



# 2010 Resolutions

November 18, 2009

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# Table of Contents

<b>(AG) Agriculture</b> .....	1	<i>AG Wisconsin Continued</i> .....	16
1.01 Capper-Volstead Act.....	1	3.07 Fairs and Expositions .....	16
1.02 Cooperative Services Program .....	1	3.08 Animal Health and Crop Protection Products in Food.....	16
1.03 Agriculture Education in Public Schools .....	1	3.09 Food Quality Protection Act.....	17
1.04 Crop Insurance/Revenue Assurance .....	1	3.10 Animal Disease Control .....	17
1.05 Farmland Assessment .....	2	3.11 U.W. Center for Dairy Research .....	18
1.06 International Trade.....	2	3.12 Milk Quality Programs.....	18
1.07 Meatpacker Concentration.....	2	3.13 Uniform Testing of Milk .....	19
1.08 Integrity of Organic Agriculture .....	3	3.14 Uniform Standardization of Milk Testing Equipment.....	19
1.09 State Agricultural Statistics and USDA Reports .....	3	3.15 Producer Security .....	19
1.10 Technology and Agriculture .....	4	3.16 Groundwater .....	20
1.11 Agricultural Stewardship .....	4	3.17 Agri-chemical Clean-up .....	20
1.12 Water Quality Cost Sharing .....	4	3.18 Non-Point Pollution Control .....	21
1.13 Animal Identification System.....	5	3.19 Petroleum Environmental Cleanup Fund Award (PECFA) Program Reform.....	21
1.14 Animal Well Being.....	5	<b>(CU) Credit Union</b> .....	<b>22</b>
1.15 Shortage of Large Animal Veterinarians .....	5	1.01 Taxation of Credit Unions .....	22
1.16 Biotechnology and Genetically Enhanced Products and Dairy Product Labeling .....	5	1.02 Credit Unions and Cooperative Development.....	22
1.17 Dairy Industry Competitiveness .....	6	1.03 National Credit Union Share Insurance Fund.....	22
1.18 Inspection Fees for Dairy .....	6	1.04 Dual Chartering.....	23
1.19 Food Safety.....	6	1.05 Access to Credit Union Services .....	23
1.20 Nutrition Programs.....	7	1.06 Promoting Financial Literacy .....	24
1.21 Ice Cream and Milk Standards.....	7	1.07 Credit Unions Fighting Predatory Practices .....	24
1.22 Imported Milk Protein Concentrate .....	7	1.08 Parity for State-Chartered Credit Unions .....	24
1.23 Dairy Development .....	8	1.09 Conversion of Credit Unions.....	24
1.24 Dairy Self Help Programs .....	8	1.10 Credit Union Capital.....	25
1.25 Labeling and Content of Cheese for Pizzas.....	8	1.11 Regulation of Minnesota Credit Unions .....	25
1.26 Federal Dairy Policy.....	8	1.12 Regulation of Wisconsin Credit Unions .....	25
1.27 Marketing Order Program Regulation .....	9	1.13 Federal Regulation of Credit Unions.....	26
1.28 Grain Standards.....	9	1.14 Member Business Loans .....	26
1.29 Below Cost Selling/Unfair Sales Act .....	9	<b>(FC) Farm Credit Services</b> .....	<b>27</b>
<i>AG Minnesota</i> .....	10	1.01 Farm Credit System.....	27
2.01 Agriculture Business Climate .....	10	<b>(GC) General Cooperative</b> .....	<b>29</b>
2.02 Agricultural Chemical Response and Reimbursement Account.....	10	1.01 Cooperative Development Services .....	29
2.03 Agriculture and Rural Careers .....	10	1.02 Cooperative Education .....	29
2.04 Biodiesel and Ethanol.....	11	1.03 Cooperative Form of Business .....	29
2.05 Credit Card Surcharges and Cash Discounts .....	11	1.04 Cooperative Good Governance .....	30
2.06 Livestock Friendly Counties.....	11	1.05 Cooperative Finance and Equity Redemption .....	30
2.07 Livestock Industry .....	12	1.06 Cooperatives' Right to Serve Members and Diversity in Size .....	30
2.08 Petrofund .....	12	1.07 Cooperatives and Taxation.....	30
2.09 Volume Premiums.....	13	1.08 Integrity of Segregated Funds .....	30
2.10 Wetlands and Drainage .....	13	1.09 International Cooperative Development .....	31
<i>AG Wisconsin</i> .....	14		
3.01 Cabinet Form of Government .....	14		
3.02 Energy and Alternative Fuels.....	14		
3.03 Commodity Promotion Programs.....	14		
3.04 Right to Farm .....	14		
3.05 Preservation of Agricultural Land.....	15		
3.06 UW Board of Regents Agriculture Representative.....	16		

