors);
- Agricultural organizations (Minnesota Farm Bureau, Minnesota Farmers Union and Minnesota Association of Cooperatives);
- Local government associations (AMC, MAT, League of Cities);
- Academic institutions (University of Minnesota, Minnesota State Colleges and Universities);
- State agencies; and
- Education/training professionals.

As a possible incentive for local authorities to participate, the committee recommends the Minnesota Department of Agriculture, along with other interested parties, work with insurers for local government organizations to determine whether the insurers could offer a discount on insurance for local officials who receive certification of training in planning and zoning for animal agriculture.

2. Notice to Minnesota Agriculture and Minnesota Pollution Control Commissioners Regarding Feedlot Ordinance Consideration by Local Government. Second, the committee focused on a concern that has been raised regarding notice by local governmental units when they begin work on a feedlot ordinance. Committee members believe it is desirable for the local unit of government to provide notice to the Commissioners of Agriculture and Minnesota Pollution Control Agency when it is developing or amending a local land use regulation affecting livestock feedlots. This notice provides the opportunity for these two state agencies to provide helpful information and feedback to the local unit of government during its ordinance writing process. Therefore, the committee recommends the Minnesota Legislature amend Minnesota Statutes to provide that local units of government in Minnesota Statutes Chapter 462, as is already required of counties in Minnesota Statutes Section 394.25, must notify the Commissioner of Agriculture and Commissioner of the Minnesota Pollution Control Agency when the local unit of government begins the process of adopting a feedlot ordinance, or amendment to an existing ordinance. This notification should be early in the ordinance adoption process, but in no event any later than the notice of the first hearing to adopt a new feedlot ordinance or to amend an existing feedlot ordinance.

3. Impact on Local Economy Statement. Third, the committee recommends that counties and other local units of government seeking to enact or amend a feedlot

ordinance or regulation that would impact animal agriculture, prepare a brief report on the impact the ordinance or regulation will have on the local economy if requested by at least one of the members of the local governing body or upon petition of at least 25 eligible voters within the local governmental jurisdiction. The committee recommends that a local economy analysis include the following:

- State whether the ordinance or regulation will affect the local economy; and
- Describe the kinds of businesses, if any, that may be affected by the ordinance or regulation and the projected impact the ordinance or regulation will have on those businesses.

To assist local government in preparing this local economic analysis, the MDA, in cooperation with the Department of Employment and Economic Development (DEED), will develop a template for measuring local economic impacts and make it available to local units of government.

4. Public notification. Fourth, the committee recommends changes to Minnesota Statutes regarding the notice required of local units of government for the initiation of animal agriculture-related ordinances, including interim ordinances, regulations, moratoriums or other types of decision making to ensure timely notice is provided to all potentially interested parties. The purpose of this recommended change is to harmonize the public notice requirements of local units of governments. The committee recognizes that to protect the planning process, the notice requirement must indicate that permit applications are subject to the new ordinance or amendment if the application is made following public notice.

5. Odor Research for Siting Decisions. Fifth, the committee recognizes that researchers have made substantial progress over the years with improvements in odor technology. This research should be provided to local units of government when separation distances and other requirements are being considered to help ensure they reflect the most recent scientific information available.

The committee encourages the University of Minnesota, the Minnesota Pollution Control Agency, and MDA continue research and support the development of odor technology and methodology so that this information can be used by local government authorities for separation distance decisions

6. Appeal process. Finally, the committee discussed a series of options in attempting to improve the appeal process for local land use decisions. This consideration arose out of concerns that the current appeal process through the Minnesota District Court, Court of Appeals, and then Supreme Court is costly and leads to the substantial risk of an untimely decision for the producer applicant.

The group focused on three primary areas:

1. Who should decide appeals from local land use decisions?
2. Upon what standards should appeals be based?

3. What should be the burden of proof and who bears it?

The committee considered, but did not adopt recommendations on the following appeal options:

- (1) Changing Minnesota Statutes to allow an appeal of a livestock siting decision directly to the Minnesota Court of Appeals;
- (2) Changing Minnesota Statutes to create a statewide Livestock Siting Commission appointed by the Governor or Commissioner of Agriculture that would include broad representation of counties, townships, producers, environmental representatives, technical experts and public members.
- (3) Changing Minnesota Statutes to provide for a change in venue in the appeal of a local unit of government's livestock siting decision.

There was disagreement among committee members over aspects of each of the three listed appeal options.² For this reason, committee members determined that improved education and training efforts, timely and effective notice to the state and other interested parties, a renewed focus on relevant scientific information, and cooperation among all interested parties, will lead to improved siting decisions, ease siting conflicts, and reduce the need for a revised appeals process.³ Because of this belief, the committee does not recommend revisions to the appeal process at this time.

Given the importance of animal agriculture and the challenges faced by the industry, the Committee encourages the Governor provide for a review of the outcomes of these recommendations in the future.

The committee thanks Governor Tim Pawlenty for the opportunity to provide him with local livestock siting recommendations to enhance the Minnesota livestock industry and its relationship with local units of government.

² In addition, a fourth option was considered during the committee's final meeting on December 13, 2004. This option would have created a voluntary mediation process between the local unit of government and the producer. Committee members determined there was insufficient time and information to consider this option.

³ Senator Steve Dille, a committee member, introduced four potential recommendations at the final in-person committee meeting on December 13, 2004. These recommendations include: (1) recommending the Governor appoint a task force to study urban sprawl issues and make recommendations on controlling urban sprawl, (2) requiring local units of government to base any requirements that are more stringent than the State 7020 Feedlot Rules on "sound economics" and "reasonable scientifically defensible findings of fact," (3) that if a township chooses to plan and zone, its officers should first attend available training sessions, and (4) that any Minnesota statute listing zoning criteria also include economics as a consideration. The committee determined there was insufficient time to review these potential options and noted that some of the proposed options drew both support and opposition from committee members.

Governor Tim Pawlenty's Advisory Task Force



June 2004

Minnesota's Animal Agriculture Industry Report

Livestock Advisory Task Force Membership:

Gene Hugoson.....**Commissioner**.....Minnesota Department of Agriculture (co-chair)

Matt Kramer.....**Commissioner**.....Minnesota Department of Employment and Economic Development (co-chair)

Sheryl Corrigan.....**Commissioner**.....Minnesota Pollution Control Agency

Dana Allen.....Minnesota Milk Producers Association and Southeast Agriculture Alliance

Al Anderson.....Cenex Harvest States Inc., and Minnesota Agri-Growth Council

Don Berg.....Land O'Lakes, Inc.

Clint Fall.....First District Cooperative

Rod Hamilton.....Minnesota Pork Producers Association

Lisa Heggedahl.....Minnesota Farmers Union and Minnesota State Angus Association

Dave Hoelmer.....AgStar Financial Services

Sander Ludeman.....Minnesota Farm Bureau, Minnesota Corn Growers and Minnesota Soybean Growers

Charles Muscoplat.....College of Agriculture, Food and Environmental Sciences, University of Minnesota

Joe Swedberg.....Hormel Foods Corporation and Jennie-O Turkey Store

Karen Zimmerman.....Minnesota Turkey Growers Association

This report

of Employment and Economic Development, and the Minnesota Pollution Control Agency.

For additional copies, please contact the Minnesota Department of Agriculture at 651-297-3219.

Executive Summary

Animal agriculture is a vital part of Minnesota's economy. In 2001 (the most recent year for which data were available), cash receipts from livestock production totaled nearly \$4.3 billion - roughly 53 percent of the state's overall agricultural sales¹. The full economic impact of Minnesota's livestock production exceeds \$10.7 billion when indirect and induced outputs are considered².

In addition to being a major economic driver, livestock production is a major employer. The industry is credited with supporting nearly 100,000 jobs (directly providing nearly 28,000 jobs and creating business activity that supports 70,000 more)³.

Animal agriculture also generates significant demand for Minnesota's largest agricultural crops through animals' consumption of feed grains. Minnesota livestock annually consume roughly 20 percent of Minnesota's corn and soybean crops. This local demand adds value to the crops - it is estimated that animal agriculture adds more than \$2 billion to the value of Minnesota crops⁴.

Unlike some states dominated by one species or business model, Minnesota's animal agriculture industry is diversified in terms of livestock species, farm size, and business model. This diversity is important because it gives the industry resiliency and flexibility. The Governor's Livestock Advisory Task Force recognizes the value and importance of all livestock operations and seeks to preserve and expand opportunities for all of them. As such, the recommendations included in the task force report are designed to have relevance for all Minnesota livestock operations regardless of size, location, business structure or livestock species.

Statement of Need

While Minnesota's livestock industry is a major economic force, its future is uncertain. As input costs have increased and commodity prices have remained relatively static, profit margins for farmers have shrunk. This has driven some farmers out of business, while others have chosen to farm part-time and work off the farm to supplement their farm income. Some have chosen to switch to alternative farming methods such as organics, which offer potentially higher per-unit returns in exchange for higher production costs. For others, the answer has been to try to increase the number of acres or animals to offset the declining per-unit returns. As profit margins dwindle and business costs and family costs increase, farmers find they need to modernize and increase their efficiency simply to generate a livable income. However, attempts to expand or improve their facilities are sometimes met with resistance by those who are opposed to these changes.

The state's dairy sector, once the crown jewel of Minnesota agriculture, is leaving the state at an alarming rate. In the last 10 years, Minnesota lost 173,000 dairy cows⁵, 21 dairy processing plants⁶ and hundreds of millions

of dollars in related economic activity. This loss is underscored by the recent decision by Associated Milk Producers Inc. (AMPI) to close its dairy processing facility in Glencoe, Minnesota.

While the short-term status of the pork, poultry and beef sectors appears more stable, there are concerns about their long-term competitive ability as well.

To address this problem, Governor Tim Pawlenty announced the formation of the Livestock Advisory Task Force (LTF) in November 2003. Governor Pawlenty directed the task force to evaluate the status of Minnesota's animal agriculture industry and make recommendations to support its retention and growth in Minnesota.

The 14-member task force included representatives from the state's livestock industry, as well as agricultural finance, producer organizations, academia, and state government. Task force members met throughout the winter and spring of 2004, listening to presentations from local government officials, agricultural officials from other states, university officials and others. These presentations and the task force discussions that followed were designed to gather information and perspectives about the status of Minnesota's animal agriculture industry and about potential initiatives to improve its long-term prospects. The result is the list of recommendations in this report.

In addition to the recommendations for Governor Pawlenty, this report provides background information about Minnesota's animal agriculture industry and the economic and social trends driving its continuing evolution. This information is included to provide readers with some of the same information the task force used when developing the recommendations.

Livestock Advisory Task Force Recommendations

Factor 1: Local Siting of Livestock Operations

Goal: To improve the use of local management in the siting of livestock operations, thereby ensuring future economic development opportunities for livestock production and rural communities, protecting the environment, and reducing associated tensions and divisiveness in rural communities.

Recommendations: The LTF believes a significant impediment to modernization and new investment in Minnesota livestock operations is the lack of predictability and uniformity in the siting process at the local level. In recent months, the LTF received input on this issue from representatives of the Minnesota Association of Townships (MAT) and the Association of Minnesota Counties (AMC). Although the LTF hoped to make specific recommendations related to the role of local governments in the siting of livestock operations, task force members believe this issue requires further discussion with MAT and AMC representatives to gain additional input and support for recommendations in this area. Therefore, the LTF recommends the continuation of the current task force for the purpose of developing recommendations on ways to increase predictability and uniformity for livestock producers in siting operations while at the same time recognizing the role of local land use planning.

The LTF further recommends that a sub-group of the current LTF (supplemented with representatives of AMC, MAT, and two members each from the Minnesota Senate and House of Representatives) be appointed to develop recommendations by the autumn of 2004 for consideration by the 2005 legislature. Areas of discussion by the extended task force would include but not be limited to:

- Conducting fact-finding on issues of local planning and land-use regulation as it relates to animal agriculture;
- Developing a comprehensive proposal for providing necessary resources, assistance, training, and incentives for local governments to conduct planning efforts that identify suitable areas to zone for animal agriculture, and to identify and develop safeguards for areas or landscape conditions that might present environmental constraints for livestock production;
- Developing a comprehensive education and training proposal for local government officials on livestock siting issues, in consultation with producer organizations, AMC and MAT. The program would focus on science-based information regarding environmental, odor, manure management, ground water, community and economic impacts from various types of livestock operations; and
- Reviewing planning and zoning enabling laws for counties and townships and recommending changes as needed.

As part of the recommendations in this section, the LTF urges that, until the Governor has had an opportunity to consider the recommendations of the LTF on local siting of livestock operations, local governments evaluate feedlot proposals on their individual merits and refrain from county and township moratoria and other restrictive actions that limit livestock production.

Factor 2: Permitting and Environmental Review Process

Goal: To improve the consistency, scientific basis, predictability, timeliness and efficiency of the state's permitting and environmental review process for livestock operations while continuing Minnesota's leadership in protecting the state's natural resources.

Recommendations:

- Direct the Minnesota Pollution Control Agency (MPCA) to develop by November 1, 2004, a customer service model such as Minnesota BizNice to assist project applicants through the permitting and environmental review process, and ensure applications are accurate and complete (MDA, MPCA, private industry). MPCA will then report on the status of this recommendation to the follow-up team of Livestock Task Force members;
- Direct the MPCA to work with producer groups and other stakeholders to identify process improvements for permitting and regulatory oversight. Focus should include promotion and support for Industry led Environmental Quality Assurance programs including development of regulatory self-certification for producers voluntarily participating in endorsed EQA programs. MPCA should report to the follow up LTF team on plans and progress by September 2004;
- Direct MPCA to update its General NPDES permits to increase flexibility and encompass more applicants (MPCA). Complete initial General Permits by November 1, 2004 and report to follow-up LTF team on additional General Permits (to cover anaerobic methane digesters, and other advanced technologies) and target dates for their completion;
- Direct the Environmental Quality Board (EQB) to evaluate animal-unit thresholds triggering environmental assessment worksheets (EAWs) and report findings to the follow-up team of LTF members by November 1, 2004 (EQB, MPCA, MDA); and
- Direct EQB, MPCA and the Minnesota Department of Agriculture (MDA) to determine feasibility of an alternative environmental review process (featuring time-certain steps) for operations eligible for General NPDES Permits and operations in certain geographic areas, and report back to the follow-up team of LTF members by September 2004 (EQB, MPCA, MDA).

Factor 3: Access to Capital

Goal: To encourage and enhance investment opportunities in Minnesota's livestock industry.

Recommendations:

- Develop initiatives for the 2005 legislative session to provide tax credits and other financial incentives to assist livestock operations in modernizing and reinvesting in existing facilities and report back to the follow up team of LTF members by October 2004 (Governor's office, MDA, Department of Revenue, DEED); and
- Direct the MDA and Minnesota Department of Employment and Economic Development (DEED) to review existing loan and grant programs and recommend changes that will give the programs greater flexibility to meet the financing needs of livestock producers (MDA, DEED) by October 2004.

Factor 4: Research, Technology, Productivity

Goal: To prioritize resources and increase funding for research and education projects that support the key factors of the task force, and that enable producers and government officials across the state to support and develop Minnesota's livestock industry.

Recommendation: Direct and support investments in the University of Minnesota and Minnesota State Colleges and Universities (MnSCU) Farm Financial Management Systems to work in consultation with livestock stakeholder groups to develop and implement by November 2004 an action plan to improve the competitiveness of Minnesota's livestock industry. The plan should address the following research and education needs:

Short-term needs

- Enhance research efforts related to on-farm odor and manure nutrient management (i.e., focus on public concerns over environmental issues including potential human health effects, demonstrate technologies that enhance the environment and further utilize manure's nutrient and bio-fuel benefits);
- Enhance producers' management skills to empower them to address such challenges as on-farm human resource demands, management of additional animal units and long-range fiscal planning regardless of operation size; and
- Invest in applied research capabilities (i.e., improved research facilities that reflect current technologies necessary for increased competitiveness, product quality and animal welfare, evaluate alternative sources of protein as well as provide technical assistance in the production and marketing of specialty or alternative meat and dairy products, and address questions such as constraints that limit the flow of capital investment in the livestock industry.)

Long-term needs:

- Coordinate development of an agricultural information system for emergency preparedness;
- Expand research on disease control in animal populations; and
- Enhance research integrating production records and genomics.

Factor 5: Preservation of Investment

Goal: To preserve the investment in livestock facilities operating within generally accepted agricultural practices and in compliance with applicable federal state and local requirements.

Recommendations:

- Support legislation that strengthens Minnesota’s Right-to-Farm Law (Governor’s office, MDA); and
- Support and encourage education and communication programs on the importance of animal agriculture to rural communities and to Minnesota’s economy as a whole (MDA, agri-business, producer and commodity organizations, U of M, secondary and post-secondary education institutions).

Additional Recommendations (Not Directly Related to the Five Factors Cited Above):

- Develop specific proposals for the Legislature based on task force recommendations (Governor’s follow-up team);
- Develop additional long-term policy recommendations for enhancing the competitive position of Minnesota livestock industry (Governor’s follow-up team);
- Initiate and oversee activities of LTF siting subcommittee (Governor’s follow-up team); and
- Report regularly to the Governor on progress toward implementation of these recommendations (Governor’s follow-up team).

Economic Snapshot of Minnesota's Animal Agriculture

Beyond its historical and cultural significance, the animal agriculture industry is a vital part of Minnesota's economy. In 2001 (the most recent year for which detailed figures are available), cash receipts from livestock production totaled nearly \$4.3 billion - roughly 53 percent of Minnesota's overall agricultural sales⁷. The full economic impact of Minnesota's livestock production is greater than \$10.7 billion when factoring in indirect and induced output⁸. The livestock production sector is also a major employer in the state, supporting nearly 100,000 jobs (directly providing nearly 28,000 jobs and creating business activity that supports another 70,000)⁹. Many of these jobs are in economically stressed rural areas of greater Minnesota.

This report focuses on the state's four largest categories of animal agriculture: dairy, hogs, beef and poultry. However, several other categories of livestock production make important contributions in Minnesota. These include sheep and lambs, mink, goats and others. Together, these categories contributed nearly \$90 million to the state's economy in 2001¹⁰.

1. Dairy production



Figure 1

Dairy production is the second largest economic contributor among Minnesota's livestock categories, but it is the sector posting the weakest performance. The state's share of national milk production dropped from 7 percent in 1980 to 5 percent by 2003¹¹. In 2001, cash receipts from dairy production accounted for 16 percent of Minnesota's total agricultural sales. The total economic impact of Minnesota's dairy production is estimated to be \$3.1 billion. This figure includes \$1.3 billion in direct impact and \$1.8 billion in indirect and induced impact¹². It is estimated that each dairy cow generates \$5,000 in economic activity for the state¹³.

The total employment impact of Minnesota's dairy industry is estimated to be 27,402 jobs. This employment figure includes direct employment of 6,111 jobs and indirect or induced employment of 21,291 jobs¹⁴.

Minnesota's dairy production peaked in 1983¹⁵. Milk cow numbers dropped 26 percent from 660,000 in 1992 to 487,000 in 2002¹⁶. Increases in per-cow productivity softened the impact of this drop in cow numbers, but the state's

annual milk production has declined 14 percent from 9.9 billion pounds in 1992 to 8.5 billion in 2002¹⁷. This decrease resulted in a loss of \$238 million in farm income¹⁸ and raises significant concerns about the long-term viability of dairy production and processing in the state. The processing and production facets of the industry are at risk of becoming obsolete in comparison to other states. As a result of this trend and the industry’s uncertain future in Minnesota, producers and processors may hesitate to reinvest.

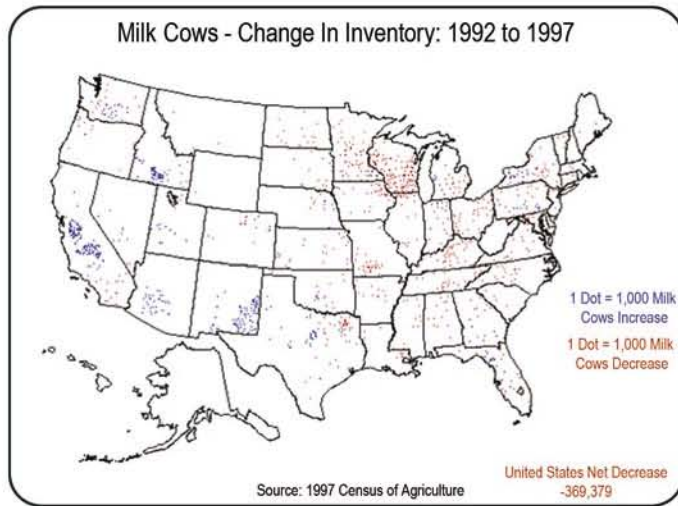


Figure 2

Much of the milk production is shifting to western states such as California and Idaho. For example, from 1997 to 2002 California added 256,000 dairy cows and 7 billion pounds of milk production. Idaho, meanwhile, added 116,000 cows and nearly 3 billion pounds of production. In that same period, Minnesota lost 82,000 cows and 752 million pounds of production¹⁹.

The success of these western states has been credited to a number of different factors, but particular factors cited by industry observers were western states’ relatively accommodating laws pertaining to business structure and greater acceptance of modern dairy operations.

2. Hog production

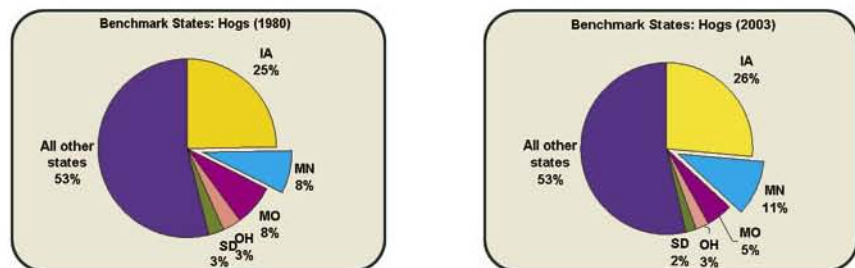


Figure 3

Of the four primary livestock sectors in Minnesota, hog production is the largest economic contributor and the strongest performing sector. It is also Minnesota's second largest production agricultural sector after corn. In 2001, cash receipts from hog production accounted for 17.5 percent of Minnesota's total agricultural sales²⁰. The total economic impact of Minnesota's hog production is estimated to be \$3.7 billion. This figure includes \$1.4 billion in direct impact and \$2.3 billion in indirect and induced impact²¹. It is estimated that each sow directly generates \$2,000 in economic activity for the state²².

The total employment impact of Minnesota's hog production industry is estimated to be 35,665 jobs. This employment figure includes direct employment of 10,285 jobs and indirect or induced employment of 25,380 jobs²³.

Minnesota is the third largest swine producer among all 50 states²⁴, and the state boasts nine of the top 40 hog operations in the U.S.²⁵ Minnesota's hog inventory grew from 4.7 million in 1992 to 6 million in 2002²⁶. According to the Minnesota Agricultural Statistics Service, the state marketed 3 billion pounds of pork in 2002, up from 2 billion in 1992. Compared to the state's dairy sector, Minnesota's pork sector has encountered fewer obstacles to growth due in part to its greater ability and willingness to future-contract production. This provides pork producers with a guaranteed price for their product and it guarantees a steady supply of raw product for processors.

Of the 12 million head of Minnesota hogs marketed in 2003, approximately 7 million head were processed within the state of Minnesota. Hormel and Swift purchased between 85 and 90 percent of their daily requirements from Minnesota producers. More than 4.5 million hogs were transported out of the state for processing, with Tyson/IBP and John Morrell/Smithfield Foods accounting for the majority of this total. The number of hogs processed out-of-state is expected to increase with the completion of a new facility in St. Joseph, Missouri, in the autumn of 2005²⁷.

3. Beef production

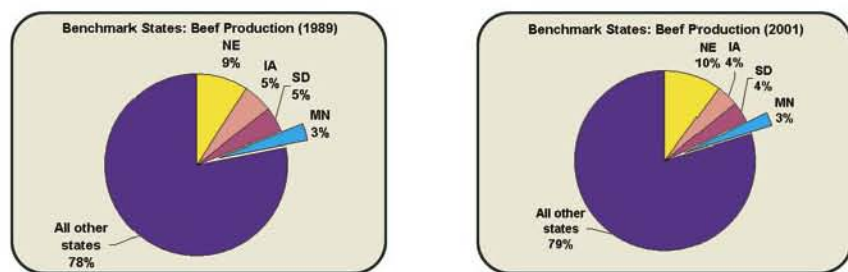


Figure 4

Beef production is the third largest animal agriculture sector in Minnesota, and the sector has held steady over the last decade. The state ranks 11th in the country in cattle on feed²⁸. The state's beef cattle inventories have remained

stable since the late 1980s, as has the average size of beef operations. According to the Minnesota Agricultural Statistics Service, the state brought to market slightly more than 1 million beef cattle in 2002, down slightly from 1.2 million in 1992. In 2001, cash receipts from beef production accounted for 11 percent of Minnesota’s total agricultural sales²⁹. The total economic impact of Minnesota’s beef production is estimated to be \$2.2 billion. This figure includes nearly \$900 million in direct impact and \$1.3 billion in indirect and induced impact.³⁰ It is estimated that each beef cow directly generates \$1,636 in economic activity for the state.³¹

The total employment impact of Minnesota’s beef production sector is estimated to be 21,085 jobs. This employment figure includes direct employment of 6,371 jobs and indirect or induced employment of 14,714 jobs.³² The beef production sector in Minnesota has benefited by keeping labor and input costs – particularly feed costs - to a minimum.

4. Poultry production

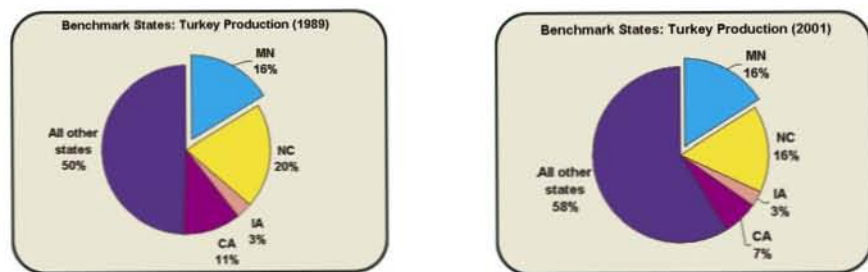


Figure 5

Comprising turkey, chicken and egg production, poultry production is the fourth largest animal agriculture sector in Minnesota and a stable presence in the state’s animal agriculture industry.

In 2001, cash receipts from poultry production accounted for 7.3 percent of Minnesota’s total agricultural sales.³³ The total economic impact of Minnesota’s poultry production is estimated to be \$1.5 billion. This figure includes \$583 million in direct impact and \$869 million in indirect and induced impact.³⁴ It is estimated that each turkey directly generates \$11.68 in economic activity for the state, while each broiler directly generates \$2.18.³⁵

The total employment impact of Minnesota’s poultry production sector is estimated to be 9,299 jobs. This employment figure includes direct employment of 1,965 jobs and indirect or induced employment of 7,334 jobs.³⁶

Minnesota is second in the nation in turkey production, raising 44 million turkeys in 2002 (up from 43.5 million turkeys in 1992)³⁷. The production and value of turkeys increased in Minnesota by 35 percent since 1994³⁸. Broiler production in Minnesota topped 44.2 million birds in 2002, down from 45.3 million in 1992.³⁹ However, Minnesota’s broiler production remains modest

when compared to other states. As with pork, Minnesota’s poultry industry has encountered fewer growth obstacles than other sectors due in part to a greater ability and willingness to future-contract production. Minnesota’s poultry sector has an advantage due to the state’s significant processing capacity.

Livestock Processing

In addition to the livestock production sectors mentioned above, another major component of the state’s animal agriculture industry is the processing sector. Based on recent data compiled by the MDA, processing of livestock and livestock products in Minnesota directly generates \$7.4 billion annually. The total economic impact of Minnesota’s livestock processing is nearly \$19.7 billion when factoring in indirect and induced output.⁴⁰

The processing sector is also a major employer, supporting nearly 133,000 jobs (directly providing nearly 26,000 jobs and creating business activity that supports another 107,000).⁴¹

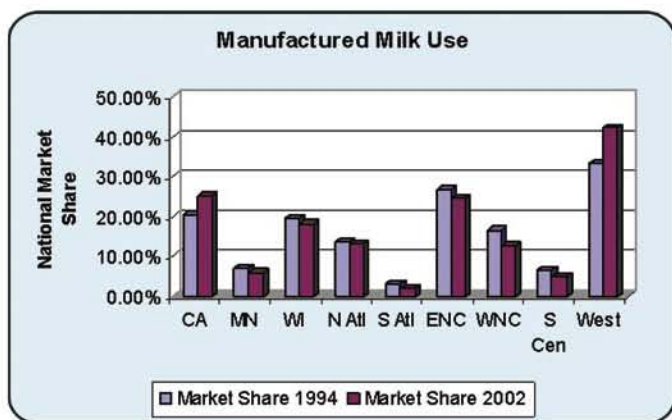


Figure 6

The importance of the livestock industry as a generator of high-quality jobs for greater Minnesota cannot be understated. There is a synergistic relationship between the processing industry and production; one industry cannot exist without the other. In fact, this relationship extends to the production of grains and forages as well. If any of these key components is allowed to wither, the entire industry falters.

