



State lawmakers back co-op antitrust protections

Thirty-five Wisconsin legislators, including the chairs of both the Senate and Assembly agriculture committees, are asking the state's congressional delegation to protect the Capper-Volstead Act that gives farmers the ability to form cooperatives.

With the Department of Justice (DOJ) and the U.S. Department of Agriculture (USDA) conducting hearings on antitrust issues in agriculture this spring and summer, Cooperative Network is working on several fronts to ensure the Capper-Volstead Act is protected.

Cooperative Network garnered bipartisan support for the April 30 letter that was personally delivered this week to members of Wisconsin's congressional delegation in Washington, D.C. State lawmakers are urging members of Congress to maintain the Capper-Volstead exemption to the Sherman Antitrust Law for agricultural cooperatives as the federal government explores broader changes to the nation's competition laws.

"Farmer cooperatives play a vital role in agriculture and in the economic and social life of rural communities across Wisconsin," the letter stated. Through cooperatives, farmers are able to: pool their buying power to access supplies at a competitive price; effectively market a wide range of agricultural commodities; engage in value-added processing of their products; and participate in export activities, thus giving farmers the ability to compete in the global marketplace.

"A renewed focus on antitrust enforcement has resulted in some confusion regarding the antitrust protections provided to farmer cooperatives. The Capper-Volstead Act gives farmer cooperatives limited antitrust immunity. To qualify for these limited antitrust protections, farmer cooperatives must meet several requirements."

The letter also points out that the Capper-Volstead Act gives the U.S. Secretary of Agriculture authority to prevent

cooperatives from using their market power to unduly enhance the prices of the products they market.

"Wisconsin's agricultural cooperative community, while vibrant and diverse, is dwarfed by the non-cooperative agribusiness community. In short, our cooperatives, create, rather than restrict, competition and it is in the interest of our state that they flourish," state lawmakers wrote.

Senator Kathleen Vinehout (D-Alma), chair of the Senate Committee on Agriculture and Higher Education, and Rep. Amy Sue Vruwink (D-Milladore), chair of the Assembly Committee on Agriculture, were among those who co-signed the letter. Also signing on were Senators Dale Schultz (R-Richland Center), Sheila Harsdorf (R-River Falls), Robert Cowles (R-Green Bay), Lena Taylor (D-Milwaukee), Luther Olson (R-Ripon), David Hansen (D-Green Bay), Dan Kapanke (R-La Crosse) and Jon Erpenbach (D-Waunakee), and Representatives Ed Brooks (R-Reedsburg), Josh Zepnick (D-Milwaukee), Scott Suder (R-Abbotsford), Steve Kestell (R-Elkhart Lake), Daniel LeMahieu (R-Cascade), Gary Tauchen (R-Bonduel), Joan Ballweg (R. Markesan), Phil Garthwaite (D-Dickeyville), Ann Hraychuck (D-Balsam Lake), Keith Ripp (R-Lodi), Mary Hubler (D-Rice Lake), Lee Nerison (R-Westby), Brett Davis (R-Oregon), Mary Williams (R-Medford), Andy Jorgensen (D-Fort Atkinson), Roger Roth (R-Appleton), Alvin Ott (R-Forest Junction), Ted Zigmunt (D-Francis Creek), Chuck Benedict (D-Beloit), Mark Radcliffe (D-Black River Falls), John Steinbrink (D-Pleasant Prairie), Cory Mason (D-Racine), Chris Danou (D-Trempealeau), Jerry Petrowski (R-Marathon) and Fred Clark (D-Baraboo).

Cooperative Network is working with Minnesota state legislators on a similar letter that is also being distributed to the Minnesota congressional delegation.

More Assembly retirements

Democratic Representatives Chuck Benedict (Beloit), Mary Hubler (Rice Lake) and Steve Hilgenberg (Dodgeville) recently announced they will not seek re-election to the Assembly this fall. That means nine Republicans, five Democrats and one independent, Jeff Wood, have now said they'll either opt out of re-election or leave to pursue another office.

Benedict, who represents the 45th Assembly District, was first elected in 2004. Hubler, one of the Assembly's top five members in seniority, has represented the 75th Assembly District since 1984. Hilgenberg has served as representative of the 51st Assembly District since 2006.

Other Assembly Democrats not seeking re-election are: Thomas Nelson (AD-5) and Gary Sherman (AD-74). Nelson is running for lieutenant governor and Sherman has been appointed to the District IV Court of Appeals.