# Table of Contents

<i>GC General Cooperative Continued</i> .....	31	<i>HO Minnesota</i> .....	49
1.10 Rural Development .....	31	2.01 Manufactured Home Park Conversion to Cooperatives.....	49
1.11 Support for Universities and Cooperative Extension Commitment to Cooperatives.....	31	2.02 Financing of Cooperative Conversions of Manufactured Home Parks .....	49
1.12 Transportation.....	32	2.03 Senior Housing Cooperative Independence .....	50
1.13 Captive Shippers and Rail Transportation .....	33	2.04 Clarifying Statutes Governing Housing Co-op Director Liability .....	50
1.14 New Cooperative Laws .....	34	2.05 Researching Development of Separate Housing Co-op Statute.....	50
1.15 Climate Legislation.....	34	2.06 Sales Tax Exemption.....	51
1.16 Hours of Service .....	35	<b>(IN) Insurance</b> .....	<b>52</b>
1.17 Environmental Stewardship .....	35	<i>IN Wisconsin</i> .....	52
1.18 Government Agencies Supporting Cooperatives.....	35	3.01 Mutual Insurance .....	52
1.19 Power Quality, Stray Voltage.....	36	3.02 Regulation of Mutual Insurance Companies.....	52
<i>GC Minnesota</i> .....	37	3.03 Federal Regulation of Mutual Insurance Companies.....	53
2.01 Conciliation Court Levels .....	37	3.04 Opposition to “All Sums” Approach to Settle Insurance Contract Disputes .....	53
2.02 Energy Assistance for Propane and Heating Oil Users.....	37	3.05 Changes in State Law Affecting Liability and Negligence Determination .....	54
2.03 Truck Weight Exemptions.....	38	<b>(TE) Telecommunications</b> .....	<b>55</b>
<i>GC Wisconsin</i> .....	39	<i>TE Wisconsin</i> .....	55
3.01 Cooperative Education.....	39	3.01 Non-regulation of Telephone Cooperatives.....	55
3.02 Federated Youth Foundation .....	39	3.02 Telephone Cooperative Access Revenue .....	55
3.03 Good Government and Clean Politics.....	39	3.03 Use of Patronage Capital by Telephone Cooperatives.....	56
3.04 University of Wisconsin System.....	40	3.04 Intercarrier Compensation Reform .....	57
<b>(HC) Health Care</b> .....	<b>41</b>	<b>(UT) Utilities and Related Services</b> .....	<b>58</b>
1.01 Health Insurance.....	41	1.01 Advanced Renewable Tariffs or Feed-in-Tariffs .....	58
1.02 Medicare Discrimination.....	41	<i>UT Minnesota</i> .....	59
1.03 Cooperative Health Maintenance Organizations.....	41	2.01 State Regulation .....	59
1.04 Closed Panel HMOs .....	42	2.02 Service Diversity .....	59
1.05 Mandated Benefits .....	42	2.03 Electric Utility Competition .....	59
1.06 Tax Status of Consumer Cooperative HMOs .....	42	2.04 Service Territory .....	59
1.07 Taxation of Health Insurance Premiums .....	43	2.05 Right of Eminent Domain.....	59
1.08 Rural Health Cooperation .....	43	2.06 Taxation of Electric Cooperatives .....	60
1.09 Rural Health Care Professional Shortages .....	43	2.07 Clean Air Regulation.....	60
1.10 Accessing Capital for Rural Health .....	44	2.08 Nuclear Power .....	60
1.11 Encouraging Cooperation and Collaboration in Health Care.....	44	2.09 Transmission Lines.....	60
1.12 Cooperative Health Care Purchasing Alliances.....	44	2.10 Energy Efficiency Tags .....	61
1.13 BadgerCare and MinnesotaCare Eligibility for Ag Producers .....	45	2.11 Coal Generation.....	61
1.14 Health Care Reform.....	45		
<b>(HO) Housing</b> .....	<b>47</b>		
1.01 Affordable Housing .....	47		
1.02 Rural and Urban Vitality.....	47		
1.03 Insurance for Senior Cooperatives .....	48		