Without a local processing infrastructure to support livestock production, agriculture would suffer, but so too will rural communities. This is clearly illustrated by the case of the Dairy Farmers of America dairy plant in Fergus Falls. Before its recent closure, the plant had a direct impact of \$43.9 million in output, and employed 127 people.⁴² This added \$3.6 million in labor income to the area. If the indirect and induced factors are added into the equation this plant closing 1,116 jobs were lost, eliminating \$21.4 million

from the labor income, and a total loss of \$117.3 million of lost output impact of which \$34.3 million was value added.⁴³ Unless the state takes action to reverse declines in animal agriculture production and processing, more communities will suffer losses like those experienced in Fergus Falls.

Additional Economic Impacts

Feed

In addition to the above-mentioned economic impacts of livestock production and processing in Minnesota, there are a number of important secondary impacts. From an agricultural perspective, perhaps no secondary impact is more important than feed consumption.

Minnesota's livestock industry is a major consumer of the state's top crops – corn and soybeans. For the 2002-2003 crop year, Minnesota livestock consumed 19 percent of the state's corn production and 20 percent of the state's soybean production⁴⁴. For both corn and soybeans, livestock consumption ranks second only to export markets when it comes to end uses. The prevalence of hay in the state's crop rotation also provides soil conservation benefits. This is especially true for the more environmentally sensitive landscape in parts of southeastern Minnesota.

Hogs consumed 46 percent of the corn used by livestock in 2001, while dairy cattle consumed 19 percent, poultry consumed 18 percent and beef cattle consumed 14 percent. Of the 62 million bushels of soybeans consumed by Minnesota livestock, hogs consumed 42 percent, poultry consumed 36 percent, dairy cattle consumed 13 percent and beef cattle consumed 8 percent.⁴⁵

Value Added/Renewable Fuels

The financial health of Minnesota's livestock industry also has a bearing on the financial standing of the state's burgeoning renewable fuels industry. For instance, the state's 12 dry-mill ethanol corn plants generate a million tons of distiller's grain each year. This is enough to supplement the annual rations of 2 million dairy cows, 30 million fat hogs or 250 million turkeys.⁴⁶ The abundance of high-quality feed components is good for local livestock production and the existence of a robust livestock industry provides a strong market for these valuable by-products of ethanol production.

The state's renewable fuels industry supports hundreds of jobs in local communities, and increases the income of local farmers – many of whom have ownership stakes in the plants. These renewable fuels production facilities combine with livestock enterprises to maintain a strong economic anchor for rural communities.

Manure

Another secondary benefit of Minnesota’s livestock industry is the economic contribution of manure to the state’s cropland. When properly managed and applied, manure supplies nutrients to crops, improves soil properties, and builds soil organic matter. Nitrogen in commercial fertilizer costs approximately 30 cents per pound and \$5 per acre to apply.⁴⁷ As the cost of commercial fertilizer continues to rise, manure becomes a more cost-effective alternative.

From an economic perspective, the value of manure ranges from \$4 per ton to \$20 per ton in the first year of application, and from \$2 per ton to \$10 per ton in total nutrient benefit in years two and three.⁴⁸ Many livestock producers have developed nutrient management plans for their operations to optimize their use of commercial fertilizer and manure. This has resulted in cost savings for the producer, increased crop yields, and greater implementation of best management practices (BMPs).

Illustrating the potential value of manure generated by livestock, one cow can supply enough nitrogen for 1.5 acres of silage corn. The annual value of nutrients in manure from 100 lactating cows exceeds \$10,000.⁴⁹

Current Forces Impacting Animal Agriculture

Like all industries, animal agriculture has experienced significant changes in recent years. In many production sectors, overall farm numbers have declined for several decades. This is true not only for Minnesota but for many states. However, the picture varies significantly from one animal agriculture sector to another. As discussed earlier, the state’s dairy sector is struggling while the pork sector is growing and the beef and poultry sectors are holding their own.

As input costs increase and commodity prices remain relatively static, profit margins for farmers have shrunk. This has forced some farmers out of business, while others have chosen to farm part-time and work off the farm to supplement their farm income. Some have chosen to switch to alternative farming methods such as organics, which offer potentially higher per-unit returns in exchange for higher production costs. Others have adopted novel marketing approaches. For example, many farmers have taken advantage of the Minnesota Department of Agriculture’s recently reinstated State Meat Inspection Program to skip the “middle man” and market their meat products directly to consumers. This direct-marketing approach can significantly boost the farmer’s share of the consumer dollar.

The state is also seeing a move away from “independent farming” to “interdependent farming.” Previous generations of farmers prided themselves on their independence, but as the economic landscape has shifted and entities further up the food chain have increased in size, farmers have found more value in banding together to reduce costs, pool resources and increase bargaining power. This move toward interdependence takes many forms, from farmer-owned ethanol cooperatives to specialized production arrangements among producers to marketing relationships between producers

“Livestock farmers are basically small business operators the same as farmers in past generations. But now instead of competing against farmers across the county and selling to an elevator down the road, we’re competing against farmers in another country and selling to consumers on the other side of the globe.”

– Dana Allen, Farmer and Minnesota Milk Producers Association member

and local processors.

For some, the answer has been to modernize, increase their efficiency or focus on particular species to offset the declining per-unit returns. As profit margins dwindle and business costs and family costs increase, some farmers find they need more cows, pigs or acres of corn simply to generate a livable income. However, attempts to expand are sometimes met with resistance by individuals and groups opposed to livestock expansion.

According to a University of Minnesota Extension Service study released in April 2003, a farm family in southwestern Minnesota required the following production units to generate the average 2002 area family living amount of \$51,826:

Corn.....	1,490 acres
Soybeans.....	1,064 acres
Hogs (farrow-to-finish).....	8,010 head
Dairy cows.....	97 head
Beef (cow-calf).....	1,091 head

Note: No figures were provided for poultry production. These figures assume the production of that commodity was the family's exclusive source of income.

1. Technological innovations

As with nearly all other aspects of modern society, technology is changing animal agriculture and those involved with it. Advances in genetics, global positioning technology, information management, communication, animal nutrition, automated equipment and other areas have resulted in more efficient, healthy animals that produce more today than even five years ago.

Adopting this new technology on one's farm requires an up-front investment that can be daunting for some farmers, especially those who are facing high debt or negative cash flow. Those farmers who have adapted in many cases are choosing to expand because of increased efficiencies and because they need to spread the costs of the technology to stay profitable. This adoption may in many cases be phased in over several years through incremental expansion. The result is a wide variety of business models and a wide range in size of operations. One of the major management challenges facing Minnesota's livestock farms (regardless of size) is how they can incorporate technology into their business to maintain efficiency.

2. Influence of globalization

While the reduction of international trade barriers and economic growth in Asia and Latin America has led to important new export opportunities for Minnesota farmers, trade liberalization has also exposed farmers to increasing pressure from global competitors. While U.S. producers are among the most efficient, producers from meat-exporting nations such as Brazil, Canada and Mexico have competitive advantages that are difficult for American producers to overcome in the short-term. These advantages include favorable exchange

rates, lower labor costs, and lower environmental compliance costs.⁵⁰ One consequence of this is that U.S. producers feel growing pressure to maximize efficiency and reduce operating costs.

Farmers also face escalating financial pressure from animal diseases as a result of increased global agricultural trade. There is an increased risk that foot-and-mouth disease, bovine spongiform encephalopathy and other diseases can enter North America from other parts of the world, causing new outbreaks in the United States and leading other nations to ban American agricultural products in order to protect their own domestic livestock industries.

The December 2003 discovery of a single case of BSE in Washington state caused 52 nations – nearly all America’s leading export customers - to ban U.S. beef. This cut off American beef producers from 98 percent of the export market and forced the domestic markets to absorb millions of tons of beef that would otherwise have been consumed by foreign customers. Likewise, the February 2004 outbreaks of avian influenza in Delaware and Texas caused several nations to ban U.S. poultry. Together, these nations accounted for more than 18 percent of U.S. exports in 2003. The financial pain of these bans hit producers around the country because in many cases, the bans made no distinction between meat from the affected states and meat from states hundreds of miles away.

When animal diseases strike, farmers also run the risk of losing domestic markets. While the December 2003 BSE case had only a minor impact on domestic beef consumption, the industry might have faced more severe and long-lasting repercussions if multiple cases had emerged.

3. Environmental and social pressures

In addition to economic pressures, producers are increasingly faced with environmental and social pressures. Public concerns about the environmental and social impacts of modern animal agriculture have led to more stringent environmental rules and higher compliance costs for producers. These pressures can constrain production growth and limit investment.

Farmers and processors say these pressures manifest themselves in a number of ways. For instance, in recent years farmers looking to expand their facilities have faced increasingly difficult permitting processes and stronger, more organized public opposition. According to a January 2003 survey published by the Minnesota Agricultural Statistics Service, Minnesota dairy farmers have significant concerns about rising expansion project costs and delays associated with feedlot permitting and environmental regulations. Many farmers also reported they would have difficulty covering the costs of making changes to their facilities to comply with new federal, state and local regulations.⁵¹

Some involved with Minnesota’s animal agriculture industry believe these environmental and social pressures are contributing to the decline of

Minnesota's dairy sector, and have a chilling effect on the growth of other livestock sectors in the state. Although environmental and social pressures exist throughout the country, there is a belief that western states are more accepting of modern, large-scale livestock facilities than states in the Midwest and East.

4. Evolving consumer demands

Animal agriculture is increasingly a consumer-driven industry. With consumer incomes rising in many areas of the world and an increased focus on health, nutrition, food safety and active lifestyles, consumers have exacting standards for food. Animal agriculture must strive to deliver products that not only meet basic nutritional standards but also meet the many varied demands placed by consumers. The diversity of consumer needs has led to a diversity of production methods and animal product offerings. Fortunately, this development has coincided with advances in technology and diversification of methods of production that allows the agricultural industry to answer consumers' evolving demands.

The impact of short-term consumer preferences is well illustrated by the Atkins diet craze, which in recent months has driven up sales of beef and driven down sales of breads and other grains. As a result, beef prices have been strong while growers linked to high-carbohydrate products like potatoes and bread have suffered.

Over the longer term, consumers are demanding a product from a reliable source that is great-tasting, consistent, safe and can be prepared in a short period of time. This has resulted in a growing value-added economy in Minnesota. For example, Minnesota is a national leader in programs that reduce food-borne illnesses. Of the 50 million pounds of ground beef irradiated in the U.S. in 2003, more than half were processed or marketed by a Minnesota company. Pre-cooked, microwaveable products, processed in one of several Minnesota companies, can be found in supermarkets and restaurants across the country. In addition, there is an increase in consumer demand for organic and antibiotic-free/hormone-free animal products.

Increasing buying power in foreign countries has led to increased demands for quality assurance. Minnesota livestock producers and processors are truly world suppliers of today's protein. This also means, however, that in order to keep the world's consumers happy, producers and processors must be willing to consider the end use of their products in all operating and business decisions.

Analysis of Minnesota’s Key Competitive Factors

Minnesota’s animal agriculture industry has a number of competitive factors in its favor, including inexpensive, high-quality feed, abundant water resources and a more diverse livestock sector than many other states. However, the state faces a challenging landscape and increasing competition from other states and countries. As a part of its analysis of the state’s livestock economy, members of the Livestock Advisory Task Force identified five key competitive factors that potentially place the state’s livestock industry at a disadvantage relative to other states.

Factor 1: Local Siting of Livestock Operations

In addition to applicable state regulations (including the state’s 7020 Rule and environmental review), feedlot siting decisions are often subject to review by counties and in some cases by townships. This local oversight provides a forum for addressing issues that are not dealt with through the 7020 permitting process, such as compatibility of a feedlot with adjacent land uses and impacts on roads and other infrastructure. However, a number of recent cases in Minnesota demonstrate that local review can add to the unpredictability and cost of the permitting process. It can also take an emotional toll - because the decision-making is local, it can lead to conflicts and discord among friends and neighbors.

Local siting is an important factor in the competitiveness of the state’s livestock sector for reasons similar to statewide permitting and environmental review — that if local siting in Minnesota is perceived to be more difficult and costly or less predictable than in other states, livestock producers and processors will be less likely to invest in Minnesota operations. Some Minnesota farmers looking to upgrade their facilities may choose to do so in another state or country.

The task force recognizes that livestock producers have a responsibility to be good neighbors and to respect the rights of others. If a producer is proposing a major change to his or her operation, neighbors should be informed. However, the task force is concerned that in some cases formal requirements that a project proposer get neighbors’ approval may be used as a tool to halt or delay projects that otherwise would be allowed to proceed. Such opposition may force a producer to relocate or exit the business instead of reinvesting in their existing operation.

Local siting was recognized as an important issue in Minnesota’s Generic Environmental Impact Statement (GEIS) on Animal Agriculture, completed in 2002. The topic of land use conflicts and regulation was part of the scope of the GEIS, and a literature search and technical white paper were completed as a part of the effort. The EQB adopted 12 policy recommendations from the GEIS, including the following two regarding land use and siting:

“Farmers are like anyone else - we want an opportunity to build and maintain a viable business we can use to raise our families and pass along something for our kids.”

– Lisa Heggedahl, Farmer and Minnesota Farmers Union member

“State agencies and counties should continue the development and maintenance of GIS data layers and other monitoring and decision tools, which are critical for good siting, expansion, and operation of feedlots. This effort includes the data collection guidance and GIS data that support the sustainable land application of manure. Information needs to be regularly updated to maintain consistency and data quality.”

“State agencies, recognizing the importance of local involvement in feedlot siting and land use decisions, should explore ways to enhance coordination of local government planning and zoning efforts related to animal agriculture and provide technical assistance to reduce conflict and duplication of effort. State agencies should promote the use of innovative land use and conflict management tools by local government and assist in making appropriate training available.”

Local Planning and Zoning

The authority of Minnesota’s local governments to site feedlots is part of their zoning authority delegated to them by the state. The authority to regulate land uses (i.e., zoning), and most other local regulations comes from the legal and constitutional concept of “police power,” which is “the right and duty to regulate private activity for the protection of the public health, safety and welfare.” (*Planning and Zoning for Animal Agriculture in Minnesota*, MDA, 1996). Zoning authority under police power is limited and controlled by the U.S. and state constitutions and Minnesota’s planning and zoning enabling laws⁵².

Constitutional issues include concepts of “regulatory takings” and “substantive due process.” Substantive due process cases in the courts involve questions about whether a local government exceeded its authority in a regulatory action (i.e., whether the action is reasonably related to the public health, safety and welfare — also known as “rational basis”), or alternatively whether the action was “unreasonable, arbitrary or capricious.”

Planning is also authorized and governed by Minnesota’s planning and zoning enabling laws. Although the enabling laws contain standards and procedures for planning, planning is not mandatory and is not a requirement for enacting zoning. However, the data, public participation, and deliberation involved in a planning process can benefit local siting in a number of ways:

- It provides guidance for county commissioners, township board members, and other decision-makers in making siting decisions, increasing the likelihood that decisions are made according to policies thought out ahead of time rather than in the “heat of the moment” during a contentious public meeting;
- It provides a rational basis for land use controls (the zoning ordinances, zoning maps, shoreland management ordinances, etc.) that

- in turn will help land use decisions survive challenges in court; and
- A well-conceived land use plan and proposed land use map, taking into account population, economic, and environmental factors, can lead to more orderly development patterns and better separation of incompatible land uses (such as residential development and farming). This can reduce controversy and acrimony over siting issues.

Challenges to Competitiveness

As with state permitting and environmental review process, the perception of an extraordinarily difficult local siting process can have a chilling effect on producers' decisions to modernize, expand, or build a new livestock operation. Some areas of concern about the local siting include:

- *Requirements that lack a rational basis.* Examples include absolute size limitations (animal unit caps), large separation distances (setbacks), and minimum acreage requirements. In one case, four townships in the same county adopted 80-acre minimum acreage requirements for feedlots based on a rationale that the townships would be liable for site clean-up if a feedlot was abandoned (this despite the fact that the 7020 rule states the owner of a manure storage area is liable for closure). This requirement prevented at least two livestock building projects from moving forward, one of which had already been granted county construction permits.
- *Extreme variability of regulations from county to county, township to township.* For example, according to a 2000 survey, separation distances in Minnesota ranged from 500 feet to 3 miles. Separation distances can have a profound impact on the ability to site livestock facilities. As can be seen in Figure 7, increases in a separation distance geometrically decrease the land area available for building or expanding feedlots.

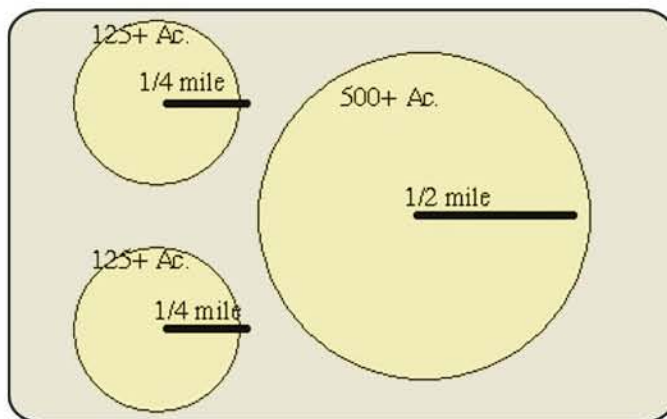


Figure 7

If a use is required to be located at least one-quarter mile from each residence, 125 acres will be off-limits for livestock per each residence in the area. If the separation distance is increased by a factor of two (e.g., ¼ mile to ½ mile), the off-limits acreage increases by a factor of four (from *Planning and Zoning for Animal Agriculture in Minnesota*, MDA, 1996)

- *Unpredictability in local siting processes.* From the standpoint of a permit applicant, a key factor is the predictability of the regulatory process — the ability to know the ground rules in advance and proceed with some certainty that a permit will be issued if those rules are followed. Related to predictability is the degree to which a decision is rationally based. Unfortunately, decisions are sometimes based on biases of the decision-makers, or on the basis of popular sentiment rather than on sound judgment about land-use compatibility or likely environmental impacts. Conditional use permits are often required for feedlots, and problems of predictability or rationality sometimes crop up in the process. Conditional use permits require public hearings and involve exercise of discretion by county commissioners and township board members. When conditional use standards are very clear and local officials are disciplined, conditional use permit decisions can be made in an orderly and predictable way. However, hearings can become emotionally charged, and in such an atmosphere decisions are not always based on rational findings and conclusions. And, as discussed under this report's section on permitting and environmental review, the tension and acrimony of the permitting process is an important dimension of a producer's decision whether to proceed with a project.

The following cases illustrate unpredictability and lack of rationality of decision-making:

- A producer received a conditional use permit from a county, but subsequently was prevented from building by a township-imposed interim ordinance (moratorium). The producer challenged the township action in court, but lost on appeal;
 - Contrary to state law, a county required signatures of adjacent landowners as part of a variance proceeding. This resulted in delay of construction; and
 - A county board was advised by the county attorney that the board could not proceed on a conditional use permit request due to procedural issues. After withdrawal of the application, the county adopted an interim ordinance with a 900 animal unit cap, preventing the project from moving forward.
- *Incompatibility caused by growth of non-farm development.* New residents moving into a farming area may not be prepared for the dust, noise, and odors that can accompany agricultural activity. This lack of familiarity is the source of at least some of the conflicts over animal

agriculture. Additionally, the presence of non-farm development, particularly houses, in agricultural areas, poses practical zoning issues. Even where separation distances and other land use standards are reasonable, increasing numbers of non-farm residences make more land unusable for animal agriculture (see Figure 7).

How Minnesota Compares With Other States

There has been no comprehensive survey of states in regard to the prevalence or lack of planning and zoning authority over livestock operations. According to the publication *Planning and Zoning for Concentrated Animal Feeding Operations* (American Planning Association, 1999) many states have in place agricultural exemptions from zoning that apply to feedlots. Examples include Iowa and Kansas. North Carolina repealed its exemption in 1997, but as of 1999, only two counties in that state had enacted zoning regulations regulating feedlots. According to the same report, Nebraska and North Dakota are two states that, like Minnesota, enable local land use authority over feedlots. South Dakota and Wisconsin also allow local authority.

Minnesota has attempted to address issues of local siting of livestock operations in the recent past. Funded by a livestock-related legislative appropriation in 1993, the MDA published two handbooks to provide guidance to local government: *Planning for Agricultural Land Preservation in Minnesota*, and *Planning and Zoning for Animal Agriculture in Minnesota* (1996). These efforts were featured in the American Planning Association's *Planning and Zoning for Concentrated Animal Feeding Operations*. At the time of publication (1999), Minnesota was the only state found in author's research that had published a guidebook for local planning and zoning for feedlots. Also featured in *Planning and Zoning for Concentrated Animal Feeding Operations* were the efforts of the Minnesota Livestock Odor Task Force (LOTF) of the Feedlot and Manure Management Committee. A legislative appropriation based on the LOTF recommendation resulted in the Odor from Feedlots Odor Estimation Tool (OFFSET), developed by the University of Minnesota. This tool allows estimation of odor impacts (a Total Odor Emissions Factor or TOEF) from information on a livestock facility entered into a worksheet. From the TOEF, a separation distance can be determined that corresponds to a desired frequency of odor events (or level of odor annoyance). A number of Minnesota jurisdictions, including Nicollet County, have incorporated OFFSET into their zoning or feedlot ordinances.

Since the publication of *Planning and Zoning for Concentrated Animal Feeding Operations*, Wisconsin published similar guidance handbooks (*Planning for Agriculture in Wisconsin: A Guide for Communities*, and *Livestock Guidance: Local Planning for Livestock Operations in Wisconsin*, Wisconsin Department of Agriculture, Trade, and Consumer Protection, 2002 and 2003). In 2003 Wisconsin also established a diverse 21-member Advisory Committee on Siting Livestock Operations. The Task Force issued its recommendations in November 2003, and legislation incorporating those

recommendations was adopted by the 2004 Wisconsin legislature and signed into law by Governor James Doyle in April 2004. The new law establishes standards for local government decisions on the siting of livestock facilities. Under the new law, counties and municipalities retain siting authority over livestock facilities, but must incorporate into their zoning ordinances practices and standards developed by the State of Wisconsin. Additionally, a state review board is created with authority to review local decisions for proper application of the state practices and standards.

Given the complexity, urgency and sensitivity of this issue, the task force believes there is need for more discussion and input before issuing a comprehensive recommendation to the Governor.

Factor 2: Permitting and Environmental Review Process

Minnesota was an early leader among states in environmental protection. During the same period in which the federal government adopted new environmental laws such as the Clean Water Act and the National Environmental Policy Act, Minnesota followed suit with its own laws and programs. Examples include the creation of the Pollution Control Agency in 1967, the creation of the Environmental Quality Board in 1973, and the passage of the Environmental Policy and Environmental Rights Acts, also in 1973. Polls continue to show strong public support for environmental protection.

While the state can be justifiably proud of the commitment to protecting its natural resources, it must be recognized that from a business and economic development perspective, factors that set Minnesota apart from other states or from federal policies may also pose challenges to the growth and viability of state businesses. According to the Minnesota Chamber of Commerce October 2003 newsletter, an annual survey of members showed strong concern about the length of time required to process permits in Minnesota compared with similar processes in other states. Many involved with the livestock industry have similar concerns about the permitting process for animal facilities in the state. To the extent such permitting is more difficult in Minnesota than in other states, the competitive position of the state's animal agriculture sector is weakened.

The length of time the permitting process can take is a significant concern, but it is not the only one. Other concerns identified by the task force include a lack of transparency of permitting processes and a lack of predictability. To understand these concerns, it may be helpful to provide a brief description of the state's permitting process and aspects that may have an effect on competitiveness.

“What we’re really talking about is boosting the competitive ability of our livestock sector. Sure there are challenges out there, but I still believe it’s within our reach to have a healthy animal ag industry while at the same time maintaining the high quality of life we enjoy in greater Minnesota.”

**– Gene Hugoson,
Minnesota Agriculture
Commissioner**

The Minnesota Permitting Process

To become permitted in Minnesota, a livestock producer may need to obtain permits from both state and local government and deal with multiple processes. The typical processes a producer must work through include:

- The state Feedlot Rule process (often called the 7020 process, since it is pursuant to Minnesota Rules Part 7020, *Feedlots*);
- Local permitting under local (usually county) planning and zoning authority; and
- The environmental review process under the authority of the Minnesota Environmental Policy Act and Rule. Environmental review is not actually a permit, but rather a process to study and address a project's potential environmental issues.

Assorted minor permits may also be required (for example, water appropriation permits), but the three processes mentioned above are the most significant and are the focus of this discussion.

Local permitting is discussed under the section devoted to local siting. The 7020 process is intended to address environmental issues of a feedlot – mostly water and air quality. Land use/compatibility issues are left to local planning and zoning. The types of 7020 permits vary according to the size, scope, and nature of proposed changes to a feedlot, and the potential effects of the feedlot on the environment.

The authority to administer the 7020 process rests with the Minnesota Pollution Control Agency (MPCA), but may be delegated to counties. Fifty-five Minnesota counties have received delegated authority from the MPCA. In these delegated counties, most permits are obtained through local feedlot officers. In non-delegated counties, permits are obtained through the regional MPCA office.

Environmental review is a tool used to provide information to those responsible for making permit decisions (7020 and local planning and zoning). It is administered by a responsible governmental unit (RGU), typically either MPCA or the local government. The process is centered on a decision of whether to order an Environmental Impact Statement (EIS). This decision of whether to order an EIS depends on the findings of an Environmental Assessment Worksheet (EAW). There are size (animal unit) thresholds for whether a feedlot is subject to the environmental review process, and whether an EAW is automatically required. Environmental review can be initiated by the RGU at its own discretion or through a petition for feedlots between the exemption and mandatory EAW levels.

Challenges to Competitiveness

Permitting and environmental review issues can create competitiveness challenges to the extent that those who would make investments in the

livestock sector perceive that permitting is more difficult in Minnesota than in other states or countries. In other words, the perception of an inordinately difficult permitting process can discourage producers from modernizing, expanding, or building a new livestock operation. A November 2002 MDA survey of Minnesota dairy producers found half of the 700 respondents indicated that permitting costs and potential legal costs associated with permitting would influence their decisions to reinvest. Such a climate can also affect processors' investment decisions, because part of the business decision is whether adequate supplies of milk, pork, poultry, eggs, or other raw products will be readily available in the future.

Some areas of concern about permitting and environmental review include:

- *Transparency.* The complexity of the permitting and environmental review process can make it difficult for producers and other citizens without legal training to navigate.
- *Predictability.* Permitting and environmental review processes can be unpredictable. Sometimes there is inconsistency between different offices in their interpretation and application of regulations. There can also be uncertainty regarding what standards will apply and when. One of the factors is the discretionary nature of many of the decisions in the process — particularly in local planning and zoning and in environmental review. Environmental review is of particular concern in regard to predictability. First, although it has occurred only once, an environmental assessment worksheet can lead to the preparation of an EIS – a process that tends to be very expensive in Minnesota. (The single feedlot EIS so far – Hancock Pro Pork in Pope and Stevens Counties – cost approximately \$400,000.) Given the expense of an EIS, project proposers are motivated to avoid them. This has tended to result in detailed and relatively lengthy EAWs (adding time and expense). Another feature of the environmental review process is public participation. When an EAW is released, there is a 30-day public comment period. While public comments can provide useful information for decision-makers, some observers feel the comment period can fuel additional controversy around a project (see discussion below) and provide an opportunity for inaccurate or distorted information to enter the debate. This further impacts predictability.
- *Cost in time and money.* Some specific issues include:
 - Individual NPDES vs. General NPDES Permits. Minnesota issued a General NPDES Permit in 2001 that addressed most Confined Animal Feeding Operations (CAFOs). However, when a new feedlot is proposed that incorporates technologies not covered in the 2001 General NPDES Permit, an Individual Permit is required even when the new technology improves environmental quality, as is the case with manure digesters. An Individual Permit requires more processing time and is more expensive for the producer.
 - Phased Actions. A phased action is defined in the environmental review rules as: “two or more projects to be

undertaken by the same proposer that a RGU determines: (a) will have environmental effects on the same geographic area; and (b) are substantially certain to be undertaken sequentially over a limited period of time.” Decision-making about whether or not an individual feedlot is a “phase” of another facility is left to the MPCA, which is considered the RGU. A decision that a feedlot is a phase of a larger project can result in the project exceeding the size threshold for environmental review and trigger the requirement for an environmental assessment worksheet. This in turn results in greater cost and time for permitting (and potentially greater controversy).