Assembly Republicans not seeking re-election are: Leah Vukmir (AD-14); Kitty Rhoades (AD-30); Thomas Lothian (AD-32); Donald Friske (AD-35); John Townsend (AD-52); Roger Roth (AD-56); Brett Davis (AD-80); Mark Gundrum (AD-84); and Rich Zipperer (AD-98). Vukmir is running for SD-5; Roth is running for CD-8; Davis is running for lieutenant governor; and, Gundrum was elected Waukesha County circuit judge.

As of press time, it was reported that Rep. Phil Montgomery (R-Ashwaubenton) was expected to announce his retirement on May 7.

In the Senate, two Republicans (Alan Lasee, SD-1 and Ted Kanavas, SD-33) and one Democrat (Judy Robson, SD-15) have announced they will not seek re-election.

Capper-Volstead at stake

Next DOJ/USDA joint hearing set for June 25 in Madison

The second of five joint listening sessions on antitrust issues with the USDA and DOJ is scheduled for June 25 in Madison. The session, which will focus on competition in the dairy industry, will be held on the University of Wisconsin campus in the Great Hall, Memorial Union, 800 Langdon Street, Madison, Wis. The Madison hearing was previously scheduled for June 7, but was changed to June 25.

Cooperative Network is working closely with members and those organizing the event to ensure that the views of farmer-owned cooperatives are heard during the debate. Cooperative Network is securing space near the hearing site to be used as a headquarters for members, and will also provide members with a briefing prior to the hearing.

"We are intensely concerned about any effort to repeal the Capper-Volstead Act," said Cooperative Network President and CEO Bill Oemichen. "Cooperatives allow individual farmers to compete with large agribusinesses in today's global marketplace, and the limited anti-trust protection provided by the Capper-Volstead Act is what allows them to do so.

"Repealing Capper-Volstead would destroy many farmers' ability to compete in the agricultural marketplace, so we are taking any threat to repeal or change the act very seriously."

Since learning about the DOJ's and USDA's plans to study competition and regulatory issues in the agriculture industry, Cooperative Network has been working on numerous fronts to ensure that the Capper-Volstead Act is protected. Educating DOJ, USDA, state lawmakers, members of Congress and the public about the importance of the Capper-Volstead Act is an ongoing effort.

- In March, Cooperative Network's board of directors sent letters to the Wisconsin and Minnesota congressional delegations, as well as DOJ and USDA, expressing reasons why Capper-Volstead should be retained.

- Wisconsin and Minnesota state lawmakers are being asked to sign letters to their respective congressional delegations explaining the importance of cooperative competition in the agricultural marketplace. (See related story page 1.)

- Cooperative Network President and CEO Bill Oemichen has traveled twice to Washington, D.C. to meet with the staff of the U.S. Senate Antitrust Subcommittee on this issue.

- Cooperative Network staff has also discussed the importance of the Capper-Volstead Act with the attorneys general in Wisconsin and Minnesota. Attorney General Lori Swanson in Minnesota and Attorney General J.B. Van Hollen in Wisconsin did not join in a letter with other attorneys general across the country calling for cooperative antitrust exemptions to be revisited.

- Cooperative Network Dairy Director David Ward attended the first DOJ/USDA listening session held in Ankeny, Iowa, and is working closely with those organizing the Madison hearing, as well as members and other agricultural groups planning to attend.

Cooperative Network comments on phosphorus rule

Cooperative Network submitted comments last week to the Department of Natural Resources (DNR) on their proposal related to phosphorus water quality standards and point source wastewater dischargers. The proposed changes to rules NR 102 and NR 217 would create water quality standards for water bodies and proposes new procedures for developing and implementing Wisconsin Pollutant Discharge Elimination System (WPDES) permit water quality-based effluent limits for phosphorus.

Cooperative Network pointed out the estimated huge cost of compliance with the proposal, from the DNR's own fiscal estimate, as well as from the Probst Group, LLC, which issued a report titled "Potential Impact of Proposed Phosphorus Regulations on the Dairy Industry of Wisconsin." The DNR has estimated that costs to upgrade private industry wastewater plants could be as high as \$440 million. The Probst study suggested that perhaps 65 dairy plants with direct wastewater discharges will be impacted by the rule.

Cooperative Network stated that "it is unlikely that the point source requirements in proposed NR 217 will achieve the intended results," and suggested that "Wisconsin should defer action on this rule until there is a uniform national approach that deals equitably with all sources of phosphorus."



L to R: Alicia Hodnik, Joseph Dreis, Brienne Shaker, and Molly Serum served as the 2009 Youth Corps Board for the Cooperative Network Co-ops Yes Conference held April 19 and 20 in Eau Claire. The conference, with more than 50 high school students in attendance, was designed to help youth understand the role and operation of cooperatives while also developing leadership skills.

Cooperative Network Contact

Prepared and distributed to provide timely information on matters pertaining to Wisconsin's member-owned cooperatives.

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