# Table of Contents

<i>UT Wisconsin</i> .....	62	3.07 Market Power.....	65
3.01 Nuclear Processing Fuel Reprocessing and High Level Nuclear Waste Disposal.....	62	3.08 Energy-Related Research .....	65
3.02 Energy.....	62	3.09 Support for Adequate Electric Transmission .....	65
3.03 Alternative Energy.....	62	3.10 Mercury Reduction.....	66
3.04 Electric Cooperative Territorial Protection.....	63	3.11 Electric Space Heating .....	67
3.05 Electric Restructuring and Retail Competition.....	63	3.12 Certification/Farm Wiring Inspections .....	67
3.06 Non-regulation of Rural Electric Cooperatives.....	64	3.13 Nuclear Power .....	68

# Agriculture Resolutions

## **AG 1.01 Capper-Volstead Act**

The Capper-Volstead Act grants agricultural producers the right to act jointly through farmer owned and controlled cooperatives for the purpose of processing, handling and marketing their products. The Capper-Volstead Act should be used to its fullest degree to assist in increasing the income of agricultural producers. We oppose all efforts to weaken the right of farmers to act together to form and join agricultural cooperatives. Cooperative Network will work vigorously with members and federal officials to oppose the recommendations of the Antitrust Modernization Commission which would change the statutory immunity from antitrust laws for agricultural cooperation granted by the Capper-Volstead Act.

## **AG 1.02 Cooperative Services Program**

Cooperative Network remains committed to maintaining its support for the USDA's Cooperative Services (CS) Program. The Cooperative Services group has long played a crucial role in assisting agricultural cooperatives of all types by providing resources and technical assistance, conducting basic cooperative research and providing educational materials.

The program has suffered serious staff losses and lack of focus in recent years. Cooperative Network calls on the U.S. Secretary of Agriculture to revitalize the program that is the only one of its kind in the Federal Government.

## **AG 1.03 Agriculture Education in Public Schools**

Cooperative Network supports continuation of Minnesota Ag in the Classroom, Wisconsin Ag in the Classroom, FFA, 4-H, Associations of Agricultural Educators in both states and the Wisconsin Agricultural Education and Workforce Development Council. Cooperative Network encourages inclusion of curriculum on cooperative businesses. Cooperative Network encourages state and school districts policies to award science credits, not just elective credits, for agricultural courses.

## **AG 1.04 Crop Insurance/Revenue Assurance**

Cooperative Network endorses Federal Crop Insurance/revenue assurance as important farm risk management safety nets for America's farmers, ranchers and growers. Cooperative Network urges Congress and the administration to maintain, protect and grow the programs, providing adequate and necessary funding and supportive, service-oriented rules and regulations.

# Agriculture Resolutions

## **AG 1.05 Farmland Assessment**

Cooperative Network supports policies for the assessment of agricultural lands to reflect their current use value. Any new farmland valuation method should reflect the income-producing capability of the land based on the soil survey. Publicly owned farmland, woodland, and wetlands should be taxed at the same rate as private lands and the revenue should revert to the local community.

## **AG 1.06 International Trade**

It is important to expand foreign markets for Midwest agricultural products, which will also help the nation's trade balance. Cooperative Network urges cooperatives to actively pursue international trade.

Cooperative Network urges maximum use allowable under the World Trade Organization (WTO) agreements of the Dairy Export Incentive Program (DEIP) on a milk equivalent basis.

Cooperative Network supports overseas food aid programs, both as markets for U.S. agricultural commodities and as a needed U.S. aid program.

Cooperative Network supports WTO policy designed to protect domestic producers from unfair trade practices and urges more effective enforcement and administration of existing WTO policy.

Cooperative Network supports federal legislation and trade policy that would require imported food products to meet production, processing and quality standards equal to those required for our domestic products.

## **AG 1.07 Meatpacker Concentration**

Livestock producers depend on a competitive meatpacking marketplace to ensure they receive a fair market price for their livestock. Recent mergers and acquisitions have called into question whether the resulting marketplace concentration will lessen competition and therefore, be detrimental to the prices received by livestock producers.