- *Level of controversy.* Public controversy can lead to increased costs, extended timeframes and decreased predictability, but it also has an emotional cost. Opportunities for public involvement created by public comment periods (such as in the environmental assessment worksheet process) and public meetings or hearings (now required by the environmental review statute for feedlots between 300 and 1000 animal units) can provide helpful first-hand information for decision-makers. However, comment periods and meetings or hearings also can lead to acrimonious and unproductive conflict. The prospect of hostility over a feedlot proposal — contentious hearings, letters to the editor, and even harassment — can be tremendously intimidating for a producer and lead him or her to question whether to pursue investment in a livestock facility. The public input opportunity also may bring into the local debate animal-rights activists, opponents of so-called “factory farms,” and others advancing economic and social agendas that may have only a tangential relationship with the case at hand.

How Minnesota Compares With Other States

Prior to the adoption of the recently revised CAFO regulations by the U.S. Environmental Protection Agency (EPA), Minnesota was virtually unmatched in its level of feedlot regulation. While many states issued National Pollution Discharge Elimination System (NPDES) permits for large new feedlot operations, Minnesota had in place feedlot regulations dating from 1974 (substantially revised in 1979 and again in 2000) that addressed new construction and expansions for a wide range of operations, small to large. Since the adoption of federal CAFO regulations, and in response to growing controversy, many other states have adopted or are now adopting new statewide regulations. However, most of those regulations still pertain to feedlots with more than 1,000 animal units, while Minnesota’s 7020 rule applies to feedlots with as few as 10 animal units. Also, due to the long history of the program and the feature of feedlot registration, Minnesota is far ahead of other states in implementation and permitting.

Of the 14 other states that have state environmental review (state environmental policy acts modeled after the National Environmental Policy Act), only four require environmental review for animal feedlots. Generally, these four require environmental review only for CAFOs (facilities over

1,000 animal units). It is possible for environmental review to be required for feedlots under 1,000 animal units in California and Washington, since local permitting can trigger environmental review in those states. However, in practice, environmental review has been required for smaller feedlots in only rare instances.

New York, California, and Washington have all conducted programmatic environmental review for feedlots (see box). New York and Washington issued a programmatic environmental impact statement for general NPDES permits. Individual feedlots meeting the standards of the general NPDES permits are exempt from environmental review on an individual basis. In California, a programmatic environmental impact report (EIR) was issued for the feedlot element of a comprehensive plan. This action did not exempt feedlots from individual environmental review, but allowed adoption by reference of the programmatic EIR (a practice known as “tiering”).

With the change to the Minnesota Environmental Policy Act statute in 2003, Minnesota is more consistent with the other four states that require environmental review for CAFOs. Generally, feedlots under 1,000 animal units are now exempt from environmental review. However, environmental review is required for smaller feedlots in environmentally sensitive areas.

The task force believes it would benefit the state’s livestock sector if the state implemented changes to boost the consistency, scientific basis, predictability, timeliness and efficiency of the permitting and environmental review process for livestock operations. The task force believes this is a reasonable goal, and does not preclude Minnesota from continuing to have strong safeguards for our water, air and soil resources.

Programmatic and Alternative Environmental Review

One way to address environmental impacts of actions more comprehensively, and at the same time reduce the burden of environmental review on individuals, is to conduct environmental review of plans, policies, procedures, or programs (environmental assessment documents of this type of at the federal level are called “programmatic environmental documents”). Environmental review at a programmatic level can address most of the “big issues” at a “higher” level than the individual project. The “smaller,” more specific, impacts of a project can then be addressed by project-specific environmental review that incorporates the programmatic review by reference (this is called tiering, again borrowing from terminology from environmental review at the federal level), or simply through permit requirements and conditions without any further environmental review.

Minnesota’s environmental review program already establishes two forms of programmatic review: the generic environmental impact statement (generic EIS or GEIS), and alternative urban areawide review (AUAR). A GEIS is intended to “study types of projects that are not adequately reviewed on a

case-by-case basis” and the information in the GEIS is used by tiering in project-specific environmental review. A GEIS was prepared on animal agriculture and released in 2002.

The AUAR is environmental review covering a geographic area. A local RGU, usually a city, conducts a comprehensive planning process that incorporates elements specified in the environmental review rules, and undergoes an areawide environmental review for residential, commercial, warehousing, and light industrial development and associated infrastructure. Once the process is completed, individual projects (residential, commercial, etc.) that are consistent with assumptions in the AUAR are exempt from individual environmental review.

The Minnesota environmental review rules also provide for creation of “alternative forms of environmental review”; essentially, customized environmental review processes for categories of projects.

These concepts can be extended to feedlots. The Animal Agriculture GEIS is already available to provide information for project-specific environmental review, but the need for individual environmental review can be reduced by more specific programmatic review. One way to do this would be to create an “alternative environmental review” process for animal feedlots that are eligible for General NPDES Permits. If a comprehensive environmental review were performed for operations covered by General NPDES Permits, this could negate the necessity of project-specific environmental review of individual feedlots.

Another way to conduct programmatic review would be to conduct alternative environmental review modeled along the lines of the AUAR; essentially extending the concept of AUAR to rural areas and animal agriculture. Again, local RGUs (such as counties) would conduct comprehensive planning and areawide environmental review for feedlots. Individual livestock projects consistent with assumptions in the areawide environmental review would be exempt from individual environmental review.

Factor 3: Access to Capital

Access to capital is an important factor for the state’s livestock industry because without ready access to capital, reinvestment in the state’s aging animal agriculture infrastructure is unlikely to occur. Reinvestment is important for processors as well as producers, as the segments are closely intertwined and the financial health of one can greatly impact the other. Processors, for example, depend on a strong supply of raw product from the producers, while producers depend on processors as customers for their products. Processors will hesitate to reinvest in areas where production trends are weak, a fact that may help explain why Minnesota has not added a new dairy processing facility since the late 1960s.

“There’s no question a healthy animal agriculture sector means more jobs and economic activity for rural Minnesota communities. That’s why we need to build on what we already have and take action to encourage more growth in that sector.”

**– Matt Kramer, Minnesota
Department of Employment
and Economic Development
Commissioner**

Despite concerns about the relative lack of investment in Minnesota’s animal agriculture sector, there is clear interest among farmers in making such investments. The November 2002 MDA survey of Minnesota dairy producers found nearly half of the respondents indicated they planned to make a new investment in their operation by 2007. While investment can and will take place on farms of all sizes, the survey showed the farms most likely to make major investment in rural Minnesota were those with 100 or more cows. The same survey showed 35 percent of the producers looking to reinvest stated a need for additional financing opportunities, and 64 percent expressed a willingness to take advantage of investment tax credits. Based on this survey, it appears there is interest among dairy farmers in upgrading their facilities if sufficient capital can be accessed.

Challenges to Competitiveness

Debt load is a key barrier to investment. Considering the price volatility to which they are exposed, livestock producers can end any given year with a profitable operation or with a mounting debt load. This debt may force them to put off upgrades due to cash flow shortages. Faced with repeated years of tight budgets and increasing debt, farmers may postpone needed upgrades and wind up working in unsafe conditions with equipment that has outlived its useful life. Compounding debt may compel farmers to tap into accumulated equity to maintain their standard of living and address debt obligations. There are marketplace tools (forward contracting, etc.) that could help farmers smooth out the fluctuations, but so far farmers have been slow to embrace them.

With such year-to-year uncertainty, agricultural lenders are cautious about loaning money to facilities for modernization or upgrade. The state has tried to address this with the Rural Finance Authority loan programs, through which the state shares loan risks with lenders. However, many of the government support programs now in place are not designed to encourage modernization or reinvestment – they simply seek to deliver short-term aid to farmers without addressing trends that help create the need for such aid. To strengthen the long-term prospects for Minnesota’s animal agriculture sector, the task force sees a need for federal and state farm programs to be geared to more effectively support progressive, future-minded operations that can offer promising opportunities for current and future generations.

Compliance with the 7020 feedlot rule will also be a factor in producers’ access to capital. It is estimated that 7,812 single-specie enterprises will require compliance upgrades by 2010. In addition 13,800 operations with more than 100 animals would benefit from having a manure management plan that is periodically updated. Providing 75 percent cost share to all eligible practices would cost about \$157 million through October 1, 2010. This is \$22 million per year more than current funding level for state and federal cost-share programs in Minnesota, assuming funding at the current levels for the period remain in place. The cost for construction of manure structures and runoff control practices for compliance with the feedlot rules would be greatest for dairy, followed by cattle and then hogs. More information about this is available on the MDA’s website at <http://www.mda.state.mn.us/feedlots/assessmentrevised.pdf>.

Large debt loads can be powerful disincentives for reinvestment, especially for farmers close to retirement and eager to preserve existing equity. For these operations, even low-interest loans may be unappealing. In some states, farms in this position can seek an infusion of outside capital through third-party investors. However, Minnesota's Corporate Farm Law prohibits dairy producers from receiving this kind of capital infusion from anyone but family members.

How Minnesota Compares With Other States

With the exception of specific rules such as the Corporate Farm Law prohibition on dairy investment, Minnesota is generally comparable with other states on access to capital. However, there are a few notably innovative programs offered by neighboring states:

- Wisconsin has a Milk Volume Production (MVP) program, which provides qualifying dairy producers with financing necessary to fill the so-called “equity gap” that may exist when a farmer has an operating budget insufficient to cover costs incurred as a result of capital improvements. The MVP program goal is to work with local communities to increase dairy production in Wisconsin, and to date this program has helped add more than 40,000 cows to the state;
- Wisconsin recently passed a Dairy Investment Tax credit allowing producers to take 10 percent of their new investment as a tax credit. This creates income and decreases the tax burden of any reinvestment capped at \$50,000 per producer. It also encourages reinvestment in operations of all sizes;
- Illinois and a few other states have programs that guarantee 85 percent of the principal and interest of the loan similar to Farm Service Agency. The guarantee provides credit enhancement and more favorable terms to the loan recipient;
- Illinois will fund feasibility studies up to a limit of \$25,000 (vs. a \$5,000 limit for only dairy producers in Minnesota);
- Wisconsin's early planning grant is capped at \$3,000 vs. Minnesota's \$5,000 cap and includes pre-engineering as an allowable expense;
- North Dakota's Ag Pace program and Pennsylvania's Agricultural Development and Ag Loan Program will buy down interest as an interest reduction program. This program is capped at \$20,000 per loan;
- Pennsylvania's Clean and Green Program taxes land on its use rather than its prevailing market value;
- Nebraska also uses Community Development Block Grants to create and retain employment in rural areas of the state;
- The Nebraska legislature has created an income tax credit for new employees as well as for new investment. The Employment Expansion and Investment Incentive Act provides an incentive of \$1,500 per each new employee and \$1,000 for each \$75,000 of new investment;
- Nebraska provides tax incentives towards renting facilities, equipment or livestock to beginning farmers for three years; and
- South Dakota offers tax incentives programs quite different than such programs in Minnesota. For example, South Dakota will reduce

property taxes on new investments and will not assess sales tax on construction.

The task force believes the state must seek out ways to encourage and enhance capital investment opportunities in Minnesota's livestock industry. The state can make progress in this regard through revisions to existing programs and the creation of new tools for encouraging investment.

Factor 4: Research & Technology

Animal Agriculture is a knowledge-based sector. Producers, processors and input suppliers increasingly must combine complex inputs including crop and livestock genetics, feed and nutrition, environmental management and technology, animal health and food safety technologies to produce wholesome, safe and convenient products demanded by an increasingly quality-discerning, environmentally conscious consumer. The task force believes that maintaining and building a competitive advantage in Minnesota requires focused investments in research and development of new technologies as well as their dissemination and application to the animal agriculture industry. This partnership effort must involve state government, the University of Minnesota, the Minnesota State Colleges and Universities (MnSCU) and the private sector.

Challenge to Competitiveness

Current challenges include reduced public funding, specifically for the MnSCU system and University of Minnesota research and extension services. This includes both direct funding of University of Minnesota budget and additional funds available for competitive grants to address the important research issues facing the livestock sector. This challenge is exacerbated by the increasingly segmented needs of animal agriculture for research and dissemination, which dilute the impact of declining resources. Commercial animal agricultural production systems have research and education needs that are quite different from those of alternative animal agriculture systems. In addition, the broader community issues of food safety, animal health, rural/urban development, and the link to human health issues increasingly affect not only animal agriculture but spill over to the broader Minnesota citizenry. This broadening palette of research needs requires consideration of innovative alliances and partnerships to leverage scarce research and dissemination resources.

The University of Minnesota is traditionally a focal point for public research and technology transfer in agriculture and will continue to be a driver of agricultural research and dissemination in the state. The private sector is playing a larger role both in developing new technologies and in disseminating them to producers. The state has a need to develop mechanisms to leverage public and private dollars with alliances between

the University of Minnesota and private industry to build stronger programs to benefit the animal agriculture industry of Minnesota. A current example includes the business incubator model proposed by the University of Minnesota for commercializing basic research in areas of health and industrial technology.

Modernization of animal research facilities is necessary if Minnesota is to conduct relevant research and provide research based information to producers. Animal research facilities have not kept up with the needs of today's producers. There is urgency in modernizing available facilities and/or developing new research animal facilities that would provide animal evaluation in the context of animal groups and move away from individual animal performance. The size of the facilities must be adequate to perform viable, applied production research while increasing their operational efficiency based on economies of scale. While adequate animal research facility infrastructure exists for swine and beef, the same is not true for dairy and turkey research.

How Minnesota Compares With Other States

Many other states and educational institutions face challenges similar to those described above. For this reason there is a need to leverage public research and dissemination funding across state and institutional boundaries. However, several institutions (Michigan, Wisconsin, Illinois, Iowa and Nebraska) have managed to generate legislative support to modernize their research infrastructure and increase funding for competitive research support allowing them to continue to contribute to the growth and promotion of animal industries in their geographical areas. The task force recognizes that public research entities such as Land Grant Universities must increasingly partner to leverage each others' comparative advantage. However, the task force also recognizes the need to develop, evaluate, and understand new technologies best suited to Minnesota's unique climate, conditions and advanced environmental standards in comparison with other states. Relevant research is important to develop intellectual capital to support Minnesota's animal agriculture needs. Projects funded and conducted in Minnesota are directed toward Minnesota issues and needs.

Financially challenged institutions cannot address all needs, so universities will increasingly need to develop centers of excellence based on their comparative advantage and find formal mechanisms to leverage other states' centers of excellence to provide needed research and development to the state's animal agriculture. Leading efforts to build these alliances can become Minnesota's competitive advantage in building a knowledge-based animal agriculture.

The University of Minnesota's competitive advantage resides in its long

“We wanted to get involved because we understand that in the long run, the vitality of our whole processing industry is linked to the vitality of farmers. A processor doesn't have much of a future in the area if we don't have farm families out there producing enough milk or pork or whatever commodity.”

**– Clint Fall, First District
Cooperative**

history of research and education to develop, evaluate, and understand cost-effective and safe technologies and strategies that enhance the environment (air, land and water), recycle nutrients, produce energy and generate efficient production systems. This research is a key to the University providing cutting edge information to innovative producers.

Factor 5: Protection of Investment

Before farmers or processors decide to invest in a new livestock production operation or reinvest in an existing operation, they must have reasonable assurance they will be able to preserve that investment. The likelihood must exist that the producer or processor will be able to successfully continue and grow the business. The more uncertain and risky such an investment is deemed in Minnesota, the more likely the farmer or processor will look elsewhere for a more inviting business climate.

Most states provide some form of protection from “nuisance” lawsuits to livestock and other agricultural operations. These laws are commonly referred to as “Right-to-Farm” laws. Other forms of Right-to-Farm laws can include prohibitions against local governments adopting regulations that unreasonably inhibit or interfere with agricultural operations (such as restrictions on operation of equipment at night or equipment noise restrictions), and requirements for notification of new non-farm residents that normal farming operations might include noises, odor, equipment operation, dust and other inconveniences. These Right-to-Farm laws may also include language barring residents in designated farming areas from taking legal action against the agricultural operation for consequences of normal farming operations. Minnesota laws provide for all three types of approaches, although the latter two may only exist in some areas that participate in agricultural land preservation programs. While recently passed legislation strengthened the Right-to-Farm laws in Minnesota, there is still an opportunity to do even more in this area.

Challenges to Competitiveness

With a declining percentage of the population having any experience with farm life, it is becoming more important for the general public and especially rural residents to understand that animal agriculture is important for the vitality of the rural community. However, education and information efforts cannot be expected to be universally effective in smoothing relations. The concept behind the protections for agricultural operations from the nuisance law is to insulate agricultural producers operating in compliance with applicable regulations and commonly accepted agricultural practices from lawsuits seeking redress for the normal sights, sounds and smells of a modern farming operation.

Minnesota has had protections for farming operations in the state nuisance law since 1982. A recent nuisance lawsuit regarding a livestock facility

in Minnesota raised the question of whether those protections continue to be adequate for those agricultural operations managed in compliance with all applicable regulations and generally accepted agricultural practices, or whether the law needs to be clarified, and/or strengthened to better protect livestock operations that are being managed in conformance with all standards.

While it may cause unpleasant odors, manure is generally considered a better fertilizer than commercially available fertilizers. This natural resource adds organic material back to the soil and produces better yields than other fertilizers.

How Minnesota Compares With Other States

All 50 states have Right-to-Farm legislation designed to protect farmers from local ordinances that would restrict normal farming practices. Some states' legislation also provides farmers with protection against private nuisance lawsuits by rural residents who object to noise, odor and other activities from a farming operation. The American Farmland Trust has reviewed 65 different cases involving right to farm laws. While it is difficult to measure their effectiveness in preventing nuisance suits, it is a part of the overall effort to ensure that farming practices in agricultural areas are given priority.

The task force believes this issue to be vital to the long-term stability and growth of the livestock sector. Few producers will make significant investments in their business unless they feel a measure of security in that investment. With that in mind, state leaders must work to ensure that producers have the tools they need to preserve their investments in livestock operations so long as they are operating within generally accepted agricultural practices and in compliance with applicable federal state and local requirements.

Finally, the task force believes there is a clear need for non-farm residents in both urban and rural areas to develop a deeper understanding of the value of the livestock industry to the state. Although some commodity groups and public organizations have implemented campaigns to reinforce the importance of animal agriculture to the state economy, more extensive and better coordinated work needs to be done in this area.

Sources

(Endnotes)

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² IMPLAN analysis of agriculture's economic value to Minnesota, Su Ye, Minnesota Department of Agriculture

³ Ibid

⁴ Brian Buhr, University of Minnesota

⁵ Minnesota Agricultural Statistics Service, 1993, 2003

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⁷ Minnesota Agricultural Statistics Service, 2003

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¹⁰ Minnesota Agricultural Statistics Service, 2003

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¹⁹ National Agricultural Statistics Service information published by Hoards West dairy magazine, April 25, 2003

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⁴² Su Ye and Harold Stanislawski, Minnesota Department of Agriculture

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⁴⁵ Ibid

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⁴⁹ Analysis of Separated Manure Solids, Oregon State University

⁵⁰ "Global Livestock, Meat and Poultry Competition: Potential Impacts on North American Production and Trade," Sparks Companies, Inc., 2003

⁵¹ Minnesota Department of Agriculture Dairy Producer Opinion Survey, January 2003

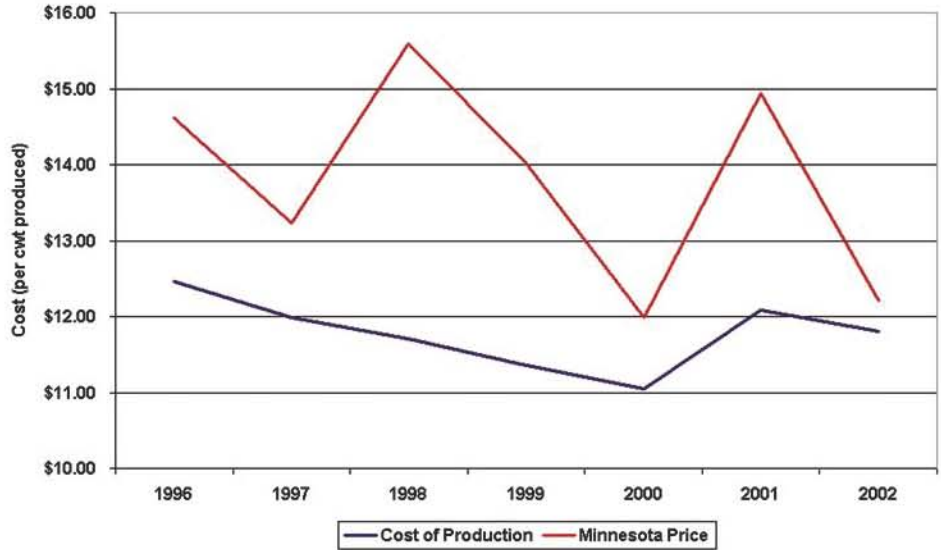
⁵² For counties; the enabling law is found in Minn. Stat. Ch. 394; for cities and towns, in Minn. Stat. Ch. 462.

Appendix 1

Data provided by Dave Bullock	Dairy	Cow-Calf	Calf Finishing	Hog, Farrow-Finish								Dairy	Cow-Calf	Calf Finishing	Hogs	
Year																
1996	\$12.46	\$97.06	\$69.48	\$52.57		\$11.78	\$82.00	\$68.88	\$41.95	\$14.62	\$50.30	\$57.80	\$54.56			
1997	\$11.99	\$64.74	\$68.96	\$48.07		\$11.78	\$82.00	\$68.88	\$41.95	\$13.23	\$64.00	\$61.10	\$53.36			
1998	\$11.71	\$81.59	\$70.58	\$40.82		\$11.78	\$82.00	\$68.88	\$41.95	\$15.59	\$68.80	\$57.30	\$33.25			
1999	\$11.35	\$82.92	\$62.31	\$33.42		\$11.78	\$82.00	\$68.88	\$41.95	\$14.02	\$79.70	\$58.50	\$32.23			
2000	\$11.05	\$77.26	\$69.56	\$38.38		\$11.78	\$82.00	\$68.88	\$41.95	\$11.98	\$94.80	\$62.20	\$44.67			
2001	\$12.09	\$80.72	\$72.87	\$40.00		\$11.78	\$82.00	\$68.88	\$41.95	\$14.94	\$95.20	\$65.90	\$44.93			
2002	\$11.80	\$89.69	\$68.41	\$40.37		\$11.78	\$82.00	\$68.88	\$41.95	\$12.22	\$85.40	\$60.00	\$34.44			
Average	\$11.78	\$82.00	\$68.88	\$41.95												
*Cost of production includes direct expense, overhead, operator labor and management.												\$13.80	\$76.89	\$60.40	\$42.49	
												\$13.80	\$76.89	\$60.40	\$42.49	
												\$13.80	\$76.89	\$60.40	\$42.49	
												\$13.80	\$76.89	\$60.40	\$42.49	

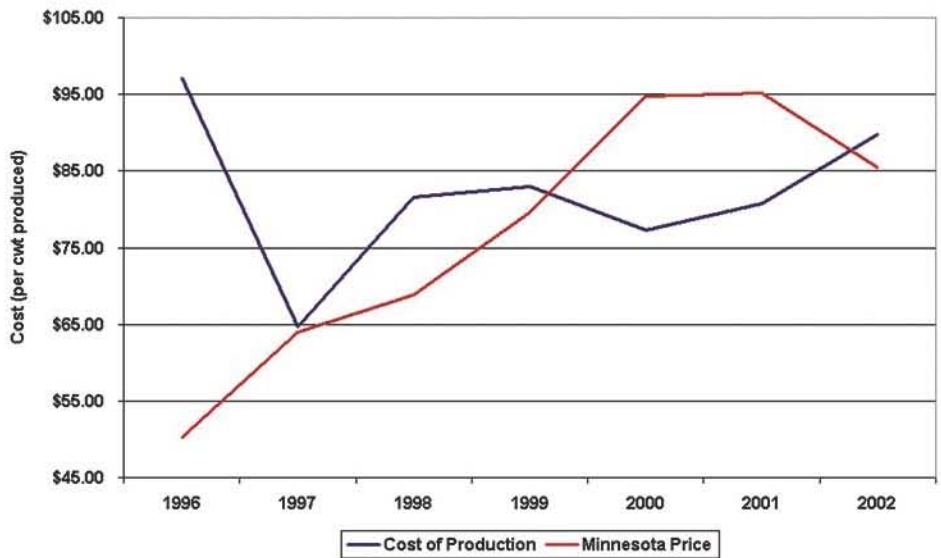
Cost of Production and Prices Receive, Minnesota Milk

Sources: University of Minnesota Center for Farm Financial Management, Minnesota Ag Statistics Service



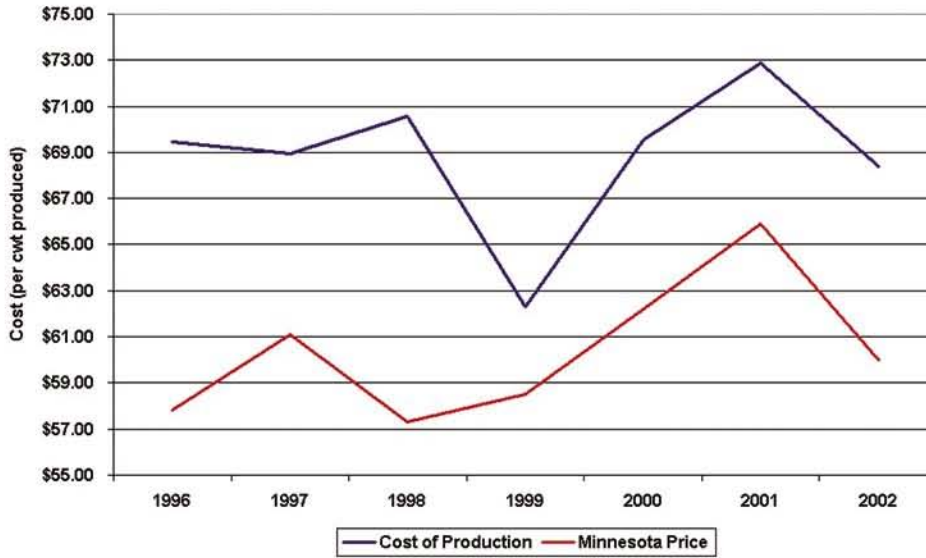
Cost of Production and Prices Receive, Minnesota Beef Cow-Calf

Sources: University of Minnesota Center for Farm Financial Management, Minnesota Ag Statistics Service



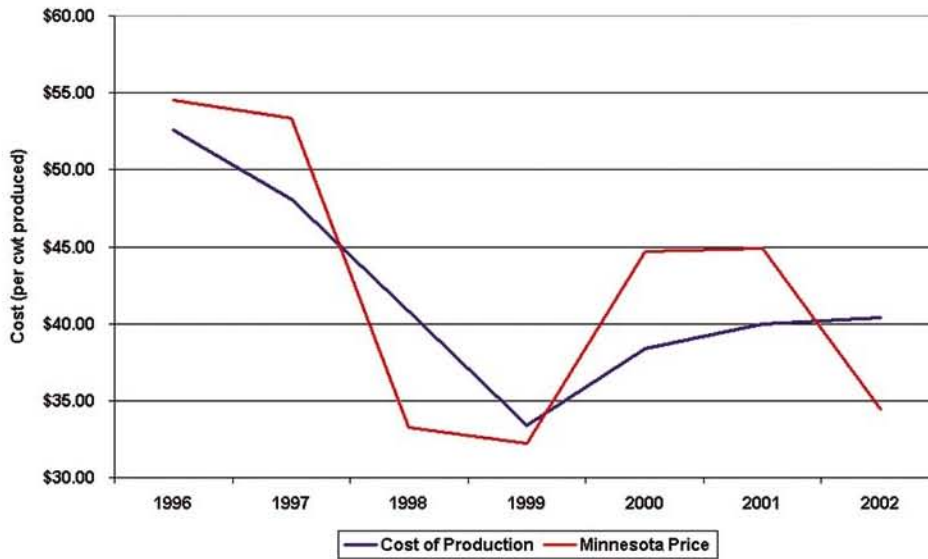
Cost of Production and Prices Receive, Minnesota Beef Calf Finishing

Sources: University of Minnesota Center for Farm Financial Management, Minnesota Ag Statistics Service



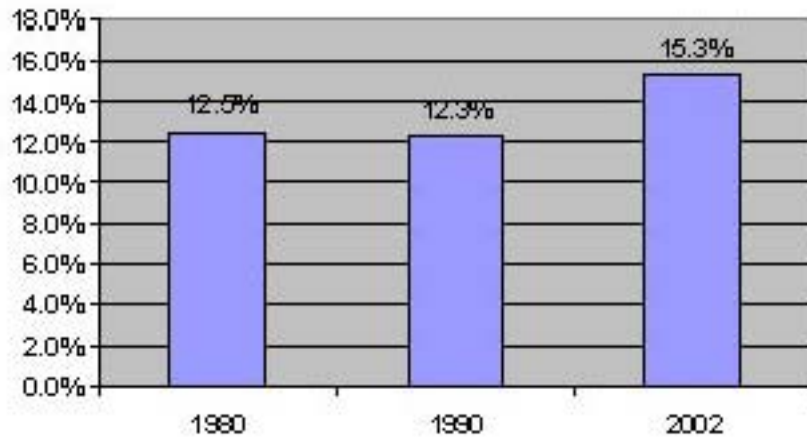
Cost of Production and Prices Receive, Minnesota Hog Farrow-Finish

Sources: University of Minnesota Center for Farm Financial Management, Minnesota Ag Statistics Service



Appendix 2

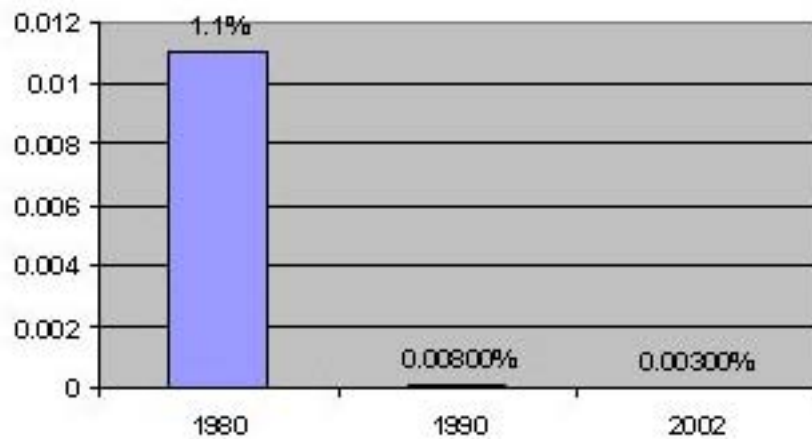
Dairy: U.S. % Share of World Production



U.S. Rank and Share in Dairy Production

Year	U.S. Production Ranking in the World	U.S. % Share of World Production
1980	2	12.5%
1990	2	12.3%
2002	1	15.3%

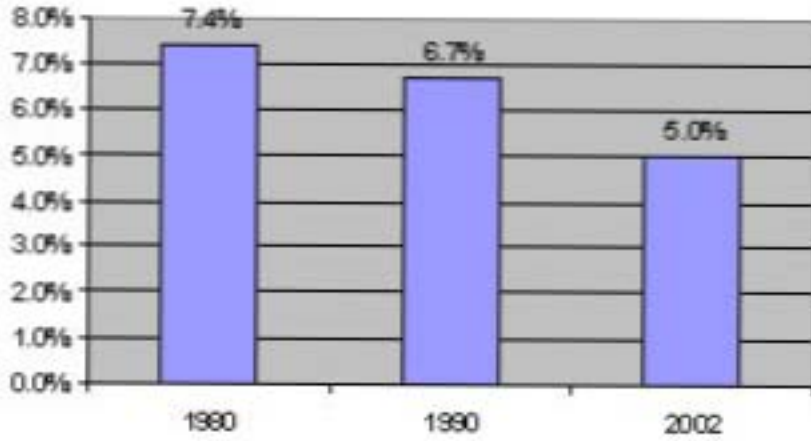
Dairy: U.S. % Share of World Exports



U.S. Rank and Share in Dairy Export

Year	U.S. Export Ranking in the World	U.S. % Share of World Exports
1980	7	1.1%
1990	10	0.008%
2002	20	0.003%

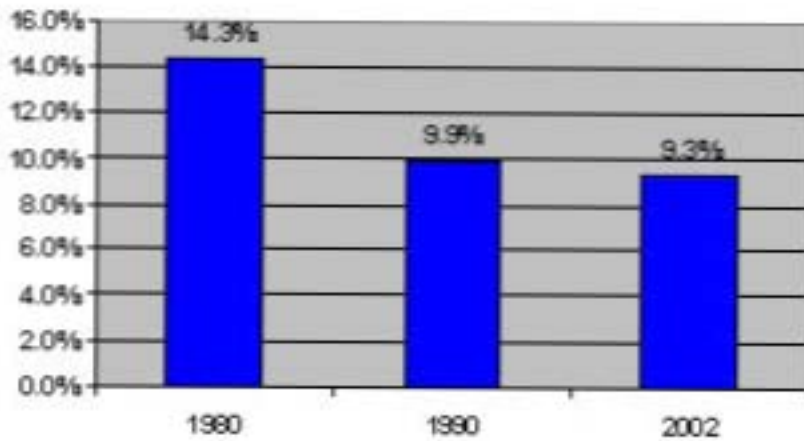
Dairy: MN % Share of U.S. Production



Minnesota's Rank and Share in Dairy Production

Year	MN Production Ranking in the U.S.	MN % Share of U.S. Production
1980	4	7.4%
1990	4	6.7%
2002	5	5.0%

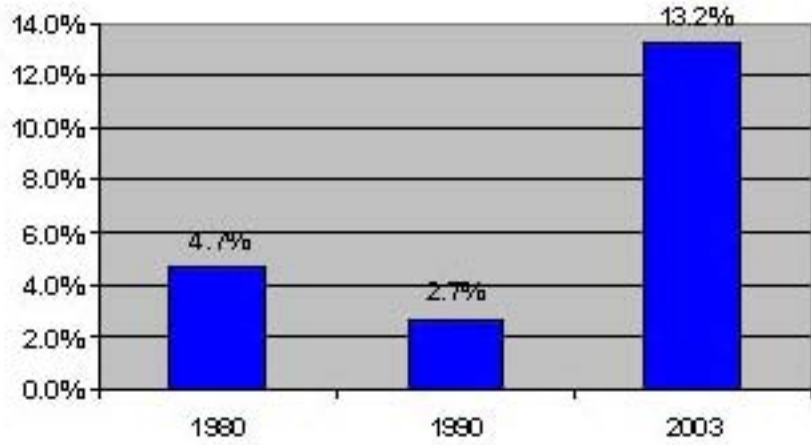
Pork: U.S. % Share of World Production



U.S. Rank and Share in Pork Production

Year	U.S. Production Ranking in the World	U.S. % Share of World Production
1980	2	14.3%
1990	2	9.9%
2002	2	9.3%

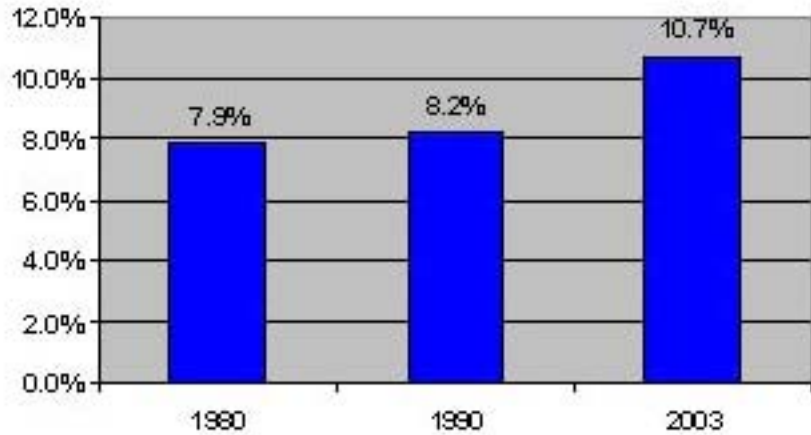
Pork: U.S. %Share of World Exports



U.S. Rank and Share in Pork Export

Year	U.S. Export Ranking in the World	U.S. % Share of World Exports
1980	7	4.7%
1990	9	2.7%
2002	2	13.2%

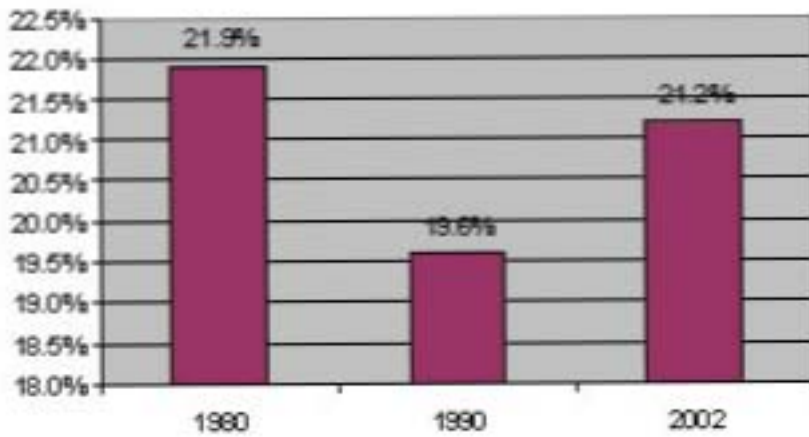
Hogs: MN %Share of U.S. Production



Minnesota's Rank and Share in Hog Production

Year	MN Production Ranking in the U.S.	MN % Share of U.S. Production
1980	3	7.9%
1990	3	8.2%
2002	3	10.2%

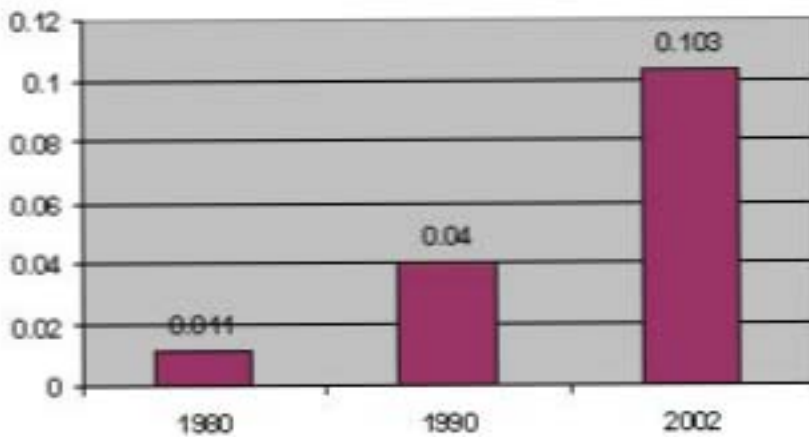
Beef: U.S. %Share of World Production



U.S. Rank and Share in Beef Production

Year	U.S. Production Ranking in the World	U.S. % Share of World Production
1980	1	21.9%
1990	1	19.6%
2002	1	21.2%

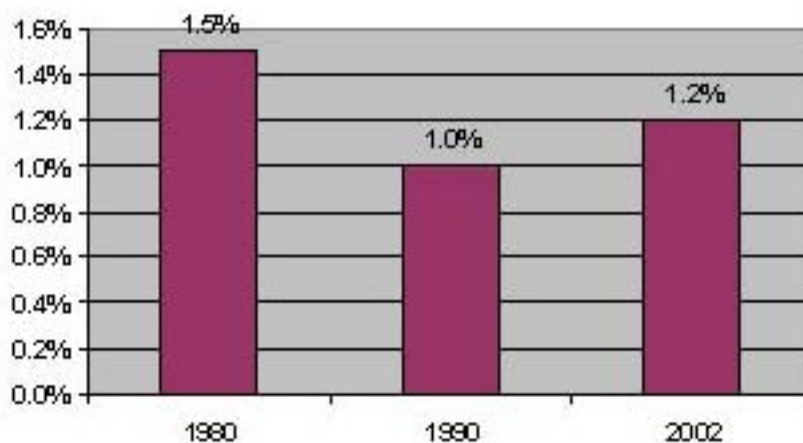
Beef: U.S. %Share of World Exports



U.S. Rank and Share in Beef Export

Year	U.S. Export Ranking in the World	U.S. % Share of World Exports
1980	17	1.1%
1990	7	4.0%
2002	2	10.3%

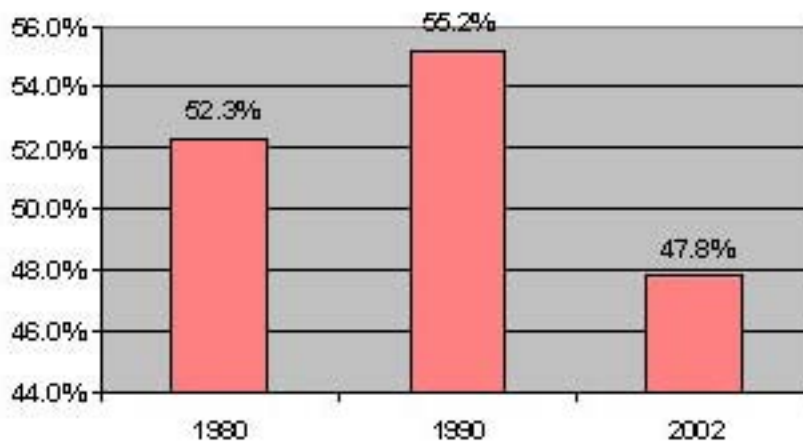
Beef: MN % Share of U.S. Production



Minnesota's Rank and Share in Beef Production

Year	MN Production Ranking in the U.S.	MN % Share of U.S. Production
1980	10	1.5%
1990	11	1.0%
2002	11	1.2%

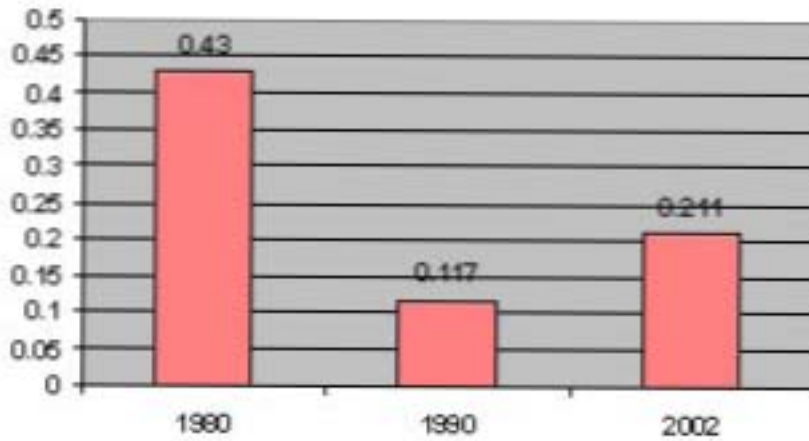
Turkey: U.S. % Share of World Production



U.S. Rank and Share in Turkey Production

Year	U.S. Production Ranking in the World	U.S. % Share of World Production
1980	1	52.3%
1990	1	55.2%
2002	1	47.8%

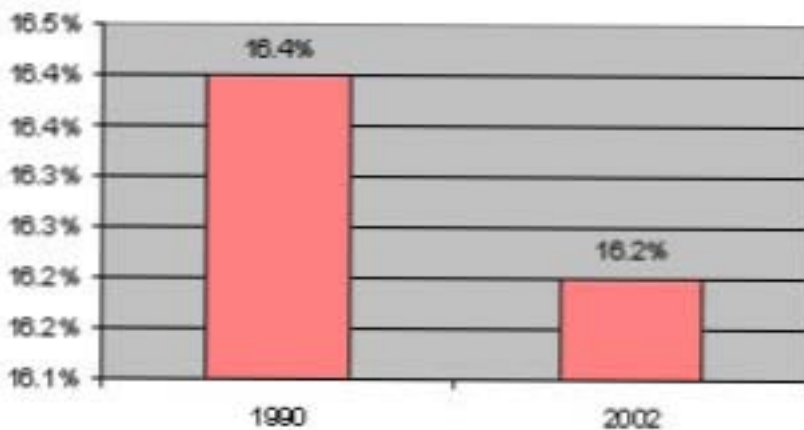
Turkey: U.S. % Share of World Exports



U.S. Rank and Share in Turkey Export

Year	U.S. Export Ranking in the World	U.S. % Share of World Exports
1980	1	43.0%
1990	3	11.7%
2002	2	21.1%

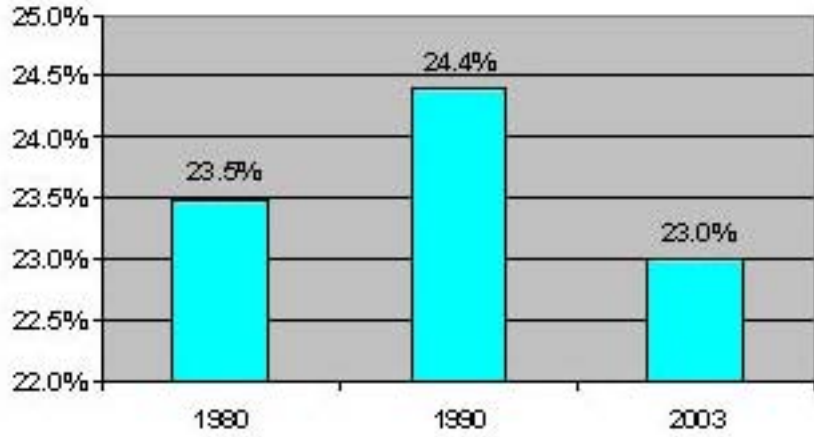
Turkey: MN % Share of U.S. Production



Minnesota's Rank and Share in Turkey Production

Year	MN Production Ranking in the U.S.	MN % Share of U.S. Production
1980	1	16.4%
1990	2	16.4%
2002	1	16.2%

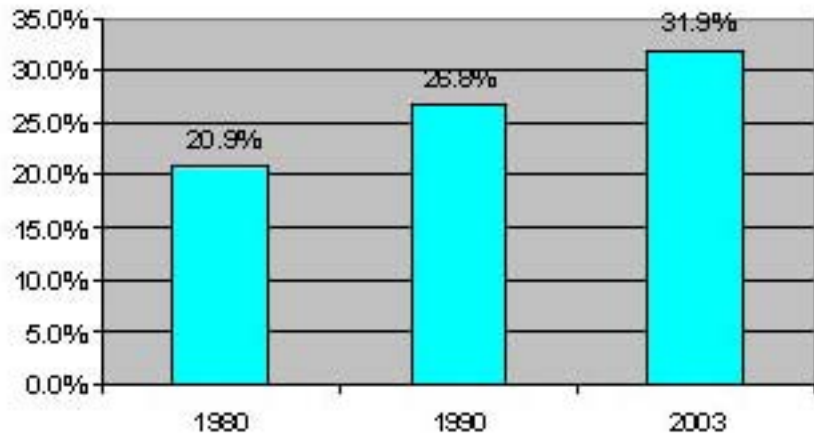
Chickens: U.S. % Share of World Production



U.S. Rank and Share in Chicken Production

Year	U.S. Production Ranking in the World	U.S. % Share of World Production
1980	1	23.5%
1990	1	24.4%
2002	1	23.0%

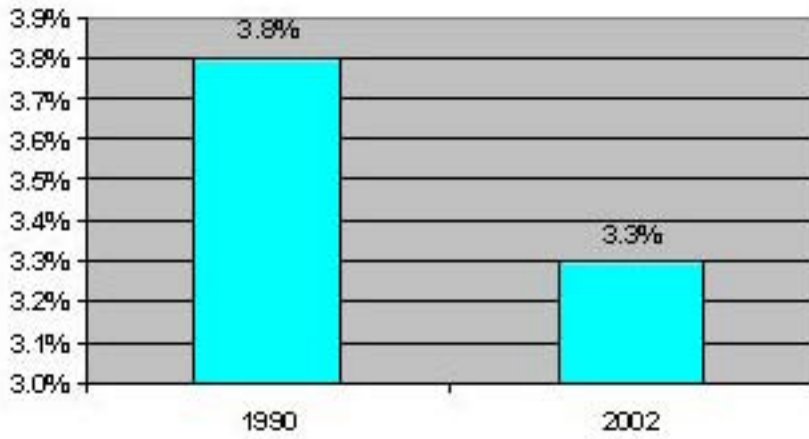
Chickens: U.S. % Share of World Exports



U.S. Rank and Share in Chicken Export

Year	U.S. Export Ranking in the World	U.S. % Share of World Exports
1980	1	20.9%
1990	1	26.8%
2002	1	31.9%

Chickens: MN % Share of U.S. Production



Minnesota's Rank and Share in Chicken Production

	MN Production Ranking in the U.S.	MN % Share of U.S. Production
1980	10	
1990	11	3.8%
2002	11	3.3%

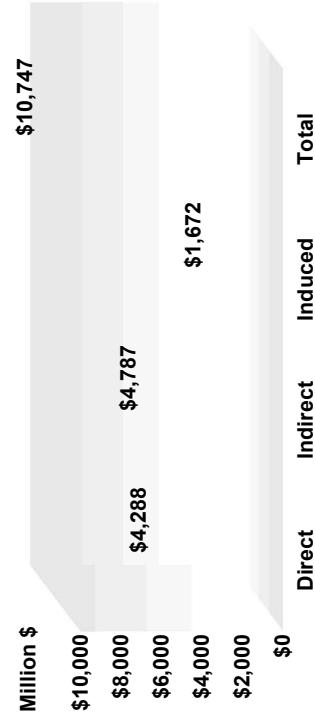
Appendix 3

Economic Impact of Minnesota's Livestock Industry Estimated Output & Employment Impacts

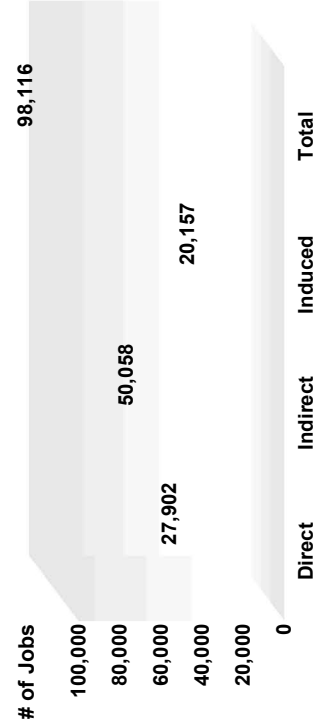
Updated 2-03

Livestock Production Sector	2001 Marketing		Output Impact			Employment Impact			Total
	Marketing	Direct	Indirect	Induced	Total	Direct	Indirect	Induced	
	Million \$		Million \$			# of Jobs			
Hogs	1,416.93	1,416.93	1,805.01	507.81	3,729.74	10,285	19,257	6,123	35,665
Dairy	1,297.34	1,297.34	1,246.63	569.77	3,113.71	6,111	14,421	6,870	27,402
All cattle	890.84	890.84	968.81	356.13	2,215.78	6,371	10,420	4,294	21,085
Poultry & eggs	583.42	583.42	671.58	197.18	1,452.17	1,965	4,956	2,378	9,299
Sheep & lambs	11.50	11.50	12.19	4.79	28.48	538	193	58	789
Misc. livestock	88.41	88.41	82.52	36.03	206.96	2,631	811	434	3,876
All Livestock	4,288.44	4,288.44	4,786.74	1,671.71	10,746.85	27,902	50,058	20,157	98,116

MN Livestock Production: Output Impact



MN Livestock Production: Employment Impact



Direct impact represents the response in production output of an industry.

Indirect impact represents the response by all local industries affected by the above-mentioned output due to purchases between industries.

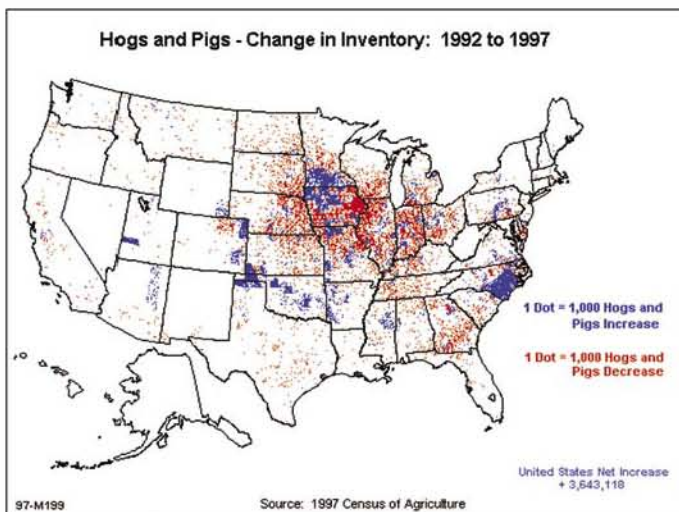
Induced impact represents the response by all local industries caused by the expenditures of new income generated by the direct and indirect impacts.

Total impact is the sum of direct, indirect and induced impacts.

Source: Agricultural Marketing Services Division, Minnesota Department of Agriculture.
The IMPLAN economic impact model is used for the analysis.

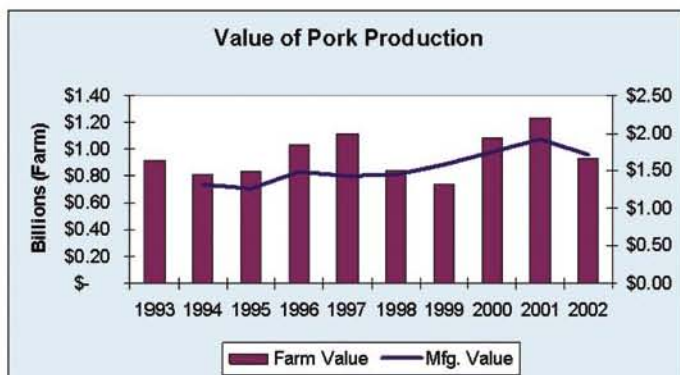
Appendix 4

Geography of Swine



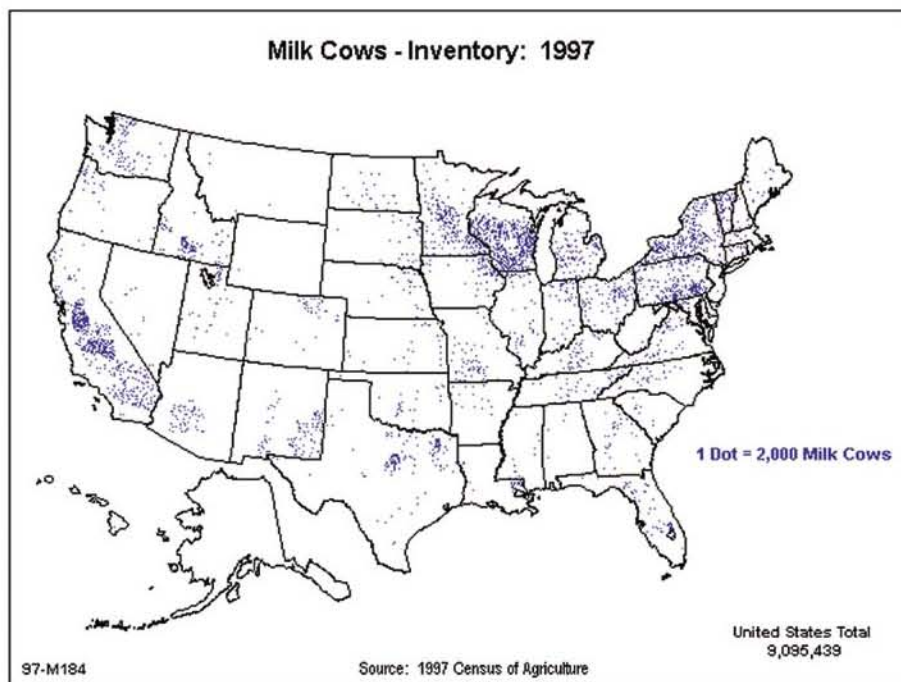
- Move to “fringe corn-belt”.
- Higher feed costs, lower other costs through production systems approach.
- N. Iowa and S. MN maintain advantage of “best natural hog region”.
- Meat Packing and Processing Capacity is key to location shifts.

Vertical Value Trend: Swine



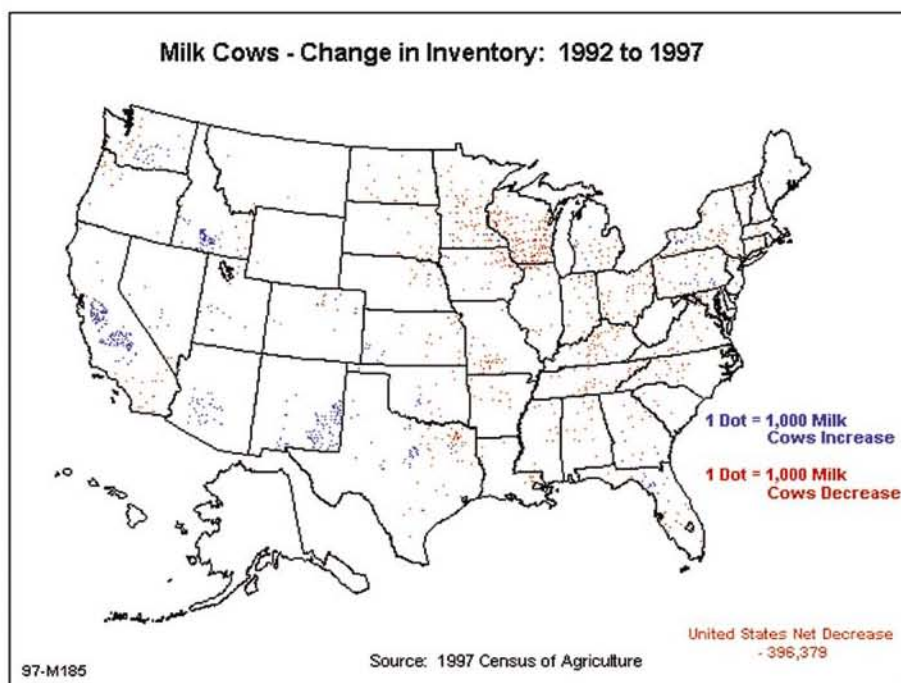
- Pork Growing Market Share and Value.
- Producer/Processor Coordination Innovator.
- Excellent Human Capital – Vet. Clinics and Others.
- 9 of national top 40 swine operations in MN.