Cooperative Network supports the current price reporting system to ensure greater understanding of price discovery.

Cooperative Network supports a cooperative exemption in any legislation to ban the ownership of livestock by packers.

# Agriculture Resolutions

## **AG 1.08 Integrity of Organic Agriculture**

Organic agriculture is expanding rapidly in the United States as consumer interest continues to gain momentum and new organic production and marketing systems evolve. Congress passed the Organic Foods Production Act (OFPA) in 1990, as part of the 1990 Farm Bill. The OFPA required the U.S. Department of Agriculture to develop national standards for organically produced agricultural products to assure consumers that products marketed as certified organic meet consistent, uniform standards. OFPA also mandated the formation of the National Organic Standards Board to advise the Secretary of Agriculture in setting the standards for the National Organic Program.

Since the implementation of the organic certification standards, various proposals to loosen or reinterpret them have been made, jeopardizing the high standards for what qualifies as organic and threatening consumer confidence in the entire system.

Cooperative Network supports strong federal standards for organic production and opposes any revisions or interpretations which would weaken them or result in a lessening of consumer confidence in the "USDA ORGANIC" label. We call on the U.S. Secretary of Agriculture to resist any attempts to undermine the spirit and integrity of true organic production. Further, Cooperative Network believes the USDA Secretary should seek to restore trust in the National Organic Program by appointing managers with strong professional backgrounds in organic agriculture, and heed the recommendations of the National Organic Standards Board as representatives of the organic community. In addition, USDA should ensure that organic certifying agents are properly qualified and that they act to protect the integrity of organic production.

## **AG 1.09 State Agricultural Statistics and USDA Reports**

Production and pricing uncertainty creates problems for producers when making production, marketing and financial investment decisions. Because of the high investment requirements of agriculture, success depends upon sound management and marketing decisions as well as timely information.

Individual county information on crop production and livestock numbers have long been available. This service has been a valuable tool and is widely used by local and regional cooperatives, agricultural business firms, farm organizations, farmers, University Extension, research and teaching, and other agricultural related groups.

The numbers are used to attract new markets and processing firms and to assist cooperative management in planning services for farmers. Cooperative Network calls upon the federal and state governments to maintain their commitment to provide the funding and other resources necessary to collect and make available county agricultural statistics.

Cooperative Network urges the establishment and use of a meaningful USDA definition of a commercial farm. This would focus attention on the net and labor income of commercial farmers. Such data are necessary to help our entire society better understand what currently is happening to American farmers and the need for any agricultural policy changes.

# Agriculture Resolutions

## **AG 1.10 Technology and Agriculture**

Cooperative Network supports continuing and expanding research into new alternative agricultural methods and products including biotechnology that holds promise for improving agricultural efficiency and profitability. Reasonable protection for public and environmental safety of a particular technology is provided by regulatory agencies such as the Food and Drug Administration, Environmental Protection Agency and others. Farmers themselves are in the best position to judge the efficiency and profitability of new technologies that are approved by regulatory agencies. Once approved, farmers as individuals should have the freedom to accept or reject the adoption of any particular technology.

## **AG 1.11 Agricultural Stewardship**

Cooperative Network urges that pollution controls, including odor controls, be of a practicable and workable nature, protecting the gains made in agricultural production and the living standards of both rural and urban people. More financial consideration should be provided to processing plants and other wet industries when excessive costs are involved in upgrading pollution control equipment.

Cooperative Network believes that the dust regulation imposed by government agencies needs to provide a more fair and equitable solution to the problem of grain dust. The waste pesticide collection and pesticide container collection programs developed are excellent examples of cooperation between government and industry. We urge the members to publicize and utilize these programs.

We support increased state and industry funding for research on solutions to environmental concerns including odor and dust. We urge use of flexible performance-based approaches to environmental compliance that are of a practicable and workable nature.

## **AG 1.12 Water Quality Cost Sharing**

Cooperative Network supports maintaining and improving the quality of the state's waters. When a state is implementing a state water quality program, Cooperative Network supports the concept of a water quality cost-sharing program or programs like the Environmental Quality Incentives Program (EQIP), administered by the federal Natural Resources Conservation Service (NRCS), which provides resources to farmers working to reduce erosion and animal waste runoff. We urge NRCS to maintain a financial commitment to soil conservation compliance, and to develop and use standards that are compatible with and coordinated with agricultural performance standards.