Dairy Farm Geography Shifts:



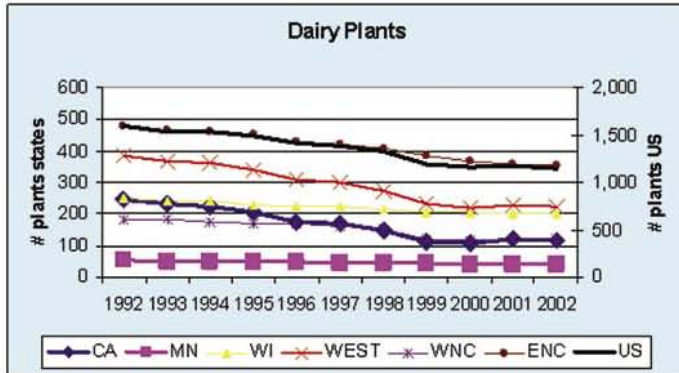
Move West:

- Favorable climate.
- Proximate demand
- New/Modern investment.
- Lower costs of production



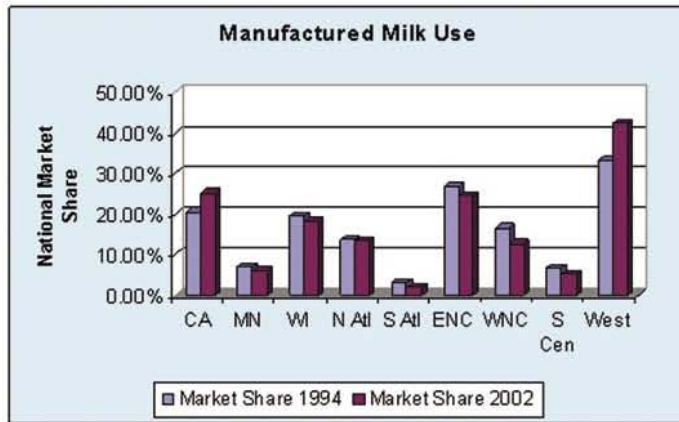
...and Processing Follows?

Processing Trends Mirror Farm Trends – Larger/Fewer



MN Plant Numbers Hold Their Own:

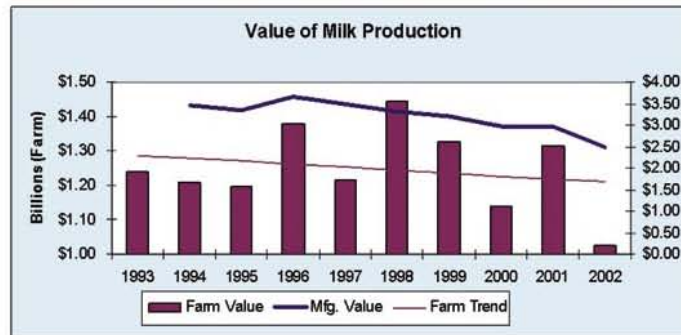
- US dairy plants decline 28%
- MN plants decline only 21%
- CA plants decline 52%



However, processing share declines:

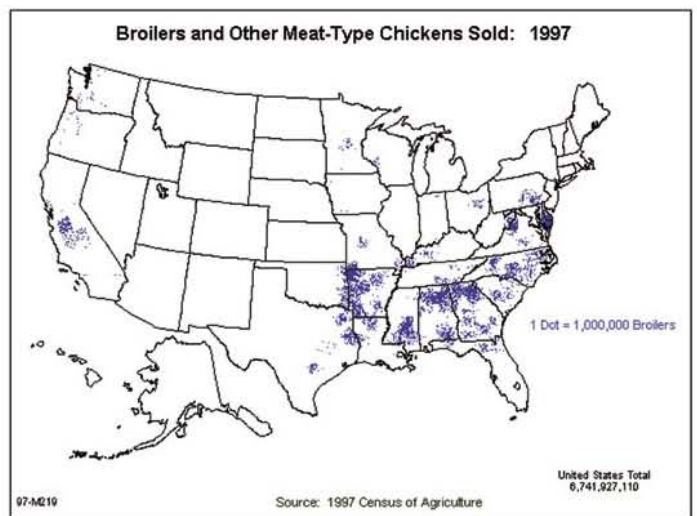
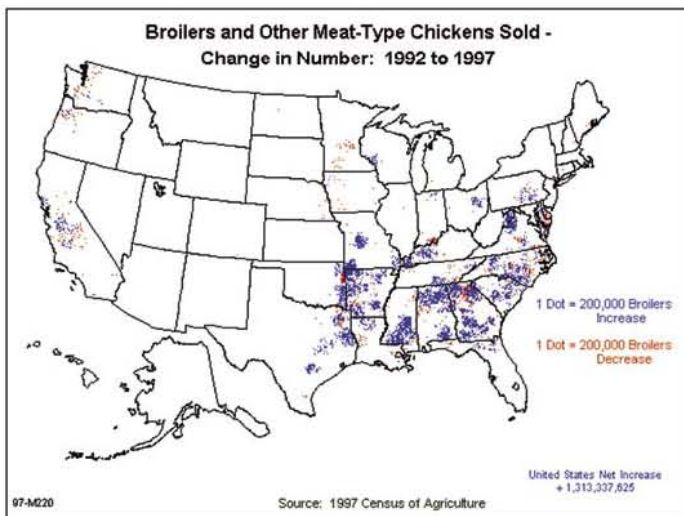
- CA increases share by 5%
- West region increases 9%
- Rest of U.S. decreases 7.5%
- Size of modern plants increases:
- Avg. Size 1980 = 57 mill. Lbs./yr
- Avg. Size 2002 = 161 mill. Lbs./yr
- Since 2000, ~ 30 mill lb/yr new cheese Capacity in the West!

Vertical Value Trend: Dairy



- Dairy faces decline in processing and farm.
- Producer/Processor coordination needed.
- Modernization of facilities critical.
- Human capital infusion needed.

Broiler Geography



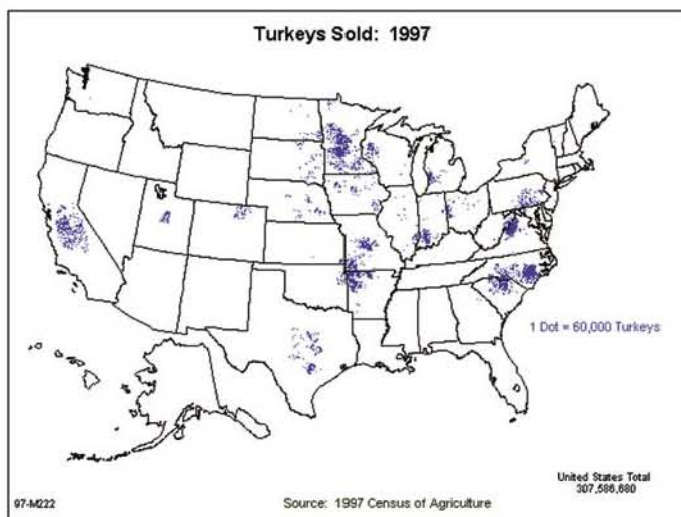
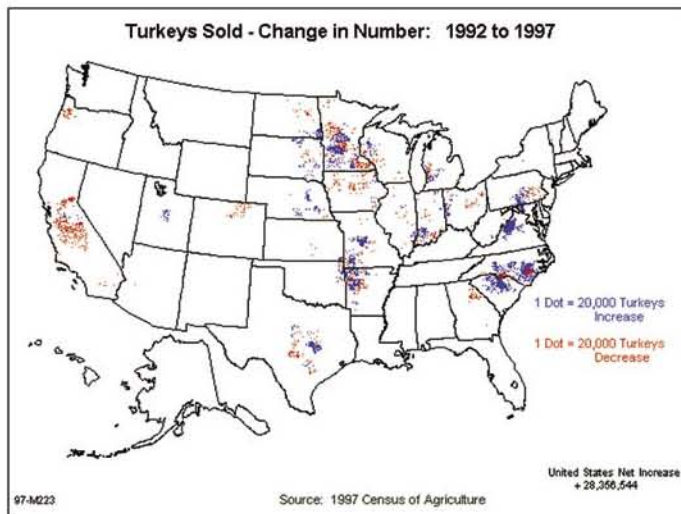
- Southeast region dominates

Regional concentrations are identified by company.

- Tyson = AR
- Foster Farms = CA
- Purdue = Maryland

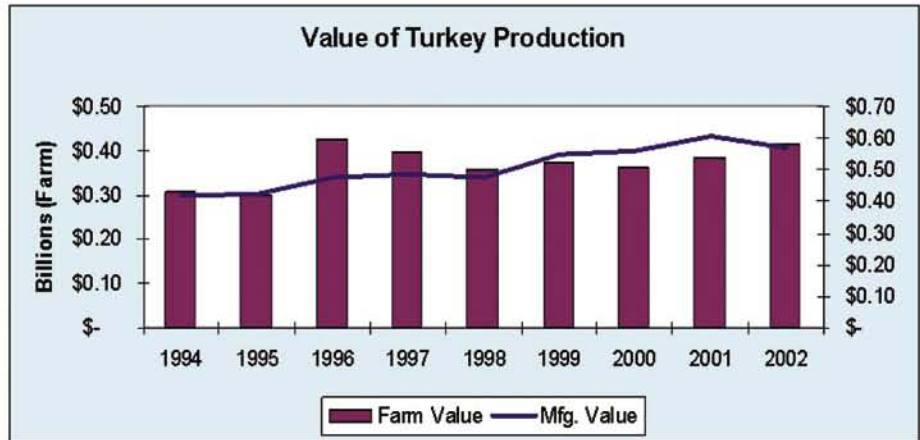
Turkey Geography:

- MN grew internally
- Cargill Operates in AR
- Regional concentrations also associated with companies



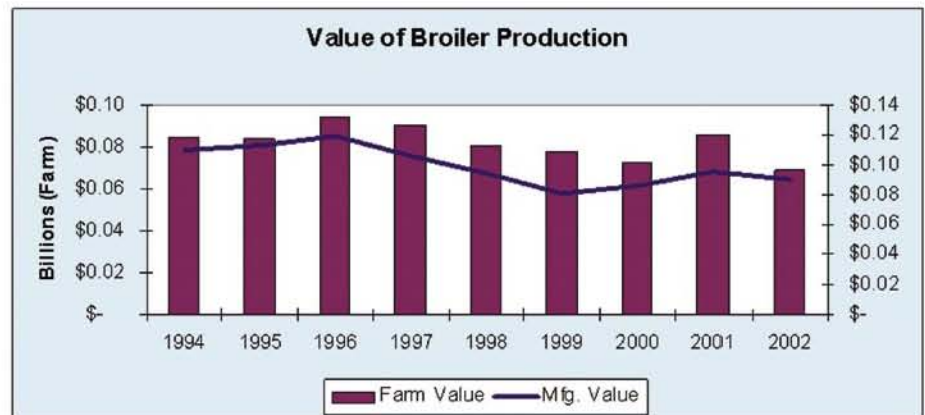
Vertical Value Trend: Turkey

- Turkey Growing Market Share and Value
- Producer/Processor Coordination Critical
- MN leads turkey production – Jennie O Turkey Store
- Success outside major poultry regions.



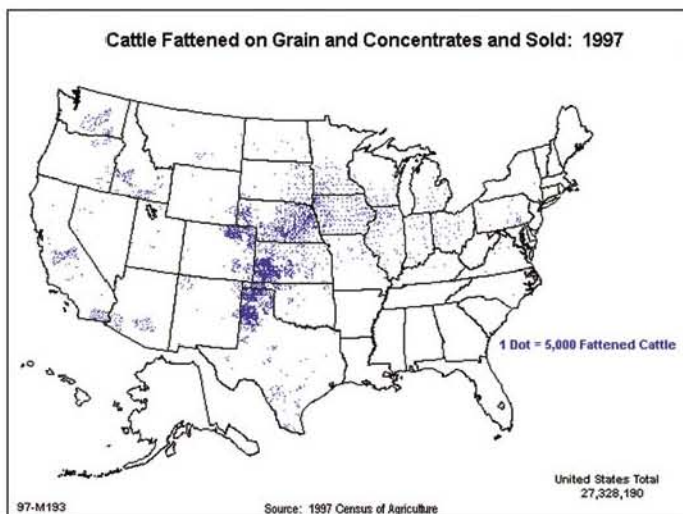
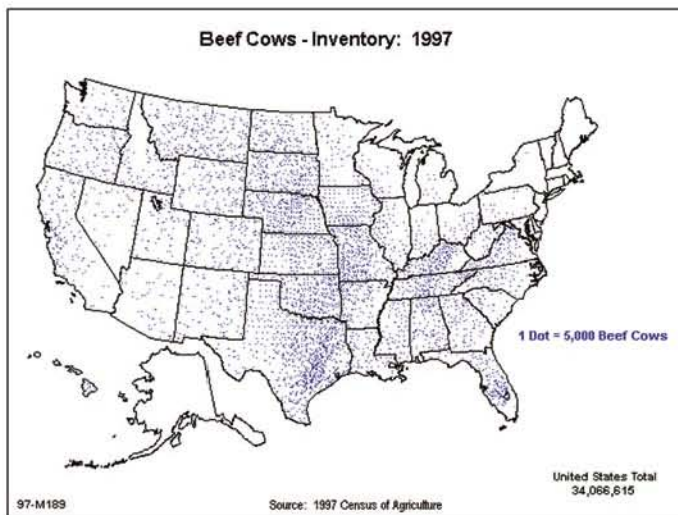
Vertical Value Trend: Broilers

- Broiler decline since 1994 due to Campbell's closing.
- Recent Growth is positive trend.
- Value belied by high efficiency of broiler production which has allowed chicken to lead meat consumption.

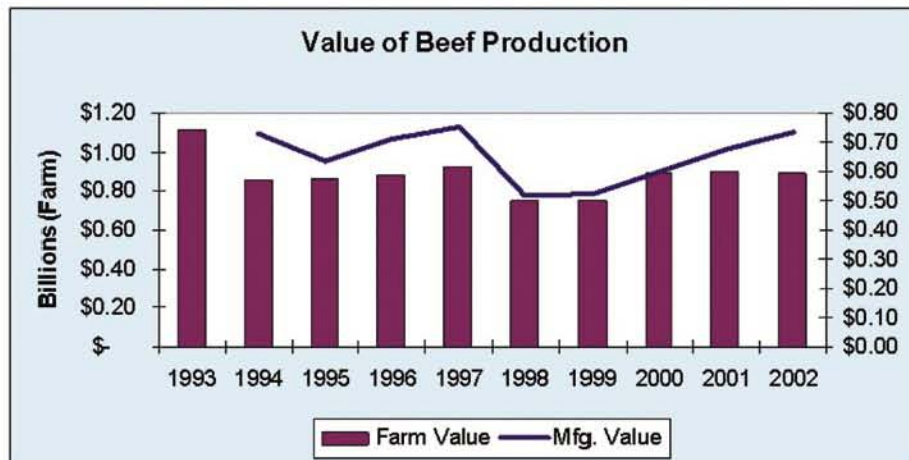


Cattle Geography:

- Beef cows are the most geographically dispersed of all livestock.
- Linked to grassland and lower valued cropping land.
- Cattle feedlots highly concentrated in Southwest Plains region.
- Arid conditions are conducive to outdoor cattle feeding.
- Movement occurred in 1970s'
- Packing plants have located near feedlots.

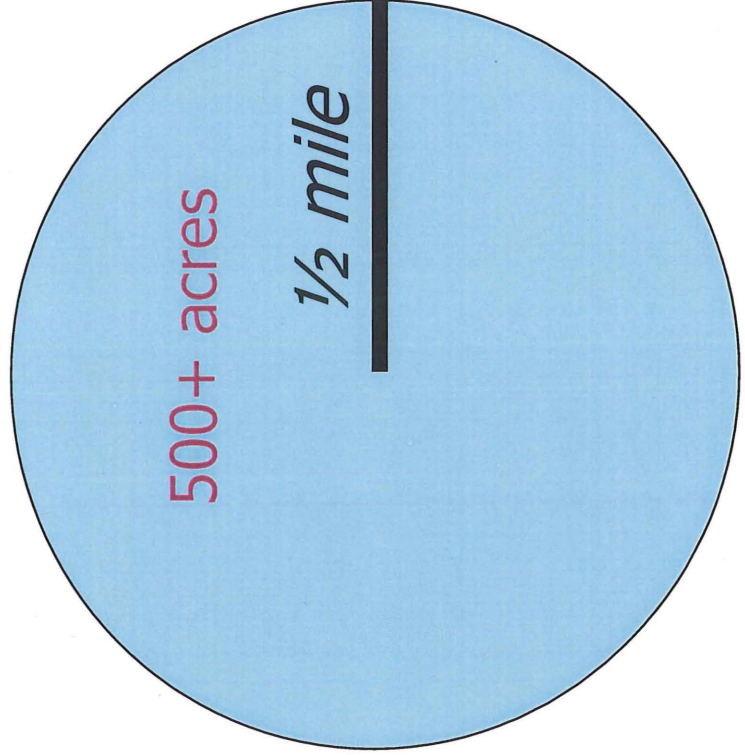


Vertical Value Trend: Beef



- Beef relatively stable share and value.
- Affected heavily by price cycles.
- Beef cows have not moved as other species.
- Operations frequently not primarily dependent on beef.

Separation Distances ("Setbacks")

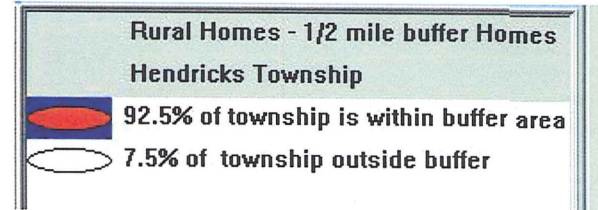
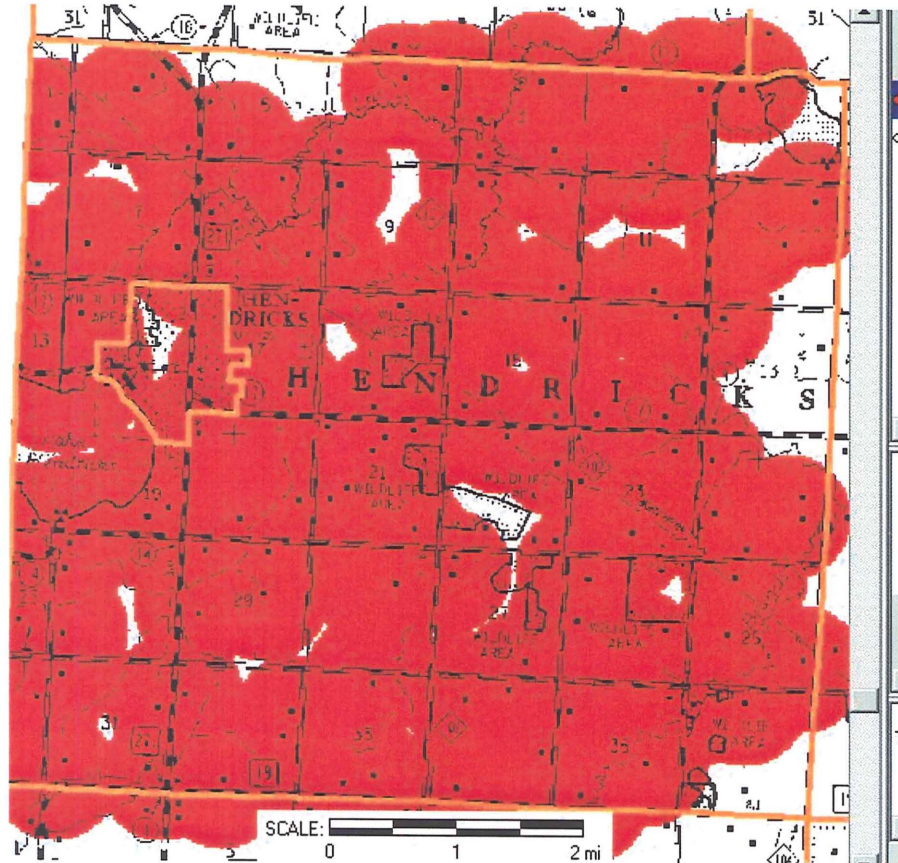


Separation Distances in Hendricks Township, Lincoln County

Swine	Cattle	All Other
0 – 200 AU ½ mile (200 AU = 500 swine over 300 lbs.)	150 – 500 AU ½ mile (500 AU = 500 slaughter steer or stock cows)	50 – 500 AU ½ mile (e.g., 500 AU = 357 mature dairy cows over 1,000 lbs. or 27,778 turkeys over five lbs.)
201 – 350 AU 1 mile (350 AU = 875 swine over 300 lbs.)	501 – 900 AU 1 mile (900 AU = 900 slaughter steer or stock cows)	501 – 900 AU 1 mile (e.g., 900 AU = 643 mature dairy cows over 1,000 lbs. or 50,000 turkeys over five lbs.)
350 AU + 2 miles	901 AU + 2 miles	901 AU + 2 miles

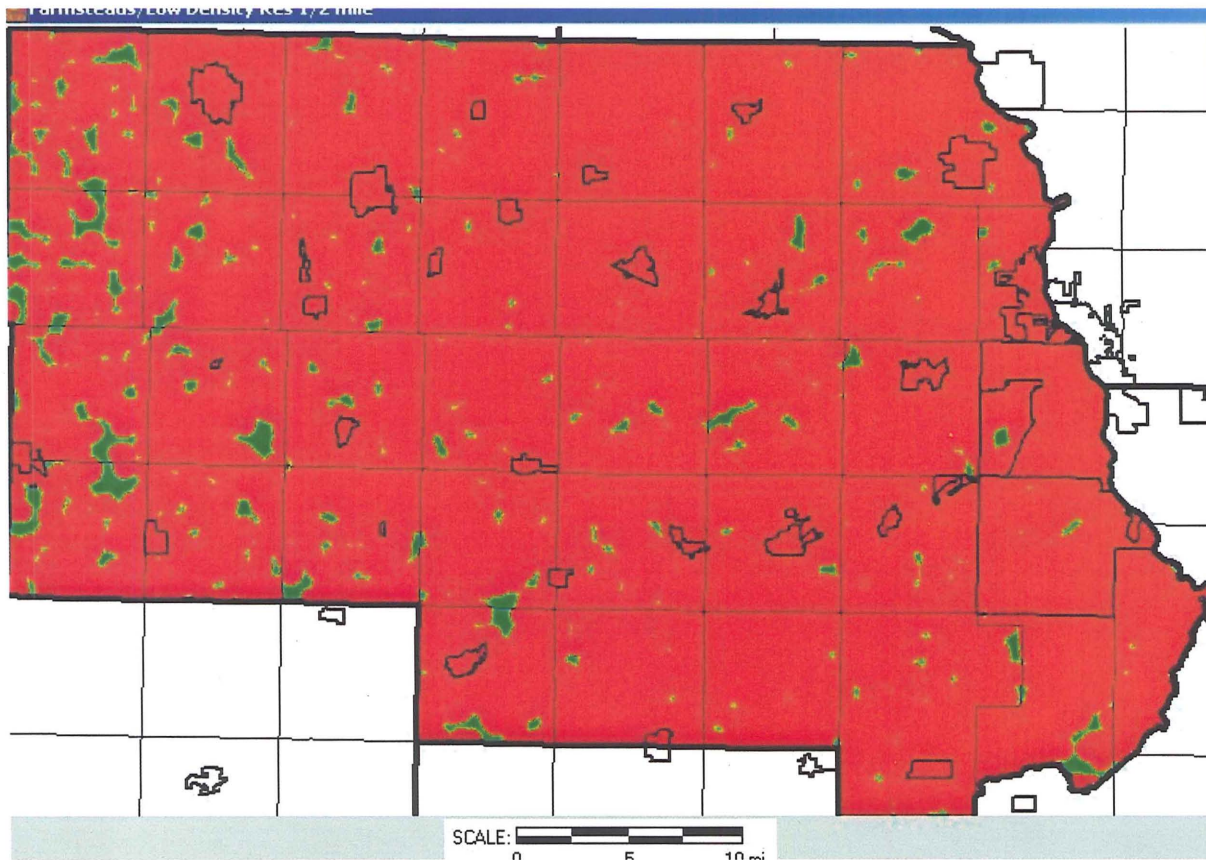
Hendricks Township

Implications of Half-Mile Separation Distance



Stearns County

*Implications of a Half-Mile Separation Distance
(If Adopted in Stearns County)*



Creating a Bright Future for Livestock Farmers in Minnesota



A Report by the Citizen Task Force on Livestock Farmers & Rural Communities

Land Stewardship Project

Minnesota Farmers Union

*Minnesota National
Farmers
Organization*

*Sustainable Farming
Association of
Minnesota*

September 28, 2004

Citizen Task Force on Livestock Farmers & Rural Communities

In January 2004, four Minnesota farm groups—the Minnesota Farmers Union, National Farmers Organization of Minnesota, the Land Stewardship Project and the Sustainable Farming Association of Minnesota—came together to create the Citizen Task Force on Livestock Farmers and Rural Communities. Since then, the Citizen Task Force has taken input from, among others, the Minnesota Catholic Conference, Minnesota COACT (Citizens Organized Acting Together), Minnesota Dairy Producers Board, the Izaak Walton League and the League of Women Voters of Minnesota.

In developing this report, the Citizen Task Force used the following guiding principles to create its recommendations:

- ◆ **Economic models that are sustainable and benefit rural Main Streets.** Many economic models take into account only profit for investors and not the negative impacts on the local community and environment. Economic models should take into account such factors as benefits or harm to schools, Main Street businesses and the environment.
- ◆ **Private enterprise as opposed to corporate investment.** When capital and ownership come from private, local sources, control and profit stay local. When capital and ownership are from distant corporate sources, control and profit leave the community.
- ◆ **Benefiting existing livestock farmers and encouraging beginning farmers.** Too often existing livestock farmers are not considered in the rush to attract corporate investment into Minnesota's livestock sector. The truth is Minnesota's existing livestock producers are the starting point for solutions and should be the first considered.
- ◆ **A commitment to promoting a family farm-based system of agriculture.** The family farm based-system of agriculture has made this nation strong and is the most efficient means of production.
- ◆ **A commitment to stewardship of the land.** Livestock agriculture in Minnesota can be practiced in a way that protects and even enhances our state's natural resources for the long term, especially by protecting water and air quality, reducing erosion and building soil quality.
- ◆ **Increasing farmers' access to capital.** Access to local capital at reasonable terms is critical to existing and beginning farmers.
- ◆ **Consumer demand for high quality and safe food.** Consumers have made it clear that they want high quality, safe food. Opportunities exist for farmers to achieve a better price by meeting these needs.
- ◆ **Promoting competition and fair markets.** Markets for livestock have become so concentrated that price manipulation is possible. This is bad for consumers and producers, as packers are able to pay independent producers low prices and overcharge consumers.
- ◆ **Increasing profit to producers.** Policies that increase economic activity without increasing profit to producers are ultimately harmful by increasing concentration in our food industry.
- ◆ **Respecting local forms of government to make decisions about development.** Townships and counties are best suited to react to the needs of local residents. A strong livestock industry need not come at the expense of democracy. Local forms of government should maintain the right to create standards that are higher than the state's standards.

Creating a Bright Future for Livestock Farmers in Minnesota

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Executive Summary

The Citizen Task Force on Livestock Farmers and Rural Communities has studied the challenges and opportunities facing livestock farmers and rural communities, and has assembled a list of priority recommendations to policy makers and community leaders on ways to increase the number and profitability of Minnesota livestock farmers in ways that benefit rural communities, recognizing that livestock farmers and vibrant rural communities are interrelated.

I. Ensuring Fair Prices & Open Markets

Policies must be enacted that allow farmers to receive a fair price through open markets. Competition must be restored to the marketplace by limiting corporate concentration and encouraging farmers to use collective bargaining strategies.

The Citizen Task Force Recommends:

1) Minnesota's corporate farm law be strengthened. The law places limitations on corporate ownership of farms in order to protect and promote a family farm based system of agriculture. The legislature can maintain and improve the effectiveness of the law by:

- A) Creating an effective fine for violating the law. *Currently there is no significant penalty for violating the corporate farm law.*
- B) Requiring that compliance with the law be demonstrated before the state grants articles of incorporation to a farm. The state must verify compliance annually.
- C) Retaining language in the law that prohibits dairy from being included in the definition of an "Authorized Livestock Farm Corporation."

2) The Minnesota Agricultural Bargaining Act be aggressively implemented by the Minnesota Department of Agriculture (MDA). The MDA must use the law to create a comprehensive program to assist interested farmers in using collective bargaining to ensure a better price for their products.

3) The Minnesota Legislature enhance competition for Minnesota livestock farmers by encouraging the development of producer-owned cooperative processing facilities or independent processing facilities that purchase livestock from independent farmers. This could be done by providing financial incentives similar to what ethanol receives.

4) The Legislature pass a resolution urging the Minnesota Congressional delegation to support Country of Origin Labeling (COOL) and a ban on packer ownership of livestock.

5) The legislature pass and the state aggressively enforce legislation prohibiting Milk Protein Concentrate (MPC) in food sold in Minnesota. MPC is being imported to the United States and used illegally in food products to displace domestically produced milk. In addition, the legislature should pass a resolution urging our federal delegation to demand the federal government begin enforcing the regulations that prohibit MPC in dairy products.

II. Creating the Next Generation of Livestock Farmers

Creating incentives and programs that encourage young people to become livestock farmers is critical to maintaining livestock as part of Minnesota's family farm system of agriculture. These beginning farmers need opportunities to enter into livestock farming that do not require large amounts of debt be incurred and that rely on low-cost, efficient livestock systems.

The Citizen Task Force Recommends:

1) The Legislature create a program that provides beginning dairy farmers with \$1 per hundred weight of milk produced not to exceed \$10,000 per year. This legislation, entitled "Milk Production Development Program" was introduced in the 2004 legislative session as Senate File 2656.

2) The legislature create a Minnesota Dairy Investment Credit. This program would provide a state tax credit to dairy farmers who make improvements in their operation. The credit would be 10 percent of up to \$500,000. Included in eligible expenditures are upgraded milking parlors, pasture development, fencing, watering facilities and on-farm possessing.

3) Minnesota create and implement a program to preserve farmland for future generations and keep it affordable for beginning farmers. The state can do this by creating a program to purchase the development rights of farms and tap into federal money available through the Purchase of Agricultural Conservation Easement (PACE) program.

III. Promoting Livestock Farming that Benefits the Environment

Livestock farmers can play a major role in protecting our environment by using environmentally minded farming practices that improve water quality, reduce greenhouse gas emissions that exacerbate climate change problems, and create wildlife habitat. This is best accomplished when livestock is raised on diversified family farms.

The Citizen Task Force Recommends:

1) The Minnesota Legislature pass a bonding proposal to fund the “Green Lands, Blue Waters” proposed initiative at the University of Minnesota. This initiative is working to improve water quality, wildlife habit and human health by promoting agricultural systems based on perennial crops such as grass and hay which significantly reduce soil erosion and chemical runoff. With a focus on non-regulatory incentives that “keep working lands working,” livestock raised on pasture is an important feature of the program.

2) The Minnesota Legislature pass a bonding proposal to fund the purchase of multi-year easements on farmland to grow perennial crops such as pasture and hay. Well-managed perennial systems, including livestock that is raised on pasture, reduce erosion, protect water quality and enhance wildlife habitat. This program would be similar to the Minnesota Conservation Reserve Enhancement Program but instead of idling farmland would operate with the philosophy of “keeping working lands working.”

3) The Minnesota Legislature allow land in the Minnesota Conservation Reserve Enhancement Program to be used for grazing livestock as long as there is a state approved grazing plan that protects the environment and wildlife habitat.

4) The Minnesota Legislature restore citizens’ ability to petition for environmental review of proposed large feedlots. This long standing right, which has protected the rural environment, was stripped in the 2003 legislative session.

IV. Creating Local Food Systems That Benefit Farmers, Consumers & Rural Communities

Minnesota must proactively meet the growing consumer demand for food that is family-farm raised, locally grown and identity-preserved, using organic, grass-based, deep-straw and other ecologically sound farming systems. Failing to do so will put Minnesota farmers at a major competitive disadvantage in meeting the growing demand for healthy and locally grown food.

The Citizen Task Force Recommends:

1) The Legislature provide funding for community-based processing, handling, and distribution systems for locally produced food from sustainable and organic family farms

2) The Legislature restore \$200,000 in funding for the Minnesota Institute for Sustainable Agriculture (MISA) Information Exchange program.

3) The University of Minnesota’s Alternative Swine Program be extended and expanded to include dairy and other livestock systems. The Minnesota Legislature must provide \$150,000 per year to do this.

4) The Minnesota Legislature provide \$200,000 in funds for the Demonstration Grant Program in the Energy and Sustainable Agriculture Division of the Minnesota Department of Agriculture.

V. Protecting Rural Democracy

Strong local communities depend on strong local control. Therefore, local communities should maintain the right to put in place and enforce local planning and zoning ordinances stricter than state minimum standards that protect the health and well being of their communities from potentially harmful development.

The Citizen Task Force Recommends:

1) The Legislature uphold the current rights of townships and counties to enact zoning ordinances to regulate development in their communities, including large feedlots.

Introduction

A Report for the Majority of Livestock Farmers

The tables on this and the next page state the facts clearly: Minnesota livestock agriculture is dominated by small- and moderate-sized farms. *This report is designed to benefit the majority of livestock producers in the state.* The Citizen Task Force has developed recommendations for developing a vibrant, sustainable livestock sector in Minnesota. These recommendations are presented in five categories:

- I. Ensuring Fair Prices & Open Markets**
- II. Creating the Next Generation of Livestock Farmers**
- III. Promoting Livestock Farming that Benefits the Environment**
- IV. Creating Local Food Systems that Benefit Farmers, Consumers & Rural Communities**
- V. Protecting Rural Democracy**

We have developed these recommendations with the understanding that our multi-faceted and complex food system extends far beyond the farm and involves the interaction of individuals and institutions with contrasting and often competing goals, including farmers, researchers, input suppliers, farm workers, processors, retailers, consumers and policymakers. The vision we choose will have profound and far-reaching effects on livestock farmers, rural communities and our Minnesota landscape. Ultimately, our decisions now will shape the quality, diversity and source of our food supply for generations to come.

The future of Minnesota’s livestock industry is critical to the future of our rural communities, and our state in general. The 2005 Minnesota Legislature is expected to take up the issue of how to best support and promote Minnesota livestock agriculture. It is vital to discuss strategies that benefit farmers, consumers, the community, and a healthy competitive processing industry in this state.

This report is a work in progress. We will continue to develop recommendations, receive input and work for a livestock agriculture that’s best for the land and people and Minnesota. We anticipate that farmers, consumers and many others will have wisdom to impart to this process, and we are committed to hearing them.

Table 1: Livestock Farms by Animal Unit Size in Minnesota¹

Animal units	No. of operations	% of total
10-49 animal units	3,757	16.7%
50-99 animal units	6,341	26.5%
100-299 animal units	9,511	39.8%
300-499 animal units	1,743	7.2%
500-999 animal units	1,614	6.7%
Over 1,000 animal units	946	4%
	23,912	
(300 animal units = 214 dairy cows, 1,000 hogs between 55 & 300 lbs, or 300 beef cows)		
83% of livestock operations are less than 300 animal units		

Table 2: Animal Unit Definitions²
From MPCA 7020 rules

Dairy cow (over 1,000 lbs)	1.4 animal unit
Beef cow	1.0 animal unit
Hogs	
-over 300 pounds	0.4 animal unit
-between 55 & 300 lbs	0.3 animal unit
-under 55 pounds	0.05 animal unit

Table 3: Types of Livestock operation by size in Minnesota³

Hog Farms					
1-99 head	100-499 head	500-999 head	1,000-1,999 head	2,000-4,999 head	5,000 + head
1,450	2,100	1,000	700	700	250
23%	34%	16%	11%	11%	4%
<i>73% of hog farms are less than 1,000 head</i>					

Table 4: Types of Livestock operation by size in Minnesota³

Dairy Farms					
1-29 cows	30-49 cows	50-99 cows	100-199 cows	200-499 cows	500+ cows
900	2,400	2,900	700	250	50
13%	33%	40%	10%	3%	1%
<i>96% of dairy farms are less than 200 cows</i>					

Table 5: Types of Livestock operation by size in Minnesota³

Farms with beef cows			
1-49 head	50-99 head	100-499 head	500+ head
13,300	1,500	680	20
86%	10%	4%	.1%
<i>96% of beef cow operations are less than 100 head</i>			

I. Ensuring Fair Prices & Open Markets

Policies must be enacted that allow farmers to receive a fair price through open markets. Competition must be restored to the marketplace by limiting corporate concentration and encouraging farmers to use collective bargaining strategies.

Citizen Task Force Recommendations:

- 1) Minnesota's corporate farm law be strengthened. The law places limitations on corporate ownership of farms in order to protect and promote a family farm based system of agriculture. The legislature can maintain and improve the effectiveness of the law by:
 - A) Creating an effective fine for violating the law. *Currently there is no significant penalty for violating the corporate farm law.*
 - B) Requiring that compliance with the law be demonstrated before the state grants articles of incorporation to a farm. The state must verify compliance annually.
 - C) Retaining language in the law that prohibits dairy from being included in the definition of an "Authorized Livestock Farm Corporation."
- 2) The Minnesota Agricultural Bargaining Act be aggressively implemented by the Minnesota Department of Agriculture. The MDA must use the law to create a comprehensive program to assist interested farmers in using collective bargaining to ensure a better price for their products.
- 3) The Minnesota Legislature enhance competition for Minnesota livestock farmers by encouraging the development of producer-owned cooperative processing facilities or independent processing facilities that purchase livestock from independent farmers. This could be done by providing financial incentives similar to what ethanol receives.
- 4) The Legislature pass a resolution urging the Minnesota Congressional delegation to support Country of Origin Labeling (COOL) and a ban on packer ownership of livestock.
- 5) The legislature pass and the state aggressively enforce legislation prohibiting Milk Protein Concentrate (MPC) in food sold in Minnesota. MPC is being imported to the United States and used illegally in food products to displace domestically produced milk. In addition, the legislature should pass a resolution urging our federal delegation to demand the federal government begin enforcing the regulations that prohibit MPC in dairy products.

1) *Why a Strong Corporate Farm Law is Important*

Counties in states with anti-corporate farming laws have fewer families in poverty, lower unemployment and higher percentages of farms realizing cash gains, according to an analysis conducted by two rural sociologists.

Using the 1982 and 1992 Censuses of Agriculture, Tom Lyson of Cornell University and Rick Welsh of Clarkson University analyzed data from the 433 counties in the U.S. classified as "agriculturally dependent"—meaning at least 75 percent of the county's land is used for farming and 50 percent of the county's total gross receipts for goods and services comes from farm sales. They then compared the economic vitality of

counties in states with anti-corporate farm laws to counties in states that had no such restrictions.

Nine Midwestern states—Minnesota, Iowa, Kansas, Missouri, Nebraska, North Dakota, Oklahoma, South Dakota and Wisconsin—have adopted laws that restrict corporate involvement in agriculture. These laws are perennially under attack from large-scale agribusiness interests who argue they stifle economic activity and ultimately hurt farm-dependent counties.

But what Lyson and Welsh found was that, in general, agriculture dependent counties in states with anti-corporate farming laws fared better—fewer families in poverty, lower unemployment and higher percentages of farms realizing

cash gains—economically than agriculture dependent counties in states without such laws.

"A public policy intervention that promotes organizational diversity in agriculture would seem to be needed," conclude Lyson and Welsh. "In this vein, anti-corporate farming laws provide one model."⁶

It is not only important to have strong anti-corporate farm laws on the books. These laws must also have some muscle behind them if they are to be effective. The Minnesota Corporate Farm law has a small \$500 fine for not reporting or certifying with the Minnesota Department of Agriculture (MDA). MDA can wave or reduce the penalty for not making a timely filing. Failure to file a

required report or the willful filing of false information is a gross misdemeanor. For violating significant provisions of the Minnesota Corporate Farm Law, there is no significant financial penalty. And if a district court finds that a corporation is violating the Corporate Farm Law, that court only has the authority to order the corporations to stop activities and to sell agricultural land within five years.⁷

A number of other states that have corporate farming laws have significant financial penalties. In Wisconsin, corporations can be fined up to \$1,000 per day for each day that they are in violation. In Iowa and North Dakota, corporations can be fined up to \$25,000. In Kansas, corporations can be fined up to \$50,000.⁸

There have been repeated attempts to weaken Minnesota's Corporate Farm Law, including proposals to include dairy in the "Authorized Livestock Farm Corporation" definition. This change would allow up to 100 percent of a dairy to be owned by investors who are not actively engaged in the operation of the dairy and 61.75 percent of the investors in the dairy don't have to be livestock producers. This would enable specified corporations to engage in agricultural production even if none of the shareholders reside on a farm and none of the shareholders actively operate the farm. Such an exemption would open the door for the kind of investment that does not benefit rural communities or our state in general.⁹ (See "Investment" sidebar on page 10 for more on this issue.)

2) Giving Farmers the Power & Tools to Market Collectively

In 1922, Congress passed the Capper-Volstead Act. This act allows farmers to form cooperatives for the purpose of bargaining and price negotiations. The law legalizes collective bargaining for farmers, but does not include mechanisms to make it operational.¹⁰ As a result, several states have passed collective bargaining laws that attempt to make this tool more applicable for farmers.

For example, in 1973 the Agricultural Marketing and Bargaining Act was passed in Minnesota.¹¹ Under this law, if half of the producers of a certain crop in a region form an organization, that organization can negotiate prices with a buyer. If that negotiation isn't successful, the Minnesota Department of Agriculture must mediate.

"It really strengthens the hand of the

Solutions from the Countryside

Using collective bargaining to compete as independent producers

Jim Joens always knew he was raising top quality hogs. But what the southwest Minnesota farmer was less sure about was his ability to get paid a fair price for his animals. He markets around 2,000 pigs a year, and packers are increasingly ignoring independent farmers of his size and filling their quota with contracted hogs from large corporate operations. That means farmers like Joens are seen as second-class suppliers, even if they are producing first class pork.

But for the past several years, Joens and half-dozen other farmers in Nobles County have been using the team approach to retain access to a profitable market while remaining independent. The farmers are all small by corporate farming standards—the biggest producer markets 3,600 annually, the smallest around 700. But Joens and his neighbors are collectively shipping a semi-load (about 200 head) of hogs to a packer each week. This gives them enough marketing clout to gain the respect, and the price, they deserve.

The group started in 1997 when a local packer stated that it did not need to issue competitive bids for hogs, since it could fill its shackle space with contracted animals. Joens and the others contacted the National Farmers Organization and started working with Merle Suntken, a marketing specialist with the organization. In return for a commission, Suntken negotiates with the packer and handles the weekly sales arrangements. On Friday mornings, the farmers deliver their hogs to a trucker in Wilmont, who then hauls them to a packer in Sioux Falls.

Suntken meets regularly with the farmers to go over the packer's kill sheet information and to talk about how the animals dressed out. Joens says this has helped him improve the quality of the pork he produces—his animals were dressing out at 51 percent to 52 percent lean, and now are more in the 54 percent to 55 percent range.

One of the biggest benefits of the arrangement is the farmers feel they are able to put some reliability back into their marketing plan. They adhere to the kind of philosophy that professional marketing consultants consistently try to drive home to farmers: don't always get the best price, but a consistent price.

Suntken says one thing independent producers seldom get from packers is face-to-face feedback on how they can improve the quality of the animal they are marketing.

By going over the kill sheet information with the marketing group on a regular basis, Suntken is able to provide that feedback. He estimated the farmers are making \$5 to \$6 extra per hundredweight because they are marketing as a group and are receiving a quality premium.

"It gets you in a more disciplined marketing mode," Joens says of working as a group and marketing on a weekly basis. "We can put out a hogs that are as consistent in weight and leanness as any large producer."

Working as a group with Suntken means the farmers don't have to call numerous packers each week to find a buyer. And using one trucker means less time on the road for each farmer. The other benefits to marketing collectively are less easy to measure, but are just as critical to the farmers' success. They have coffee every Friday while their hogs are being loaded, and they use that time to discuss everything from the markets, to swine management innovations, to each other's families.

"We have a friendly competition going over who can raise the best hogs. The mental support is tremendous," says Joens. "The side benefits can't be counted."

That support has become even more important as the number of independent family hog farmers in the region shrinks. The marketing group itself started out with two dozen farmers shipping two to three semi-loads a week. Joens says one of the reasons more farmers aren't marketing collectively is that promoters of corporate agriculture have convinced the agricultural community—from farmers and feed dealers to lenders and policy makers—that the only way to make it in livestock is to sign exclusive contracts with large integrators.

But Joens says such a model is not the only option, and in fact will only bring more livestock into the state "at any cost," regardless of the impact it has on communities, the economy or individual farmers' profits.

"You can't just put livestock out there at all costs. You have to put profitability back into livestock," says Joens. "If you can get five or six of your neighbors to talk to each other, you can grow and make some money."

farmer,” says agricultural economist Richard Levins, who has studied the law.

Despite its potential, the tool is woefully underutilized by Minnesota farmers—mostly because the majority do not even know it exists. (To date, perhaps the only group of farmers using this bargaining tool is the Southern Minnesota Crop Growers Association, a group of sweet corn and pea growers who sell to Del Monte.)¹²

Levins and others believe there is no reason the Bargaining Act could not be extended so livestock producers could utilize it as a collective bargaining tool. This would work particularly well for livestock farmers that are producing for a specialty market. (See *Solutions from the Countryside* sidebar on this page for an example of hogs farmers who are using collective bargaining).

But the Act itself also needs to be strengthened to bring it more in line with similar laws in states like Michigan. For example, Minnesota’s law does not require binding arbitration, which can put farmers at a severe disadvantage when dealing with a large corporation.

3) Why Support of Independent Livestock Production is Key

Contract livestock production is a key agribusiness tool for concentrating and controlling commodity markets, and actually works against a free and open market. Any commodity where four or fewer industries exert over 60 percent control has the makings of a price cartel (see Table 6).¹³ Farmers have no market price control, and consumers, over time, will pay higher prices as competition diminishes.¹⁴ Subsidies that go into commodities do not stay with the farmer but are moved to higher land and input costs.

Contract livestock production has been a dismal failure for the farmer-producer and local economies, according to William Heffernan, a professor emeritus of rural sociology at the University of Missouri who, along with researcher David Lind, conducted a 30-year study that examined the impact of contract broiler production in Union Parish, Louisiana. The study found, among other things, that return to capital and management goes to the integrating firm located far from the local community.¹⁵

This is only one of many studies that demonstrate contact livestock production is not good for rural communities. In

1999, the Land Stewardship Project reported that between 64 percent and 70 percent of all hogs sold then were no longer part of the open market.¹⁶ That report found that contract hog production was severely reducing the number of opportunities for small- and medium-sized independent farmers to sell their hogs. With fewer buyers and more “captive supply” in the market, there is less competition for independent farmers’ hogs and insufficient information regarding prices being paid. The result is lower prices for hogs produced by independent farmers, even though they may be of equal quality (or higher) when compared to their contracting counterparts. Since that report was released, the number of hogs marketed under contracts has gone well beyond the 70 percent mark, exacerbating the problem for decreasing market competition even further. A 1992 University of Missouri study found that for every \$5 million in new investment in contract swine production, between 40 and 45 new jobs would be created throughout that state’s economy. However a follow-up analysis by University of Missouri agricultural economist John Ikerd found that the creation of those new jobs would come at the cost of three times that number of independent farmers.¹⁷

This is why it is critical to use antitrust enforcement to preserve open, fair markets if we are to have a livestock industry that creates homegrown economic benefits. Part of those market opportunities can be created through the development of local processing facilities for farmers who are seeking out alternative and specialty markets. In addition, on-farm processing creates opportunities for farmers to add value to their products. ○

Table 6: Concentration of Agriculture Markets in 2002¹⁸

Any commodity where four or fewer industries exert over 60 percent control has the makings of a price cartel.

Values are the percentage of the market controlled by the top four firms in each industry.

Beef packers—81 percent

Pork packers—59 percent

Corn exports—81 percent

Pork production—46 percent

Soy exports—65 percent

Soy crushing—80 percent

Grain handling—60 percent

When Considering how to Finance Livestock Enterprises, be Mindful of Who's in Control

Those who control the capital to finance the industry control the industry. When we consider the method to capitalize the industry, we are also considering who will have long-term benefit and who will have long-term control of the industry. Owner operator private enterprises using their own assets to borrow money from generally accepted banking sources remain in control of the segment and have the opportunity to repay the debt and circulate earned income within the community.

Capitalization of a segment of the livestock industry by concentrated capital hurts owner operators because owner operators give up control to the investor or the investment group, who has started a new livestock enterprise in competition with the owner operator. Generally, the investment group or industries will have many sources to derive capital from, and by concentrating the power of this capital, they can withstand economic down turns while owner operators, using their own assets, cannot compete on long term basis.

Producing fruits, vegetables, grains, dairy and livestock raw products creates new wealth for the nation in which it was produced. When these products are exchanged for money in the marketplace, the money is new money that can be distributed throughout the small communities onward into the complete economic system including repayment of debt. This new money is earned money—opposite from borrowed money. Earned money repays debt.

A vibrant healthy competitive marketplace is essential for a fair exchange of new wealth for money. The process of certain individuals who have the ability to invest money for the purpose of creating corporations has capitalized industries that have the ability to utilize our raw material, to manufacture and distribute products throughout the nation and the world. This pooling of capital is healthy if used for the purpose in which it was intended: A processor to remain a processor, a distributor to be a distributor, and a manufacturer to be a manufacturer.

The pooling of capital can be a powerful economic force. This force, if left unchecked, can consume lesser industries and can destroy the private sector.

— *Bob Arndt, President, Minnesota
National Farmers Organization*

II. Creating the Next Generation of Livestock Farmers

Creating incentives and programs that encourage young people to become livestock farmers is critical to maintaining livestock as part of Minnesota's family farm system of agriculture. These beginning farmers need opportunities to enter into livestock farming that do not require large amounts of debt be incurred and that rely on low-cost, efficient livestock systems.

The Citizen Task Force Recommends:

1) The legislature create a program that provides beginning dairy farmers with \$1 per hundred weight of milk produced not to exceed \$10,000 per year. This legislation entitled "Milk Production Development Program" was introduced in the 2004 legislative session as Senate File 2656.

2) The legislature create a Minnesota Dairy Investment Credit. This program would provide a state tax credit to dairy farmers who make improvements in their operation. The credit would be 10 percent of up to \$500,000. Included in eligible expenditures are upgraded milking parlors, pasture development, fencing, watering facilities and on-farm possessing.

3) Minnesota create and implement a program to preserve farmland for future generations and keep it affordable for beginning farmers. The state can do this by creating a program to purchase the development rights of farms and tap into federal money available through the Purchase of Agricultural Conservation Easement (PACE) program.

1) & 2) *How to Invest in Livestock Farming's Future*

The age of the average Minnesota farmer is now past the half-century mark. The greying of American agriculture is being caused by fewer young people entering farming. And that's happening because often the only option presented to them is one that entails massive investment in massive facilities with no guarantee of a fair market for their product.

However, there is a growing group of beginning farmers who are getting into agriculture through creative, low cost means. A recent national conference on beginning farming was filled to capacity. Programs like the Beginning Farmer initiative here in Minnesota often have to turn applicants away.

This new generation of beginning farmers need affordable land, the expertise of established producers, and access to practical production, management and marketing information.

Often, large-scale livestock develop-

ment initiatives are touted as good for beginning farmers. However, this type of development mostly benefits large integrators looking for contract employees to raise their livestock.

Investing in our future farmers does not require systems that rely on raising animals on contract in an expensive, total confinement facility. The start-up costs for a dairy grazer are approximately half the initial per cow costs associated with a confinement system.¹⁹ A deep-straw hoop house swine system can be built for less than a third of the per-pig cost of its full-confinement counterpart.²⁰

When livestock farmers use low-cost systems such as grazing for cattle and deep-straw for hogs, it does not take hundreds of thousands of dollars to get them started on the land. Simple tax credits and other incentives such as low-cost loans can do much to prime the pump, while sending a signal to private lenders and other local businesses that these farmers are worthwhile customers (see *Solution from the Countryside* sidebar on this page).

• • •
"Helping farm families stay on the land and encouraging young farmers to choose livestock agriculture as a way of life offers real opportunity."

—Jim Falk, Minnesota livestock producer & seed dealer

• • •

3) *Farmland for the Next Generation*

Conversion of agricultural land to urban uses is a particular concern as rapid growth and escalating land values threaten farming on prime soils. The close proximity of residential areas to farms is increasing the public demand for environmentally safe farming practices. Public support is building for agricultural land preservation.

Some of Minnesota's best farmland is disappearing due to suburban sprawl and other pressures.

The Purchase of Agricultural Conservation Easement (PACE) program is a federal initiative for preserving farmland while also addressing environmental

degradation. The 2002 federal farm bill has increased interest in PACE by committing nearly \$1 billion in 50 percent matching funds for these programs over the next 10 years. Other states have taken advantage of this program but Minnesota has not utilized it.²¹

Under a Purchase of Development Rights (PDR) program, a landowner voluntarily sells his or her rights to develop a parcel of land to a public agency or a charitable organization interested in natural resource conservation. The landowner retains all other ownership rights attached to the land, and a conservation easement is placed on the land and recorded on the title. The buyer (often a local unit of government)

essentially purchases the right to develop the land and retires that right permanently, thereby assuring that development will not occur on that particular property.²²

Beyond any program requirements for environmental management, however, firmly protecting farmland from development is also an economic prerequisite for the long-term environmental sustainability of agriculture. Sustainable farming requires long-term investments in farm infrastructure, soil quality, knowledge of the farm, and the farm ecosystem. When the market value of land for non-farm purposes rises above its value for farming, the business logic of such long-term investments dissolves. This is especially true when one considers that the average age of American farmers is increasing;

Solutions from the Countryside

Opening the door for beginning farmers

Want to get started in farming? Conventional wisdom is that the only way to get a foot in the agricultural door is with hundreds of thousands of dollars to invest. But a growing group of beginning farmers are getting established on successful farming operations by using low-cost production systems, innovative marketing techniques and by teaming up with established farmers.

Soon after graduating from Luther College in the mid-1990s, Michelle and Roger Benrud set out to launch a dairy operation in southeast Minnesota. They didn't have much money, and knew that building a full confinement milking facility would be prohibitively costly. In 1998, they participated in Farm Beginnings, an educational initiative operated by the Land Stewardship Project. Farm Beginnings provides participants an opportunity to learn firsthand about low-cost, sustainable methods of farming. Farm Beginnings participants take part in a course that teaches goal setting, financial planning, business plan creation, alternative marketing, and low-cost and sustainable farming techniques. Established farmers and other professionals present at the seminars, providing a strong foundation of community resources, networks and contacts for those interested in farming. Hands-on training provides opportunities to apply knowledge gained in the seminars. There are also opportunities to connect with established farmers

through a series of farm visits and one-on-one mentorships.

Through Farm Beginnings, the Benruds not only learned about low-cost dairying system such as controlled grazing, but were able to develop relationships with established farmers in the area who were using the same types of production methods they were interested in using.

Eric and Lisa Klein graduated from the course in 1999. They now raise hogs, pork and poultry near Elgin, in southeast Minnesota. In recent years they've developed a thriving direct marketing business. That is no accident: through Farm Beginnings the Kleins developed a business plan that laid out a practical, profitable strategy for marketing their production.

"By taking the class we were able to narrow down our goals and ideas and kind of put more direction on where we wanted to go with our farm," says Eric.

Studies done in the Midwest indicate one of the biggest barriers to getting started in farming, besides access to land, is lack of good practical information that farmers can apply to their own operations. Forming mentor-mentee relationships with established farmers can make all the difference in the world.

"The networking that Farm Beginnings provided will be the longest lasting benefit," said Roger. "I'll probably keep in contact with the people I've met for many years."

Because of their participation in Farm Beginnings, the Benruds acquired their first 15 cows through an interest-free livestock

loan program operated by the Land Stewardship Project. That loan primed the pump, giving other lenders the confidence to lend the young couple money.

"The bank wasn't interested in even talking to us until we got equity," recalls Roger. "The loan showed other lenders that someone else believed in what we were doing."