# Agriculture Resolutions

## **AG 1.13 Animal Identification Systems**

The development of a national livestock identification system is both timely and necessary. Other countries have recently adopted or modified national animal identification systems to respond to consumer expectations and to better track animal movement. In the United States, continual surveillance for eradicated diseases is important to ensure complete eradication and to demonstrate to trading partners that our livestock population is free of disease. Cooperative Network will work with its members, state and federal agencies and others as implementing rules take effect and the premise registration system is implemented, as well as with any animal identification legislation and rules that may be adopted in the future.

## **AG 1.14 Animal Well Being**

Livestock producers, consumers and their cooperatives must be aware of the threats represented by the animal rights movement. Quality animal care is at the heart of livestock production and Cooperative Network supports humane treatment by farmers, handlers and processors. We support educational programs designed to inform the general public, producers, marketers and processors about sound and humane animal production practices. Cooperative Network strongly opposes laws that undermine the livestock industry. In addition Cooperative Network supports giving the Departments of Agriculture in Minnesota and Wisconsin the power to set humane statewide standards for the care and treatment of production agriculture animals.

## **AG 1.15 Shortage of Large Animal Veterinarians**

Cooperative Network supports the development of state and federal incentives to encourage the training of large animal veterinarians and their deployment in rural areas.

## **AG 1.16 Biotechnology and Genetically Enhanced Products and Dairy Product Labeling**

Cooperative Network believes that science offers great potential for improving agricultural production efficiency and improving the environment. It also offers the potential to enhance consumer value in food products through improved nutrition, flavor, pharmacological properties, and other food traits.

We urge the federal government and the Food & Drug Administration (FDA) to maintain rigid scientific standards for approval of new biotechnology products.

We oppose local and state restrictions on genetically enhanced products that have been approved at the federal level. We oppose trade barriers that restrict market access to food and agricultural commodities derived from genetically enhanced products.

*(Continued)*

# Agriculture Resolutions

We oppose mandatory labeling of federally approved products that contain genetically enhanced traits.

Cooperative Network believes the Federal Trade Commission should vigorously enforce rules and regulations on dairy labeling, particularly on non-dairy products which are advertised as if they are real dairy products.

## **AG 1.17 Dairy Industry Competitiveness**

Cooperative Network serves as a common meeting ground for dairy co-ops and other industry stakeholders to develop and implement joint strategies for addressing the changing dairy market environment and implementing programs targeted toward improved dairy farm and dairy cooperative profitability. Cooperative Network supports efforts to identify incentives that can be used by dairy producers and dairy cooperatives to modernize and expand their facilities. Cooperative Network supports appropriations by the legislature from the general fund to support the development and enhancement of new and existing educational programs for dairy farmers.

## **AG 1.18 Inspection Fees for Dairy**

Cooperative Network supports legislation that reduces costs for dairy farmers. Fees are paid for inspection of dairy farms and plants. Inspections of dairy farms and plants protect the consuming public, assure a safe supply of quality dairy products and protect public health, and should be financed by public tax dollars.

## **AG 1.19 Food Safety**

It is in the best interest of the public to have a safe and high quality food supply. We commend the work that has been done to assure Americans have the safest possible food supply. Cooperative Network is committed to the use of sound science as the basis for standards for food safety. We encourage agricultural groups to communicate with the general public to place risk in proper context and to avoid overreaction and legislation that would reduce quality and quantity of food products. In response to the growing trend of blending imported ingredients, Cooperative Network supports increasing the emphasis directed at imported food products by federal agencies. As recalls of imported contaminated and toxic consumer products have increased, it has become evident greater regulatory effort must be made to ensure the food safety of imports.

# Agriculture Resolutions

## **AG 1.20 Nutrition Programs**

Cooperative Network strongly maintains its commitment to the nutrition education programs at both the state and federal level and will work to strengthen and expand the programs through adequate funding and maintenance of quality standards. We favor continuation of the complementary relationship both within the agricultural community and between agriculture, the nutrition community, and USDA's Food and Nutrition Service. The Commodity Donation Program must be maintained and strengthened as the primary commodity source for the feeding programs, for the needy, and for disaster assistance. USDA is urged to assure that free commodity donations to individuals are effectively managed by the states so the needy are served and commercial markets are not disrupted. Member cooperatives are urged to take assertive action to ensure continuation of the commodity donation program.