Today, they have an 85-cow milking herd near the town of Goodhue. Some of those same farmers that served as their mentors are now partnering with them in a specialty cheese and butter co-op called PastureLand.

The Benruds are proof that there are still creative ways to get established on the land. Dan Miller, a farm management instructor based in Spring Valley, says through good planning and the ability to say flexible, there are more opportunities for beginning farmers.

"You can definitely overcome the obstacles in your path with vision," Miller recently told a Farm Beginnings class.

The program is entering its eighth year and it now has 185 graduates to its credit—60 percent of whom are actively farming.

"I think the program has probably exceeded what we thought it would do," says southeast Minnesota dairy farmer Ralph Stelling, who helped launch the Farm Beginnings program. "It makes me feel a lot better about the future of ag."

why invest in something that takes 10 or 20 years to pay for itself if the land will be sold for a non-farm purpose sooner than that? Once the land is decisively protected, however, the motivation to make those investments is restored. ○

A Minnesota Program to Preserve Farmland that can be Improved²³

Livestock producers in developing areas and across Minnesota are very concerned about the costs of farmland, and the rising costs of property taxes. Minnesota has a program called the Metropolitan Agricultural Preserves Program, and an outstate program called the Minnesota Agricultural Preserves Program. Farmers who enroll in the program receive a property tax credit of \$1.50 per acre called a Conservation Credit. Enrollees are also exempt from special assessments and receive protection from annexation. Enrollees are required to complete an enrollment form that specifies that the land will be kept in agricultural use as defined by statute. The program remains in effect for the farmer indefinitely or until the date an expiration notice is signed. The program and its benefits terminate eight years from the date the expiration notice is filed.

The program has been in use in Minnesota since the early 1980s and is funded by a \$5.00 fee levied by each county on mortgage registrations and deed transfers. The program is consistently underutilized and should be expanded so that farmers could receive more than the \$1.50 per acre.

The outstate program must be expanded and promoted. This program could be especially helpful to a livestock farmer that is in a developing area such as the St. Cloud, Rochester and Mankato areas to give them some relief from the high cost of owning farmland.

III. Promoting Livestock Farming that Benefits the Environment

Livestock farmers can play a major role in protecting our environment by using environmentally minded farming practices that improve water quality, reduce greenhouse gas emissions that exacerbate climate change problems, and create wildlife habitat. This is best accomplished when livestock is raised on diversified family farms.

The Citizen Task Force Recommends:

1) The Minnesota Legislature pass a bonding proposal to fund the University of Minnesota's proposed "Green Lands, Blue Waters" initiative. This initiative is working to improve water quality, wildlife habit and human health by promoting agricultural systems based on perennial crops such as grass and hay which significantly reduce soil erosion and chemical runoff. With a focus on non-regulatory incentives that "keep working lands working," livestock raised on pasture is an important feature of the program.

2) The Minnesota Legislature pass a bonding proposal to fund the purchase of multi-year easements on farmland to grow perennial crops such as pasture and hay. Well-managed perennial systems, including livestock that is raised on pasture, reduce erosion, protect water quality and enhance wildlife habitat. This program would be similar to the Minnesota Conservation Reserve Enhancement Program but instead of idling farmland would operate with the philosophy of "keeping working lands working."

3) The Minnesota Legislature should allow land in the Minnesota Conservation Reserve Enhancement Program to be used for grazing livestock as long as there is a state approved grazing plan that protects the environment and wildlife habitat.

4) The Minnesota Legislature restore citizens' ability to petition for environmental review of proposed large feedlots. This long standing right, which has protected the rural environment, was stripped in the 2003 legislative session.

1), 2) & 3) How Livestock can Help the Environment

Livestock holds great potential for helping creating a landscape that is not only economically sustainable, but environmentally sound. In particular, animal agriculture can help economically justify plant systems such as pasture and hay that leave the land covered in living vegetation for most of the year. Such perennial plant systems have been shown to be better for water quality and wildlife habitat. Livestock agriculture also promotes the use of small grains and other resource conserving systems that protect the soil and break up pest cycles.

During the past 25 years in Minnesota,

perennial plant systems such as alfalfa hay and pasture have been systematically replaced by annual crops such as corn and soybeans. An analysis by University of Minnesota soil scientist Gyles Randall showed that cropping patterns have shifted in a nine-county region in southeast Minnesota. Between 1975 and 2001, corn and soybeans went from 64 percent of all farmed land, to 82 percent. Those increased acres of row crops have come at the expense of perennial landscapes such as pastureland, wetlands and forests. Even hay ground, another perennial plant system, has been going by the wayside. Randall found that hay plantings dropped from 22 percent to 15 percent of all acres in that nine-county

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"Let's get out of the mind-set of just what can we do with corn and soybeans....livestock can play such a big role in dealing with water quality problems."

— Steve Morse,
Endowed Chair in Agricultural Systems at the University of Minnesota

• • •

region during the same period.²⁴ It's the same—in some cases worse—throughout Minnesota.

One estimate is that the agricultural sector accounts for about 7 percent of the total greenhouse gas emitted in the United States. This estimate includes emissions from soil management, manure management, rice cultivation, field burning and farm equipment fossil fuel combustion. Livestock contributes almost 30 percent of agriculture's total greenhouse gas emissions. While the agricultural industry accounts for a relatively small amount of total greenhouse emissions, incorporating more diversity into farming could help mitigate current climate change trends.

For example, Rotational grazing systems for dairy and beef cattle emit less greenhouse gas emissions than confinement operations because of four main factors:

1) Rotational grazing systems reduce the soil erosion associated with row cropping since the animals are able to feed directly on the forages growing on the land. Less soil erosion means less carbon emissions from the soil.

2) When manure remains in the dry state it generally emits little to no methane.

3) The manure adds to the fertility of the soil, thus reducing the need for chemical nitrogen application. This increases the productivity of the land, which in turn raises the amount of carbon captured and stored.

4) Little soil disruption occurs on grazed lands, therefore maintaining root biomass year-round, further reducing the potential for soil erosion and the loss of soil carbon. Some research even suggests that grazed lands tend to capture and store greater levels of the carbon than land otherwise left untouched.

Swine operations that utilize deep-bedded straw practices (often referred to as hoop houses) allow for manure to mix with the straw that is continually applied to the facility's bedding pack. This prevents the manure from emitting methane by keeping it relatively dry, and helps stabilize the nutrients within the manure. In addition, as the straw and manure mix decomposes, the bedding pack generates heat, which helps keep the hogs comfortable in colder weather. Such a natural heat generation system can cut energy use, further reducing greenhouse gas emissions. And this compacted manure and straw mixture can be further composted and spread on farmland in

place of fertilizers.²⁵

The Minnesota Legislature must recognize the potential of livestock to help the environment by supporting more research and the funding of research at the University of Minnesota that supports diverse agricultural systems and family farmers.

"Green Lands, Blue Waters: A Vision and Roadmap for the Next Generation of Agricultural Systems" is an initiative involving land grant universities, non-governmental organizations and government agencies in seven states, including Minnesota. Green Lands, Blue Waters is working to improve water quality by promoting agricultural systems that establish more perennial plants on the landscape. The initiative's approach is to do this in a non-regulatory way that "keeps working lands working" and improves economic diversity in rural areas.²⁶ (See *Solutions from the Countryside* sidebar on page 16 for more on how diverse farming systems can help the environment).

4) *The Importance of Citizen Initiated Environmental Review*

Citizen-initiated environmental reviews of animal feedlots have played a key role in protecting Minnesota's air, water and land, according to a 2003 study based on an analysis of Environmental Quality Board records and citizen petitions, as well as interviews. The study looked at 41 citizen petitions for environmental review of feedlots filed between 1998 and 2002. It found that:

1) The overwhelming majority of petitions are filed by local residents who use their right to petition for environmental review as a means to have significant environmental concerns addressed. In many cases, it was the only means available to them.

2) The right to petition for environmental review has resulted in the concerns of neighbors to proposed projects being brought to the attention of the appropriate government agency, resulting in protection of the environment.

3) The permitting process for animal feedlots cannot effectively be used as a substitute for the current right to petition for environmental review.

Large agribusiness firms claim the environmental review process, which was put in place by the Minnesota Environmental Policy Act over 30 years ago, is

systematically abused by groups who are opposed to large-scale factory farming. However, the "Benefits to Minnesota of Citizen-Initiated Environmental Review" analysis found that the petitions all listed authentic environmental concerns that were site and project specific, and that the overwhelming majority of the signers were local residents.

Environmental issues cited in the petitions included concerns that sensitive geology in the area would make sources of drinking water particularly vulnerable to manure contamination, or that the close proximity of houses to a manure facility would make homeowners vulnerable to emissions of hazardous gases such as hydrogen sulfide. In one case, a 7.3 million gallon earthen manure lagoon would have been built in an area of southeast Minnesota where sinkholes and karst geology make the groundwater extremely vulnerable to contamination.²⁷

The 2003 Minnesota Legislature stripped citizens of the right to petition for environmental review of large feedlots. ○

Solutions from the Countryside

How farms can help water quality

When southeast Minnesota dairy farmers Dan and Muriel French hosted a field day in August 2004, they got the environmental seal of approval from a water quality expert.

“We see virtually no runoff,” said Larry Gates, a watershed coordinator for the Minnesota Department of Natural Resources.²⁸

That’s because the French farm is covered in perennial plants such as grass and hay. Studies and anecdotal evidence show that land covered with perennial plants such as grasses, hay crops and trees is much less prone to erosion and runoff when compared to acres planted to annual crops such as corn and soybeans. Perennial plant cover slows down the water flow, provides year-around protection from the soil-loosening effects of rainstorms, and gives precipitation a chance to soak into the soil structure.

Steve Morse, who is working with initiative called “Green Lands, Blue Waters,” says having row crops dominate the landscape is not good for water quality.

“With row crops, we only have functional agricultural systems on the landscape two or three months out of the year,” he says.

But returning more plant cover the land doesn’t mean retiring it and excluding farming practices. In fact, it’s become clear in recent years that working farmland can play a critical role in reducing runoff:

- A three-year study by the Minnesota Cooperative Fish and Wildlife Unit of six farms practicing management intensive rotational grazing in southeast Minnesota found that this technique can significantly reduce the amount of sediment flowing into a waterway. The study also found that a stream degraded by overgrazing starts to recover as it flows through a rotationally grazed area...Fecal coliform levels in waterways were consistently lower in the rotationally grazed sites when compared to continuously grazed sites.²⁹

- Studies done in Minnesota’s Sand Creek watershed documented how each acre of a cornfield lost 10 tons of soil during a rainstorm. Up the road, each

acre of a field covered in grasses and hay lost 53 pounds of soil during the same storm.³⁰

- Nitrate-nitrogen runoff from fields planted to perennial plants such as grass or hay can be 30 to 50 times lower when compared with fields in a corn-soybean row crop system, according to an ongoing University of Minnesota Study that’s been conducted in the southern part of the state since 1973. Grazing makes it financially feasible to establish large tracts of perennial grasses in runoff-prone areas.³¹

- Recently, University of Minnesota studied fish habitat in two Minnesota watersheds: Wells Creek and the Chippewa River. Wells Creek flows through steep land in southeast Minnesota before draining directly into the Mississippi. The Chippewa flows through the flat former prairies of western Minnesota before hitting the Minnesota River.

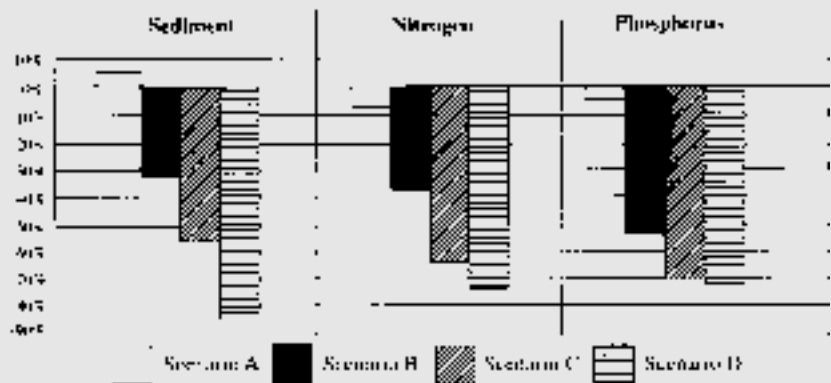
The researchers used modeling to predict what would happen to sediment loading in the two watersheds based on four land use scenarios. The scenarios ranged from extension of current farming trends in each watershed (Scenario A: fewer and larger farms, with increased acreage in row crops

and the loss of small and medium-sized livestock farms) to conversion of row crop acres to year-round permanent plant cover such as grass, hay and trees (Scenario D). Under this last scenario, land would be rotationally grazed for livestock production, diverse cropping rotations would be implemented to build soil quality, and prairies and wetlands would be restored. For the modeling study, all land use activities were simulated over a 50-year period (1950 through 1999).

As Table 7 shows, land use changes led to reductions in sediment loading of up to 84 percent in Wells Creek and 49 percent in the Chippewa River. These land use changes also produced other water quality benefits. How did the reductions come about? The presence of permanent, year-around vegetation on the land was the key.

By getting more perennial vegetation on the land in the form of grasses, hay crops and trees, water runoff was reduced as much as 35 percent in both watersheds.³²

Table 7: Watershed Changes—Scenario Comparisons
Change From Baseline in Wells Creek Watershed³³



IV. Creating Local Food Systems that Benefit Farmers, Consumers & Rural Communities

Minnesota must proactively meet the growing consumer demand for food that is family-farm raised, locally grown and identity-preserved, using organic, grass-based, deep-straw and other ecologically sound farming systems. Failing to do so will put Minnesota farmers at a major competitive disadvantage in meeting the growing demand for healthy and locally grown food.

The Citizen Task Force Recommends:

- 1) The Legislature provide funding for community-based processing, handling, and distribution systems for locally produced food from sustainable and organic family farms
- 2) The Legislature restore \$200,000 in funding for the Minnesota Institute for Sustainable Agriculture (MISA) Information Exchange program.
- 3) The University of Minnesota's Alternative Swine Program be extended and expanded to include dairy and other livestock systems. The Minnesota Legislature should provide \$150,000 per year to do this.
- 4) The Minnesota Legislature provide \$200,000 in funds for the Demonstration Grant Program in the Energy and Sustainable Agriculture Division of the Minnesota Department of Agriculture.

1) *Reconnecting Consumers & Farmers*

Consumers, through their food purchases, send strong messages to producers, retailers and others in the system about what is important to them.

Food-buying dollars are appropriately seen as clout, and consumers are choosing to spend dollars as a vote for or against food production methods. More people want to understand how their food is produced and who is producing it. Consumers are becoming more active participants in the food system.

Food cost and quality have always influenced consumer choices, but consumer perspectives have broadened, so that environmental quality, resource use, animal welfare and social equity issues are also considered in shopping decisions. These perspectives are driving the growth in farmers markets, organic foods, natural and whole food supermarkets, community supported agriculture, eating and retail establishments specializing in local and fresh foods, and community-based food systems.

Consumers are increasingly supporting

the choices provided by family and sustainable farming. Coalitions have formed to change and improve the food system and encourage a long-term view of food production, distribution and consumption.

For example, the Twin Cities Food Council states that it values the connections between producers, processors, distributors, and consumers of food and sense of *community* and commitment to place.

Increasingly, the nonmarket costs associated with our modern food system are starting to come to light. These are costs that don't show up on the price tag for a pound of pork, gallon of milk or head of lettuce, but they impose "expenses" on society just the same. Depopulated rural areas, eroded soils, contaminated water and decimated wildlife habitats are just some of the costs industrialized agriculture is able to externalize. Now, a study out of Iowa shows that the conventional food distribution system carries a hefty, nonmarket price tag as well — and the atmosphere itself is footing the bill.

The study, conducted by Iowa State

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A strong incentive driving the decentralized food system model is that it provides powerful, low-cost food safety and food security assurance. When food production and sources are not concentrated and centralized, it becomes much less vulnerable to attacks of terrorism and disease.

• • •

University's Leopold Center for Sustainable Agriculture, looked at three local projects in Iowa where farmers sold directly to institutional markets such as hospitals, restaurants and conference centers. On average, the "local food" traveled 44.6 miles to reach its destination. That compares with 1,546 miles if the food items had arrived from conventional national sources, report the study's authors.

So what kind of "cost" does all that well-traveled food impose on society? A major cost is the massive amounts of carbon dioxide emissions produced by the extra burning of fuel. Carbon dioxide emissions are considered a major factor in the development of greenhouse gases in the atmosphere. The study's authors estimated that growing and transporting 10 percent more of the produce for Iowa consumption in a locally based food system (direct marketing to institutions, Community Supported Agriculture, farmers' markets, etc.) would result in an annual reduction in carbon dioxide emissions ranging from 6.7 to 7.9 million pounds, depending on the system and truck type.³⁴

This is just one of many studies that show the critical need for a more community-based food system. In Minnesota, community-based food systems are now active in a number of locations around the state, including the Southeast Minnesota Food Network, Pride of the Prairie, Superior Grown Foods, Whole Farm Co-op, Southwest Poultry Co-op, Prairie Farmers Co-op and Triple Rivers Producers.

These systems provide an emerging opportunity for livestock farmers to capitalize on more market options and retain a larger portion of the retail food dollar.

A strong incentive driving the decentralized food system model is that it provides powerful, low-cost food safety and food security assurance. When food production and sources are not concentrated and centralized, it becomes much less vulnerable to attacks of terrorism and disease.

Nutritional advantages are also linked to a number of animal production systems. For example, grass-based systems yield multiple benefits, and grass-fed animal products have many health attributes.

The type of *E. coli* bacteria responsible for most cases of human illness and death is called "E. coli 0157:H7. Studies have shown that significantly less *E. coli* bacteria is present in the lower intestine of grass-fed animals. In 1998, researcher Diez-Gonzalez and colleagues from Cornell University drew worldwide

attention when they reported that switching cattle from grain to grass lowered the production of acid-resistant *E. coli* bacteria.³⁵

Minnesota livestock producers are well positioned to enter the growing organic market. In doing so, they increase acres in resource protecting pasture and forage crops, and improve markets for Minnesota grown organic feed grains. The expansion of organic livestock production in Minnesota also has the potential to improve local and regional economic activity, by providing opportunities to seed industries, feed mills, slaughter facilities, creameries, food processors and distributors, retailers, restaurants, and more. According to the USDA's Economic Research Service, the number of certified organic beef cattle, milk cows, hogs, pigs, sheep, and lambs in 2001 was up nearly four-fold since 1997, and up 27 percent from 2000 to 2001. Poultry animals raised under certified organic management—including laying hens, broilers, and turkeys—showed even higher rates of growth during this period.

Minnesota ranks sixth overall in certified acreage in the U.S., with 4.4 percent of the total U.S. certified organic acres. Minnesota ranked fourth in the number of certified organic farms. Minnesota ranked first in acres of organic corn, soybeans, and rye, and second in organic buckwheat, third in organic pasture and hay, fifth in alfalfa, and sixth in wheat, barley, and millet. Minnesota ranked seventh in organic milk cows, hogs, and pigs, and ninth in organic beef. Retail organic food sales showed strong and consistent growth at more than 20 percent per year during the 1990s, a trend that industry sources predict will continue. Retail organic sales reached \$9.5 billion in 2001 and are expected to grow to \$20 billion by 2005.

Organic beef sales reached nearly \$10 million last year, and are expected to grow 30 percent annually through 2008. The demand far exceeds the supply. According to an analysis done by agricultural economist Luanne Lohr, "Counties with organic farms have stronger farm economies and contribute more to local economies through total sales, net revenue, farm value, taxes paid, payroll, and purchases of fertilizer, seed, and repair and maintenance services."³⁶

Grass-based Farming Systems & Human Health

Recent research has shown that grass-fed livestock may be a key source of human health benefits:

Omega-3 Fatty Acids

"Statistically, there's about a two-fold increase in omega-3 fatty acids, though there have been reports of a ten-fold increase depending on the type of forage the cattle are fed," says Chris Kerth, an Auburn University assistant professor of animal science.

On Sept. 8, 2004, The Food and Drug Administration announced that it will allow foods containing omega-3 fatty acids to carry a qualified health claim that says eating the product may reduce the risk of heart disease "It is our hope that this new health claim will assist consumers as they work to improve their diets by selecting the right foods to improve their health." said acting FDA commissioner Lester M. Crawford.³⁷

CLA

Grass-based animal foods are the richest known source of another good fat called conjugated linoleic acid or CLA. CLA may be one of our most potent cancer fighters. Recently Finnish researchers found that the more CLA in a woman's diet, the lower her risk of breast cancer. Women who consumed the most CLA had an amazing 60 percent lower risk. According to the research team, "A diet composed of CLA-rich foods, particularly cheese, may protect against breast cancer in post menopausal woman."

Cheese from a grass fed ruminant has five times more CLA cheese from a grain-fed animal, according to Tilak Dhiman—a professor in Utah State University's Animal, Dairy and Veterinary Sciences Department.³⁸

2) The Importance of Funding MISA

MISA's Information Exchange is a clearinghouse of information on sustainable agriculture and a collaborative effort of multiple stakeholders and information providers. In 1995, the Minnesota State Legislature allocated money for MISA to work with the Minnesota Department of Agriculture's Energy and Sustainable Agriculture Program to develop and disseminate sustainable agriculture information. In 2003, The Minnesota Department of Agriculture eliminated funding for this program to make up for budget shortfalls.

The Information Exchange maintains a popular web site (www.misa.umn.edu), which is constantly evolving to meet new needs. It currently contains: a) an interactive "Ask MISA" function to field sustainable agriculture questions, b) Calendar of sustainable agriculture events, c) announcements, d) a searchable database of resources, e) links to related web sites, f) forum section which contains news and research articles.

Development of the Information Exchange's educational materials is a collaborative effort. Input from farmers, students, faculty, and community groups is used at all stages of the development process (to identify and prioritize topics, identify project team members, and to write, review, and disseminate the materials). Ten publications are available in print and in full text on-line.³⁹

3) Alternative Swine Task Force

The Alternative Swine Production Systems Program came into existence in 1997 with funding from the legislature via the Ag State Special to the University of Minnesota. The work is informed by an Alternative Swine Task Force consisting of farmers, university faculty, extension specialists, and other citizens who are concerned about how hog production affects the environment and small communities in rural America. A coordinator was also hired to help carry out the mission of the program, and serve

as liaison between the Task Force and the University.

The Alternative Swine Task Force has been instrumental in getting producer-driven research conducted at the University of Minnesota. In particular, it helped drive the development of a research initiative at the West Central Research and Outreach Center in Morris. Minnesota farmers have long called for research that examines the viability of deep-straw swine production systems, as well as the feasibility of raising pork with alternative feeds such as small grains. A burgeoning market for pork produced without antibiotics in humane conditions has made such research even more critical.⁴⁰

This research is now being done at Morris, as well as other University facilities, due in large part to the Alternative Swine Task Force's efforts. These research efforts are nationally recognized not only for their contributions to animal science, but because they serve as an example of how farmers and other citizens can have meaningful input into the land grant agenda. The Swine Task

Lack of food in farm country starves local economies⁴¹

It's the ultimate irony of our modern agricultural system: the most heavily cultivated regions in this country actually produce very little food for local consumption. This factory model of farming-import the inputs; export the outputs-means not only is food not circulated locally, but neither is money. Input suppliers, food processors and grocery store chains owned by national companies pocket the profits.

A report from the nonprofit Community Design Center documents the extreme economic gap such a system is creating in one seven-county area of southeast Minnesota (an area long known for its high production of crops and livestock). Using statistics gleaned from state and federal agencies, *Finding Food in Farm Country: The economics of food and farming in Southeast Minnesota*, documents that:

- The 8,436 farms in southeast Minnesota sold \$866 million worth of farm products in 1997.
- However, the region's farmers spent \$947 million raising this food. This is \$80 million more than they earned by selling their products.
- Southeast Minnesota farm families

spend about \$400 million annually purchasing inputs and credit from distant suppliers.

- The 303,256 residents of southeast Minnesota spend \$506 million annually buying food, almost all from producers outside the state.
- This means as much as \$800 million each year (about 10 percent of all household income) flows out of the region because of this agricultural system.

The study comes up with some conclusions that run counter to the conventional wisdom that increased productivity of commodities will save rural communities. Based on research that shows locally circulated dollars produce much more economic development, the authors write that, "...the region's farmers could reduce their losses by growing fewer commodities for the agribusiness economy, and consumers could reduce their losses by purchasing more food directly from producers. The flows of money created-internal to the region-would likely be smaller than from those now found in the mainstream farm and food economy. Still, each dollar would do more to create wealth for the region's residents."

What can be done? The report identifies

several opportunities for circulating food, and thus the money associated with it, locally. It cites examples of efforts on the part of a restaurant, an organic foods cooperative and a small town grocery to support locally produced food in southeast Minnesota. It also describes a Community Supported Agriculture (CSA) operation in northeast Iowa that is supplying rural consumers with fresh food. The CSA has teamed up with other farmers in the area to expand its line of food offerings, as well as to begin supplying local institutions such as nursing homes. Perhaps the best news found in *Finding Food in Farm Country* comes in the form of the "Resources" section in the back. It lists dozens of southeast Minnesota farms, meat lockers and other businesses that make money by focusing on local production and consumption of food.

Will such initiatives save rural communities? No, concludes the report. But they can go a long way toward building wealth from within using local resources. In rich farming regions, such wealth is based on local food-and locally circulated food dollars.

Force model could be replicated and utilized to help other types of farmers—dairy producers for example—have critical input into land grant research.

4) Supporting On-Farm Research

Within the past two years, the Minnesota Department of Agriculture has substantially cut the funding for the “Demonstration Grant Program” of the Energy and Sustainable Agriculture Division of the Minnesota Department of Agriculture. The Demonstration Grant Program provides funds for farmers, agricultural researchers, educators and nonprofit groups to explore innovative and creative ways to enhance the sustainability of a wide range of farming systems. Grants of up to \$25,000 are awarded on a competitive basis for up to three-year demonstration projects. Projects have demonstrated management intensive grazing, diversified cropping systems, soil fertility and manure management, alternative weed management, low capital beginning farmer strategies, and marketing and specialty crop opportunities.⁴² ○

Solutions from the Countryside Cedar Summit Farm & consumers

In recent years there’s been a lot of talk about how “value added” agriculture can return profits to the farmer. There has also been a lot of talk about how farmers need to respond to the needs of consumers if they are to remain competitive. Dave and Florence Minar are living examples of how a dairy operation can use on-farm processing, innovative marketing and top-notch management to build a lucrative relationship with consumers who care about how their food is raised.

The Minars produce milk with about 175 cows on 300 acres near the town of New Prague, about a 30-minute drive south of the Twin Cities. In 2001 they set up an on-farm processing plant. The plant, which was manufactured by an Israeli company, is especially designed for moderate-scale on-farm processing. Today, the Minars market their milk as a mix of products under their Cedar Summit label—fluid milk, yogurt, ice cream, sour cream—in 60 stores in the Twin Cities area.

Dave recently said in a *Successful Farming* magazine cover story that it was a “near seven-figure investment.” But the value it is adding to their milk is tremendous. The Minars can take 100 pounds of milk and make it worth \$60 as drinking milk. When they make yogurt out of it, the value rises to \$190 per hundredweight. The \$13 per hundredweight they could receive on the regular market for their milk pales by comparison.⁴³

The three-year-old enterprise has hit plenty of rough patches, and the Minars expect to learn plenty of hard lessons before they can proclaim it a complete success. However, adding value to their milk before it leaves the farm means one thing is returning to Cedar Summit: members of their family. All five Minar children and their spouses are part of various aspects of the dairy business.

The Minars are the first to concede that they couldn’t make a go of it if they

were trying to go head-to-head in the conventional market with the likes of Land O’ Lakes. They receive a premium price for their milk because it is produced by cows that rotationally graze carefully managed pastures; grass-based food products are in high demand these days, and consumers are willing to pay for them. Cedar Summit products carry the Food Alliance Midwest certification seal, which means the milk is produced under stringent environmental and animal welfare standards. The Minars have also developed a personal relationship with consumers over the years. Before they built their processing plant, the family direct-marketed pasture-raised beef, pork and chickens to area consumers. These early forays into value added agriculture gained the family a reputation as good stewards that produce a high quality product. When Dave and Florence made a recent appearance at the Minnesota State Fair during a Food Alliance Midwest/Minnesota Farmers Union event, consumers approached them as if they were celebrities.

One of the reasons the Minars are popular with consumers is because they are always willing to answer questions about their production methods (they often host school tours). Those people skills, and the farm’s reputation as a good environmental neighbor have become even more important in recent years—Scott County is one of fastest growing regions in the Midwest, and the Minars are increasingly finding themselves surrounded by new rural residents who don’t understand farming. But many of these new neighbors do understand what good food and good land stewardship is all about.

“We plan to stay here, and part of it is having the animals out and not contributing to the smell and being a good neighbor,” says Dave. “And if that means providing food directly to consumers then that’s part of it too.”⁴⁴

V. Protecting Rural Democracy

Strong local communities depend on strong local control. Therefore, local communities should maintain the right to put in place and enforce local planning and zoning ordinances stricter than state minimum standards that protect the health and well being of their communities from potentially harmful development.

The Citizen Task Force Recommends:

1) The Legislature uphold the current rights of townships and counties to enact zoning ordinances to regulate development in their communities, including large feedlots.

The Benefits of Local Democracy

Township governments provide mechanisms for reducing conflict, protecting citizens' rights, and building residents' trust in government while not negatively affecting state livestock revenues. Weakening township zoning powers would negatively affect the state's livestock industry and rural communities.

Statistics from the Economic Research Service of the USDA show that states which allow local governments zoning authority of livestock operations contribute similar or higher percentages to the total U.S. value of livestock production than states that prohibit local control.

Table 8 shows the value of livestock production for eight states as a percent of the total United States value of livestock production over a seven-year period. Four of the states allow local governments zoning authority over livestock production and four do not. *These numbers show that there is no negative correlation between allowing local governments zoning authority of livestock operations and the health of a state's livestock industry.*⁴⁵

A conflict resolution tool

Township governments provide a forum for resolving conflicts through

establishing ordinances and holding annual public meetings. The town board must publish every proposed ordinance in the designated official newspaper within the township allowing for public comment before adoption. Annual town meetings allow residents to help guide most of the activity that occurs within their township. In each instance, residents may become active participants in the governmental decision making process thus providing them with a sense of security and trust in government.

Zoning ordinances allow local governments to protect against depreciation of property values within the community. A growing number of studies

Table 8: Individual States' Percentage of total United States Value of Livestock Production⁴⁶

		1997	1998	1999	2000	2001	2002	% Change (1997-2002)
With Local Control	Minnesota	4.2%	4%	3.7%	3.9%	4%	3.9%	-0.3%
	Nebraska	5.7%	5.4%	5.6%	5.9%	5.7%	6.2%	+0.5%
	Wisconsin	4.2%	4.8%	4.4%	3.9%	4.2%	4%	-0.2%
	South Dakota	1.8%	1.8%	1.9%	2.2%	1.7%	2.0%	+0.2%
Without Local Control	Iowa¹	5.8%	5.1%	4.9%	5.8%	5.6%	5.4%	-0.4%
	Illinois²	2.0%	1.7%	1.6%	1.7%	1.7%	1.7%	-0.3%
	Michigan	1.4%	1.4%	1.4%	1.3%	1.4%	1.4%	-0%
	Missouri³	2.9%	2.6%	2.6%	2.7%	2.5%	2.5%	-0.4%

show that large confinement livestock operations negatively affect property values. The level of negative affect is directly proportional to the size and location of the livestock operation. Township governments obtain a majority of their revenue through property tax, thus any development that reduces residential property values hurts townships financially.

Iowa State University's Center for Agriculture and Rural Development found that, between the mid-1990s and 2002 in Iowa, larger feedlot operations decreased property values by as much as 11 percent in counties that have large concentrations of livestock units. Local governments can reduce the negative impact by enacting ordinances that limit the size of livestock operations and set location parameters.⁴⁷

Those in support of eliminating or reducing local governments authority often claim that larger livestock operations increase the number of jobs in a community, thus increasing economic activities within communities. However, Iowa, a state which has seen recent increase in the size of farms and decrease in the number of overall farms, has not seen the employment opportunities promised by these larger operations. Larger operations have displaced jobs, provided low wage jobs for non-local residents, and replaced manual jobs with mechanical

Townships are responsible for the upkeep of 47 percent of Minnesota's roads. Large feedlot operations dramatically increase the wear and tear on rural roads. Large confinement operations require larger trucks to be on the roads and generally use larger equipment that the rural roads may not be equipped to carry. Therefore, when adopting agricultural zoning ordinances, local governments often prepare and analyze traffic impact statements. These reports help township governments understand the carrying capacity of the roads and if larger feedlot operations are to move into the area, it provides a cost estimate of upgrading the roads. Most roads in rural townships are gravel and if a large farming operation were to move into the area roads used by the farm need to be upgraded to asphalt (9-ton carrying capacity).⁴⁸

Local economies & large-scale livestock

During the 1940s, sociologist Walter Goldschmidt compared two rural California communities and found the one

The View from Main Street

Over the past two years, main street business owners have expressed rising concern over proposed state government initiatives that would abridge local control over feedlot permitting as a method to facilitate large-scale dairy development. These business people say such government initiatives make poor business sense as represented by the following comments:

- "The few large operations we know around here don't buy building supplies from us; they buy from outside our area," said the owner of a prominent Morrison County lumber company.
- "Large-scale dairies demand three months advance in feed and supplies from our elevator without payment of principal and interest. We can't afford to put that kind of credit risk on our books," said the manager of an area grain elevator and feed supplier.
- "Policies that replace our area's dairy farms with a few big operations don't make business sense," said a dairy equipment supplier.
- "Local dairy farmers came in to buy new trucks when their milk checks increased which we don't see from large operators," said a Pierz area auto dealer.

— Jeff Kunstleben, Minnesota Dairy Farmer & President of Minnesota COACT (Citizens Organized Acting Together)

supported by diverse, family-sized farms was significantly better off socially and economically, while the town surrounded by large corporate operations had a much lower quality of life.⁴⁹ A 1992 University of Minnesota examination of the spending patterns of 30 farmers selected from the membership of the Southwest Minnesota Farm Business Management Association revealed that for livestock intensive operations, the percentage spent locally (defined as within a 20-mile radius of the farm) declined dramatically with an increase in the size of the operation.⁵⁰

A University of Minnesota study conducted in 1995 used economic statistics, census figures and interviews with residents of the Green Isle, Minn., area to examine the impact of dairy farming on a local community. The study showed that between the 1970s and 1990s, the number of farmers serving the local creamery dropped from 1,400 to 960. The larger dairy farms (more than 300 cows) that started dominating the area bypassed local suppliers, reducing the need for Main Street businesses.



“Meanwhile, economic and social activity in Green Isle declined, retail sales dropped by 81 percent between 1979 and 1989, the public dance hall closed, and the grade school adjourned permanently.

Today, a collection of main street stores, feed mills, and a manufacturing plant remain idle,” reported the study’s author.⁵¹

For a study done on 1,106 Illinois

towns, detailed annual sales tax data covering the period between 1981 and 1997 were obtained by researchers at Illinois State University. The researchers were then able to track trends in retail spending in these towns, a good sign of the economic vitality of a community.

During the study period, towns of “moderate” hog concentration experienced real per capita spending increases of 1.93 percent annually. Communities experiencing “rapid” concentration in hog production had a real per capita spending increase of 1.2 percent annually (“rapid concentration” communities are those in which the percentage of hogs sold annually by farms with sales of 3,000 or more animals increased by 30 percent or more during the study period). The difference in economic growth was particularly striking in the 1990s, a time when average swine farm size increased dramatically.

The researchers then went one step further to address the concern that factors other than changing structure in swine production might explain the differences. They developed a statistical model to measure the effect of increasing hog concentration while holding other determinants of a town’s economic growth constant. But it made no difference: the preliminary results of this research confirm the inverse relationship between size of swine farms and local economic growth.

“The results reject the hypothesis that large swine farming contributes to the vitality of local economies,” wrote one of the researchers, agricultural economist Miguel Gómez. “On the contrary, the several models developed here consistently indicate a negative relationship between large swine farms and economic growth in rural communities.”⁵² ○

Solutions from the Countryside **How one township used planning & zoning to protect its unique community**

In the early 1990s, Dodge County’s Ellington Township was faced with a lot of questions about what kind of development would dominate the landscape in the future: The Prairie Island Nuclear Power Plant was considering the area as a possible dumping ground for waste; a medical incinerator was being discussed; and a proposal to build three large hog operations was launched.

So in 1994 residents of the heavily agricultural township took the initiative and began developing a comprehensive planning and zoning ordinance. Over the years, dozens of Minnesota townships have developed similar ordinances, which can govern everything from where gravel pits are located to how far a manure lagoon must be from a neighboring residence. These ordinances are a way for residents to develop planning and zoning that matches their community’s specific geographical and environmental situation while leaving room for future economic development.

In the case of Ellington Township, residents, most of whom are farmers, wanted to leave room for livestock operations to expand, says Linda Noble, who raises hogs and milks cows with her husband Mike in the township. But they also wanted to make sure residents in the area would not be forced to live too close to a facility that could adversely affect their livelihood or quality of life.

The first thing the residents did was to put in place an interim ordinance, which temporarily stopped large-scale development while residents worked out the permanent ordinance. The township hired a consultant and an attorney, both of whom had experience developing land use ordinances. The township board also created a study committee made up of local citizens that spent two years holding meetings, studying reports, reading books and seeking input from within the community about what was

best for the township.

“You have to be comprehensive,” says Mike Noble. “You’re trying to do all the planning for the township long into the future—you’re not trying to stop one hog barn.”

But all of those meetings and hard work paid off. “In the end, I think we came up with a pretty fair ordinance,” says Linda.

The ordinance covers everything from large-scale livestock operations and gravel pits to junk dealers and nuclear waste dumps. The Nobles and other farmers in the township were especially concerned that the ordinance protect the community while giving individual livestock operations a chance to expand. They also wanted to make sure there was enough room between livestock farms to offer farmers biosecurity in the event of a disease outbreak. Specifically, the township passed an ordinance requiring livestock operations that wanted to exceed 1,500 animal units to obtain a conditional use permit from the township.

“If they want to grow past 1,500 animal units they need to get a conditional use permit so it can be discussed in public,” says Linda.

The ordinance also requires minimum setbacks for livestock operations. The bigger the operation, the larger the required setback, with the largest facilities required to be half a mile from neighboring dwellings.

Mike and Linda say the ordinance, which was put in place in 1996, seems to be working well for the township’s residents. It has reduced land use disputes and made it clear what can and cannot be done when putting in a new facility.

“Probably a lot of people in the township didn’t see the foresight of why we needed an ordinance, but now they see why we did it,” says Linda, who is now on the township board. “People come up to me and say, ‘I’m glad you did that ordinance.’”

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⁴¹Finding Food in Farm Country: The Economics of Food & Farming in Southeast Minnesota. 2001. Ken Meter, Crossroads Resource Center, and Jon Rosales, Institute for Social, Economic & Ecological Sustainability, University of Minnesota. www.crcworks.org/ff.pdf

⁴²Minnesota Department of Agriculture Energy and Sustainable Agriculture Program. Minnesota Department of Agriculture, 90 West Plato Boulevard, St. Paul, Minnesota 55107. www.mda.state.mn.us/esap/default.htm

⁴³Adding value at home: Can it add profit to your meat and milk? May-June 2004. Gene Johnston, John Walter and Betsy Freese, Successful Farming. www.agriculture.com

⁴⁴The Farm as Natural Habitat: Reconnecting Food Systems with Ecosystems. 2002. Dana L. Jackson and Laura I. Jackson. Island Press. www.islandpress.org

⁴⁵U.S. and State farm income data. 2004. USDA Economic Research Service 1800 M Street NW Washington, DC 20036-5831. <http://www.ers.usda.gov/Data/FarmIncome/FinFidMu.htm>

⁴⁶U.S. and State farm income data. 2004. USDA Economic Research Service 1800 M Street NW Washington, DC 20036-5831. <http://www.ers.usda.gov/Data/FarmIncome/FinFidMu.htm>

⁴⁷Local intervention and the livestock industry. 2004 (in draft). Sara Bertelsen, graduate student, University of Minnesota Hubert H. Humphrey Institute. Land Stewardship Project, 2919 42nd St. E., Minneapolis, MN 55406

⁴⁸Local intervention and the livestock industry. 2004 (in draft). Sara Bertelsen, graduate student, University of Minnesota Hubert H. Humphrey Institute. Land Stewardship Project, 2919 42nd St. E., Minneapolis, MN 55406

⁴⁹Agribusiness and the rural community. In *As You Sow: Three Studies in the Social Consequence of Agribusiness*. Walter Goldschmidt. Montclair, NJ: Allenheld, Osmun, and Co. (1978). [First published as *Small Business and the Community: A study in Central Valley of California on effects of scale of farm operations*. Report of the Special Committee to Study Problems of American Small Business, United States Senate, December 23, 1946, U.S. Government Printing Office, Washington, D.C., 1946.]

⁵⁰Farm Spending and Local Selling: How Do They March Up? 1994. John W. Chism and Richard A. Levins. *Minnesota Agricultural Economist*, No. 676, University of Minnesota, St. Paul

⁵¹The Impact of Changes in Dairy Farming on a Local Economy: A Case Study. 1995. Patricia Weir Love master's degree thesis, University of Minnesota Department of Applied Economics, St. Paul, Minn.

⁵²Impacts of Concentration in Hog Production on Economic Growth in Rural Illinois: An Econometric Analysis. Miguel I. Gómez, and Liying, Zhang. Presented at the American Agricultural Economics Association annual meeting in Tampa, Florida, July 31 to August 2, 2000

Citizen Task Force on Livestock Farmers & Rural Communities

◆**Land Stewardship Project (LSP)** is a 22-year-old nonprofit membership organization that is striving to put more family farmers on the land producing livestock and crops successfully. LSP's membership base of farmers and consumers works to foster and support sustainable production systems that are good for our land, communities and people. **Web site:** www.landstewardshipproject.org. **Phone:** 507-523-3366.

◆**Minnesota Farmers Union (MFU)** works to protect and enhance the economic interests and quality of life of family members and ranchers and rural communities. Besides representing members at the legislature, MFU is also a leader in education, providing affordable legal service to farmers, helping farmers market their commodities, and helping farmers meet their insurance needs through Farmers Union Insurance. **Web site:** www.mfu.org. **Phone:** 651-639-1223

◆**Minnesota National Farmers Organization** is a nonprofit, maximum-marketing service for its members. Only farmers and ranchers who control their own production can belong. This organization is the Minnesota affiliate of the National Farmers Organization, a nationwide organization of farmers and ranchers created with the purpose of pooling large volumes of grain, livestock and milk. The pooling of these commodities allows the National Farmers Organization to negotiate with processors and buyers for the purposes of procuring a better price for its members. **Phone:** 1-800-657-3290.

◆**Sustainable Farming Association of Minnesota (SFA)** is a non-profit, farmer-based, membership organization with regional Chapters throughout the state. SFA's farmer-to-farmer education and mentoring initiatives guide progress toward a more profitable, environmentally sound and socially responsible farming system. SFA affirms that each farm, farmer and farm family is unique and central to operating a sustainable farm. **Web Site:** www.sfa-mn.org. **Phone:** 320-760-8732.

**TESTIMONY of BRAD REDLIN
Director, Agricultural Programs
IZAAK WALTON LEAGUE OF AMERICA**

SUBMITTED TO:

Senate Agriculture, Veterans and Gaming Committee
Room 112 Capitol
Chair: Sen. Jim Vickerman

CONCERNING:

Minnesota's Animal Agriculture Industry Report; Governor's Livestock Advisory Task Force.

Creating a Bright Future for Livestock Farmers in Minnesota; a report by the Citizens Task Force on Livestock Farmers and Rural Communities.

**February 2, 2004
St. Paul, Minnesota**

On behalf of the Izaak Walton League of America, I submit this written support of the Citizens Task Force on Livestock Farmers and Rural Communities, for its report *Creating a Bright Future for Livestock Farmers in Minnesota*, the legislative initiatives it recommends, and the ongoing commitment to its guiding principles. I thank the Chair and members of the committee for the opportunity to do so.

The Izaak Walton League is proud to have participated in the Citizens Task Force in support of our published policy established by League members, including:

- The League supports the development of agricultural systems that sustain both natural resources and people. Incentives should be provided for sustainable farming systems that work in concert with nature and are designed to produce quality food, protect human health, enhance opportunities in farming, and strengthen farm communities.
- The League supports enactment of federal and state measures necessary to ensure that livestock confinement facilities are sited and operated in ways that adequately protect water, soil and other areas of the environment, and that local governments can enact control measures more restrictive than federal laws, provided they do not violate constitutional rights.

The priorities detailed in the Citizens Task Force report are clear objectives: Ensuring fair prices and open markets; Creating the next generation of livestock farmers; Promoting livestock farming that benefits the environment; Creating local food systems that benefit farmers, consumers and rural communities; and Protecting rural democracy. The League fully endorses these priorities.

At the same time, I want to express my organization's concern with many of the recommendations of the Governor's Livestock Advisory Task Force. Specific instances of concern include the following original recommendations and subsequent additions:

- Producer organizations provide “comprehensive education and training” for local government officials.
- Review and recommend changes to all “planning and zoning enabling laws” of counties and townships.
- Direct the Minnesota Pollution Control Agency (MPCA) to work with producer groups to identify “process improvements for permitting and regulatory oversight.”
- Focus promotion and support for “Industry led Environmental Quality Assurance programs” including producer self-certification.
- Direct MPCA to update its pollutant discharge permit to “increase flexibility and encompass more applicants.”
- Support legislation to make it more difficult for citizens to undertake legal action in response to health and environmental harm from livestock operations.
- Direct local government officials undertake and abide by new training requirements, public notification rules, state agency notification laws, and analytical reporting requests.

Let me be clear, my organization's concern is that the Governor's task force and siting subcommittee have purposefully proposed devices and obstacles to produce a chilling effect on local authorities. We are concerned that a one-sided approach has been taken where responsibility for thoroughness and justification in project proposals is being shifted away from the applicant and onto local government.

The task force report and the report from the siting subcommittee this past week, demonstrate that the industrial livestock model dominated the task. Spelled out in the Governor's task force and siting subcommittee's findings—as quoted above—are administrative and legislative actions that would create an industry-defined approval process.

The premise of the task force's effort seems to be that since some mega-livestock operations have had difficulty in obtaining site approval and permits in the past, then that process must be changed. Such a starting point leads process reform to an unavoidable destination, a place where approval is always assured. Instead, I would point out that 100 percent approval is proof that a regulatory and permitting process is a failure.

In conclusion, given the recommendations made by each of the task forces, I would like to very quickly list some lessons learned in other states. Consider that:

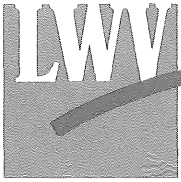
- This past summer the Iowa Supreme Court ruled that the state law shielding industrial livestock operations from lawsuits (“right-to-farm law”) was unconstitutional for preventing a farm couple from suing a neighboring livestock operation for nuisance odor.

- A recent report on five mega-dairies in Paulding County, Ohio revealed: 1) Rather than the usual 70 percent, only 25 percent of property taxes generated by the dairies reach the county's school districts—instead, 75 percent of dairy-property taxes are used for road maintenance due to manure hauling. 2) The dairies buy only about 1 percent, or about \$25,000, of their premixed feed locally, according to the Ohio State University school of agriculture.
- Recently, Nebraska's largest hog producer, Furnas County Farms, marketer of 15 percent of all Nebraska hogs, went bankrupt, owing \$1.2 million in outstanding property taxes and nearly \$200 million in liabilities to some 200 other creditors.
- The 2004 South Dakota legislature repealed in full the provisions of HR 1281, passed the previous session. HR 1281 amended state statute to remove the right of local citizens to refer zoning decisions. Lawmakers in 2004 reinstated local control after constituents had revolted and successfully petitioned HR 1281 to a public vote.

I submit that these few examples demonstrate the necessity of the principles-defined approach advocated by the Citizens Task Force. The recommendations from the Citizens Task Force are a roadmap for a self-sufficient livestock sector in Minnesota that is economically and environmentally positive and replicable.

I again thank the chair and the committee for this opportunity to submit written comment. Please feel free to contact me with any questions or comments.

Brad Redlin
Director, Agricultural Programs
Izaak Walton League of America
1619 Dayton AVE, STE 202, St. Paul, MN 55104
651.649.1446 office 651.270.0564 mobile
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THE LEAGUE OF WOMEN VOTERS

MINNESOTA

550 RICE STREET ST. PAUL, MN 55103 PHONE (651) 224-5445 FAX (651) 290-2145

League of Women Voters of Minnesota response to Governor Tim Pawlenty's Livestock Advisory Task Force Report (August 2004)

To the Editor:

When Governor Pawlenty released his Livestock Advisory Task Force Report in July, the League of Women Voters of Minnesota was pleased to hear him say that the report was intended to "have relevance for all Minnesota livestock operations regardless of size, location, business structure or livestock species." The League agrees with the Governor that animal agriculture is a vital part of Minnesota's economy. However, upon reading the report we find recommendations that would undermine both local democracy and environmental considerations in the feedlot permitting process. We found the recommendations to be mainly for the benefit of the largest feedlot operators. The Task Force report has fallen short of the mark.

Most troubling is the report's first recommendation concerning local siting of livestock operations. The current right of townships and counties to have a say in where feedlots are located in their communities is part of the tradition of local control that Minnesotans believe in. But the report suggests these rights should be weakened. We are concerned that the Governor could propose that we emulate the "siting" process in Wisconsin, where a state appointed panel has the power to overrule decisions made by elected township officers.

Also troubling are recommendations made concerning permitting and environmental review. Serious weakening of environmental review and undermining of local control have already been achieved in the past two legislative sessions. Legislation passed two years ago removed the right of citizens and local governments to initiate environmental review of large feedlots. The right of citizens to file a nuisance complaint against a feedlot that was polluting the air or water, even if it was harming their health, was removed last year. The report's suggestion that raising the state threshold for how large livestock operations can be before environmental review is required is another step in the wrong direction. The current threshold of 1,000 animal units applies to less than 5% of the livestock operations in our state and should not be further weakened.

The League's position on agriculture adopted in 2001 supports a system of sustainable agricultural production that is also protective of the environment. We support family-owned and operated moderate-sized farms. According to the Minnesota Department of Agriculture 96% of Minnesota dairy farmers have 200 or fewer cows. Recommendations in the Task Force report, on the other hand, are designed to benefit the largest operations of seven hundred cows or more, with little, if anything, for the rest.

The Governor's Task Force was comprised almost entirely of people with direct ties to large corporate agriculture interests. All citizens of Minnesota, not just industry representatives, are stakeholders in decisions that affect the economy, the environment, public health and food safety. We believe that the Governor's Task Force report could have been greatly strengthened had there been broader input from people who will be affected by Minnesota's agriculture policy—namely, all of us.

Helen Palmer
President
League of Women Voters of Minnesota

LEAGUE OF WOMEN VOTERS OF MINNESOTA

POSITION ON AGRICULTURE

LWVUS Position: Promote adequate supplies of food and fiber at reasonable prices to consumers and support economically viable farms, environmentally sound farm practices and increased reliance on the free market.

LWVMN Position: Support of a system of sustainable agricultural production which provides safe, healthful food and which preserves and protects the state's human and natural agricultural resources and enhances the environment; research and technical assistance in farming practices and rural economies that improve the economic viability of family farms, environmental health, and the quality of life of family farmers and their communities.

Details

Support of:

- family-owned, moderate- and small-sized farms.
- research directed to moderate- and small-sized farm operations.
- beginning farmers.
- innovative practices and crops for moderate- and small-sized farms.
- access to markets for all producers.
- providing crisis supports based on need (crisis understood to be an event beyond the farmer's control such as a natural disaster).
- monitoring contracts for the protection of farmers.
- ensuring that corporate farms be held liable for their share of losses, environmental damage, public health hazards, etc.
- incentives for sustainable farming practices.
- incentives for contributions to clean water and air, healthy soil and conservation of wildlife.
- incentives for the preservation of agricultural land.
- shared liability for environmental damage (caused by agriculture) between farmers and businesses under contract.
- stricter standards for animal confinement operations (based on concerns for both animals and human health as well as ethical issues relating to the treatment of animals).

In order to promote the stability of rural communities, support of:

- community and regional planning.
- education (retraining, farm management, marketing, etc.).
- infrastructure.
- livable wages for workers.
- crisis assistance.
- development of leadership skills.
- networking with farmers and community leaders.
- research into viable and sustainable rural communities.
- exports should be promoted as long as this does not hold priority over promotion of a local/regional food system.
- Research into genetically modified foods is supported if the purpose of such research is to ensure the long-term safety of GMO food and crops, to advance basic research knowledge, to benefit sustainable agricultural practices and to serve the public good.

Note on terms used: "Family farm" generally implies that the family owns and lives on the land, provides most of the labor, assumes the economic risk, and makes management decisions.

According to the Minnesota Institute for Sustainable Agriculture, sustainable agriculture seeks to balance three long-term goals: quality of life (to satisfy personal, family, and community needs for health, safety, food and happiness); environment (to enhance finite soil, water, air and other resources; economics (to be profitable). In any given situation, the most sustainable choice is the one where the net effects come closest to meeting all three goals.

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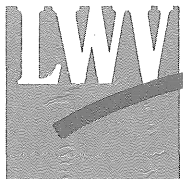
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M I N N E S O T A

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Helen Palmer
President
League of Women Voters of Minnesota

Market Concentration

Do you know which corporation owns the following companies?

Indicate your answer by placing the corporation's number at the left of each company:

1 Kraft

2 Pillsbury

3 Kelloggs

4 ConAgra

5 Cargill

___ Armour

___ Morton

___ Patio

___ La Choy

___ Chun King

___ Swiss Miss

___ Longmont Foods

___ Reddi Whip

___ Gebhardt

___ Water Valley

___ Sizzlean

___ Blue Ribbon Beef

___ County Line

___ Golden Valley

___ Act II

___ Hunts Wesson

___ Banquet

___ Peter Pan

___ Lean Cuisine

___ Healthy Choice

___ Singleton

___ Ultra Slim-Fast

___ Danata

___ Deckers

___ Cook's

___ Treasure Cave

___ Blue Coach

___ Northern States

___ Swift

___ Eckrich

___ Butterball

___ Orville Redenbacher

___ Country Pride

___ Kids Cuisine

___ County Line

___ Rosarita

___ Country Skillet

___ Brookfield

___ Webbers

___ Taste O' Sea

___ Miss Wisconsin

___ Regal

___ Flavorland

Date: February 1, 2005

To: All Minnesota Citizens, Agricultural and Environmental organizations, and other citizen groups interested in or concerned about livestock production.

Subject: Ending Minnesota's "Feedlot War" 1985-2005. Beginning a new era in Minnesota Livestock production characterized by peace, love, harmony, and acceptance of diversity.

2005 is the year for peace, harmony, and bipartisanship in the Minnesota Legislature.

We would respectfully request that 2005 also be the year for the "Feedlot War" to end, and that a new era begin for Minnesota's livestock farmers that is characterized by:

1. Peace.
2. Harmony.
3. Love.
4. Acceptance of Minnesota's diverse livestock productions systems.
5. Acceptance that Federal, State, and local regulations are among the most stringent in the world and will, if followed, protect the environment in almost all situations.
6. Rhetoric and resources that are channeled into promoting one's preferred method of production rather than channeling rhetoric and resources into criticizing and tearing down someone else's preferred method of production.
7. Livestock farmers renewing and intensifying their efforts to be good neighbors, and carefully following all federal, state, and local feedlot regulations.
8. Rural residents renewing and intensifying their efforts to be good neighbors, and accepting, encouraging, and supporting the livestock producers in their area.
9. Opportunities for all Minnesotans to learn about the economic and environmental benefits of livestock produced in a broad range of diverse systems, ranging from pasture to confinement.
10. Respectful, encouraging, and appreciative attitude toward of Minnesota livestock farmers.
11. The knowledge that Minnesota livestock farms and related agribusiness is good for the economy, employing over 200,000 people and generating economic value of at least \$28 billion.

12. The knowledge that high livestock and human populations peacefully coexist in much of the world. Minnesotans should try to be more like citizens of the United Kingdom, Denmark, the Netherlands, or Lancaster County, PA, who live in close proximity to farmers that use diverse production systems ranging from small pastures to large modern confinement barns. They live together in the same neighborhood in peace and harmony.

13. The knowledge that livestock that is produced on farms that are properly sited, engineered and managed is good for the environment.

The Minnesota "Feedlot War" began around 1985 and has gone on for twenty years. We respectfully ask all the warring parties to please lay down your swords, set aside hateful condescending speech, spend your energy, talent, and resources to build up and not to tear down.

Please, Minnesota, let's make 2005 the year the "Feedlot War" ended.

Please, Minnesota, let's make 2005 the year a new era begins for Minnesota Livestock producers, an era characterized by peace, harmony, love, and acceptance of diversity.

Sincerely,

Mr. Senate Agriculture Committee

Senator Steve Dille

Senator Rod Spore

Senator Vicki

Senator Dorey Sawyer

Senator Betty Bergin

Senator Paul Keering

" Steve Murphy

" Dick Gray

Senator Ann H. Rest

Senator Groun Pretter Solomon

Senator Dallas Sons