The Special Milk Program continues as an important, low cost, easily administered program to provide a superior dietary supplement to the American school child, and we will work to increase its scope. Cooperative Network also commits itself to the improvement of the diet of older Americans.

Cooperative Network supports federal nutrition assistance programs designed to supplement the diets of low-income families and children. We urge expansion and extension of these programs, and further urges administration of these programs in a manner that will assure maximum nutritional value for the recipients. Accordingly, Cooperative Network opposes efforts by the USDA Food and Nutrition Service to reduce the fluid milk allocation for the Women's Infant's and Children's (WIC) Program.

## **AG 1.21 Ice Cream and Milk Standards**

Allowing the protein in ice cream to come from any product other than nonfat milk solids or whey solids must be prohibited. Cooperative Network opposes standards which would allow the use of non-dairy emulsifiers and stabilizers in low-fat milk, fortified skim milk and skim milk.

## **AG 1.22 Imported Milk Protein Concentrate**

Cooperative Network supports passage of federal legislation which would impose tariff-rate quotas (TRQs) for importation of milk protein concentrate (MPC). We commend members of the Upper Midwest Congressional delegation for leadership through the introduction of this bill. These products are heavily subsidized in world markets and imports of these products into the United States are not limited by any existing trade agreement. Their use in domestic cheese results in displacing U.S. milk and weakens the market for U.S. milk producers. Further, we oppose changing the U.S. standard of identity for natural cheese that would permit the use of casein or dry ultra-filtered milk protein.

# Agriculture Resolutions

## **AG 1.23 Dairy Development**

Cooperative Network will continue to work with members, legislators, government agencies and other organizations in order to create a more vibrant climate for animal agriculture. In order to keep the industry growing, processing capacity has to keep pace with production increases. Cooperative Network supports efforts to encourage cooperatives to expand and modernize processing facilities.

## **AG 1.24 Dairy Self Help Programs**

Cooperative Network recognizes the success of Cooperatives Working Together (CWT) and the need to continue programs like CWT that improve dairy producers' farm income levels. Cooperative Network supports enabling dairy producers to work together to enhance their ability to promote voluntary and self-help programs such as CWT.

## **AG 1.25 Labeling and Content of Cheese for Pizzas**

Cooperative Network strongly supports prominent labeling identifying the use of cheese substitutes or imitation cheese when used in the making of pizza. Cooperative Network further supports requirements that all pizzas contain a "cheese component" of at least 12 percent of their total weight, and that at least one-half of that cheese be natural cheese.

## **AG 1.26 Federal Dairy Policy**

The members of Cooperative Network support the dairy provisions of the Food, Conservation and Energy Act of 2008, which provides a reasonable, balanced framework for supporting the dairy industry nationally without favoring milk producers in one region over another. Cooperative Network urges the Congress to fully fund the bill through the appropriations process. As federal dairy policy reacts to low prices Upper Midwest Dairy Cooperatives need to be at the table to make sure federal dairy policy does not favor one region over another.

# Agriculture Resolutions

## **AG 1.27 Marketing Order Program Regulation**

Cooperative Network supports federal policies and programs to protect and enhance the ability of farmers to join together in cooperative efforts and urges the President and the Congress to take necessary action to advance a more timely federal milk marketing order amendment process.

We propose a requirement that a preliminary economic impact analysis be produced before any marketing order is altered or eliminated by federal government action. Cooperative Network also calls for the elimination of administrative guidelines which discourage farmer cooperatives and their elected boards of directors from voting or acting on behalf of their farmer members as provided under existing law.

## **AG 1.28 Grain Standards**

Cooperative Network joins with grain producers around the nation and their organizations in calling for more uniform application of U.S. grain standards.

## **AG 1.29 Below Cost Selling/Unfair Sales Act**

Cooperative Network urges the Minnesota Legislature to maintain the statutory prohibition against selling motor fuels below cost and urges the Wisconsin Legislature to maintain the Unfair Sales Act. Without the protection of these laws, many motor fuel retailers would be threatened. Consumers would end up with less competition in the marketplace and eventually may be hurt by higher motor fuel prices. Cooperative Network urges the Legislatures and Administrations to appropriate funds sufficient to adequately enforce the law.

# Agriculture Resolutions – Minn.

## **AG 2.01 Agriculture Business Climate**

Minnesota has undergone drastic changes in the agricultural sector. The acceleration in cash crop and specialty crop production has been accompanied by a drop in numbers of livestock farmers.

These changes are alarming because livestock production is the core of economic strength in rural Minnesota. Farmers have too much invested in cooperative facilities to risk losing them. We urge legislative and administrative initiatives that:

- Monitor the current commodity price situation that may threaten the loss of more family farms.
- Provide favorable economic and organizational climate for farmers and agriculture to enable Minnesota to compete profitably with other regions and in international markets.
- Stimulate growth in the livestock sector to better utilize our feed grain production.

Foster new production areas, as well as maintain traditional sectors.

## **AG 2.02 Agricultural Chemical Response and Reimbursement Account**

The ACRRA program has benefited agriculture, by off-setting a proportion of environmental cleanup expenses associated with historic and accidental contamination at agronomy facilities, farms and other locations. The program has allowed many cooperatives and producers to address environmental concerns and remain in business as the cost of these cleanups can easily exceed the value of a person's assets. The industry-funded program has yielded tremendous benefits to the public.

Cooperative Network supports the continuation of the ACRRA program and believes that all eligible program users must pay their proportion of the fees that fund it. Cooperative Network supports efforts that will ensure that fees are paid on all eligible fertilizer and pesticide products used in the state as long as the process does not create an overly burdensome process for retailers.

## **AG 2.03 Agriculture and Rural Careers**

Cooperative Network urges the State of Minnesota to develop training and education assistance programs for farmers and rural residents. The goal of the programs should be to help individuals who have left production agriculture to develop new skills and provide opportunities for those individuals to stay in rural communities.

# Agriculture Resolutions – Minn.

## **AG 2.04 Biodiesel and Ethanol**

The ethanol and biodiesel industries contribute substantially to Minnesota's economy. Minnesota ranks within the top five in the nation for production of both corn and soybeans as agricultural crops. Developing a sustainable market for diesel fuel blended with bio-based oils would boost soybean processing in Minnesota and increase the demand for soybeans grown in Minnesota.

Cooperative Network supports the development of a sustainable biodiesel market in Minnesota and elsewhere, provided research and experience demonstrates that the fuel will not inhibit vehicle performance. Laws should include waivers, exclusions, or off-ramps to address potential quality of product issues, with greater consideration given to laws requiring increased use of biodiesel during winter months. Another important consideration to the creation of sustainable markets is the potential consequence to the livestock industry and feed costs. Policymakers may need to revisit the new biodiesel legislation that increases biodiesel use to 20% if the sustainability is largely at the expense of livestock producers, or product quality issues such as gelling, threaten to degrade the quality of motor fuels sold in Minnesota.

Sustainable biofuels markets are important to the continued economic health of agriculture. However, cooperative members' experiences with product quality issues have resulted in reduced market share for some motor fuel retailers. Maintaining a positive image and experiences with biofuels will ensure long-term markets for these products. Cooperative Network supports research to look at alternative sources of biomass for the production of ethanol, methane and biodiesel.

## **AG 2.05 Credit Card Surcharges and Cash Discounts**

Credit card processing fees significantly erode retail margins on petroleum products as wholesale prices rise. This is in part due to the competitive nature of the business that keeps margins low. Since credit card processing fees are based on a percentage of the sale, as retail prices move higher, more consumers make credit purchases. Cooperative Network is supportive of legislative efforts that allow convenience stores and other retail locations to offer cash discounts.

## **AG 2.06 Livestock Friendly Counties**

Minnesota livestock friendly counties can become magnets for the development and growth of milk production in the state. Livestock friendly counties will help promote the development of Minnesota's livestock production. Cooperative Network urges farmers to work with county boards to succeed in having their counties designated as "livestock friendly."

# Agriculture Resolutions – Minn.

## **AG 2.07 Livestock Industry**

Cooperative Network is concerned about changes in the livestock production and processing industry. A vigorous and growing livestock industry adds to the vitality of family farms and enhances employment, economic activity and viability of rural communities. The laws protecting farmers from nuisance lawsuits and changes to the corporate farm law will assist Minnesota livestock producers to compete through their cooperatives in national and international markets.

Cooperative Network encourages the legislature to continue to improve the environment for livestock siting.

Cooperative Network calls on the Minnesota Department of Agriculture to look for ways for government to look for financing solutions and improve access to capital with support of programs such as expanding the ability of the Rural Finance Authority to finance beginning farmers. Upgrading operations through cost-sharing programs will have long-term benefits for Minnesota's livestock economy. Cooperative Network supports a grant program to enable cost-sharing of improvements as may be required in the current rules. Cooperative Network opposes moratoriums on the construction of livestock facilities.

Cooperative Network thanks the legislature and the Governor for implementing the Livestock Investment Grant Program and encourages future funding for the Livestock Investment Grant.

Cooperative Network supports funding for research and improved technology by the University of Minnesota for the benefit of the state's livestock industry.

Cooperative Network supports educational programs targeted at producers in order for them to better understand the details of the current livestock rules, including implications of the rules and time table.

We support state-wide standards for environmental permitting. Cooperative Network urges the creation of interagency 'one stop' centers or 'hot-lines' to provide citizens with coordinated information, and the use of "producer advocates" to assist in the permitting process.

## **AG 2.08 Petrofund**

The Minnesota Petrofund is an excellent example of environmental legislation. It has created an incentive for owners of petroleum storage tanks to inspect tanks and monitor inventories to detect problems. Early action has minimized literally thousands of potential threats to groundwater. Cooperative Network commends the results of the Petrofund and urges that the program be made permanent.

# Agriculture Resolutions – Minn.

## **AG 2.09 Volume Premiums**

Cooperative Network believes the issue of volume premiums should not be used as a means of dividing producers by size of operation, and acknowledges that there are benefits to all producers when cooperative plants operate at their most efficient plant capacities. Divisiveness over this issue does not contribute to a healthier Minnesota dairy industry that can benefit producers with operations of all sizes.

Volume premiums are, and should continue to be, based on economic justification. It should be left to the individual organization to determine what price level can be economically justified.

## **AG 2.10 Wetlands and Drainage**

Wetland and drainage regulation impacts a large percentage of Cooperative Network members and the membership of these cooperatives. Cooperative Network urges a simplified, common sense approach to wetland regulations that will allow for proper drainage of wet farm areas within normal crop acres consistent with sound water conservation practices. Cooperative Network opposes changes to state or federal drainage laws that will restrict the ability of producers to drain farmland for agricultural production purposes or restrict the ability to repair or improve existing drainage systems. Cooperative Network supports the current state wetland exemptions for agricultural land. We oppose any further public purchase of private land and prefer a no net loss of private land. Cooperative Network has concerns on the impact to farms of the Clean Water Restoration Act.

# Agriculture Resolutions – Wis.

## **AG 3.01 Cabinet Form of Government**

The Wisconsin Department of Agriculture, Trade and Consumer Protection (DATCP) has a well deserved reputation for quality and continuity throughout all segments of Wisconsin's rural and agricultural community, as well as throughout the nation. The Wisconsin Department of Natural Resources (DNR) has the same reputation among Wisconsin's environmental protection and conservation community. The citizen boards of both agencies provide an invaluable mechanism for allowing input to the Departments. Rural Wisconsinites have repeatedly stated their belief by their support of numerous resolutions calling for the continuation of DATCP and DNR citizen boards.

Cooperative Network goes on record in support of the continuation of DATCP and the DNR as agencies under the direction of part-time citizen boards with restoration of board authority to appoint the secretary.

## **AG 3.02 Energy and Alternative Fuels**

Cooperative Network believes federal and state policy makers should make sure appropriate priority is given to the agriculture sector. We encourage agricultural groups and farmers to construct and operate energy production facilities in the state utilizing corn, whey, bio-mass, agricultural and livestock waste and other Wisconsin products. We call upon the Governor and State Legislature to provide incentives for the development and use of these state-produced energy sources, in a way that is fair and equitable to all consumers.

## **AG 3.03 Commodity Promotion Programs**

Cooperative Network urges the continuance of all appropriations and programs for promotion of Wisconsin agricultural products in Wisconsin and out-of-state markets.

## **AG 3.04 Right to Farm**

Cooperative Network believes the Department of Agriculture, Trade and Consumer Protection (DATCP), the Wisconsin Department of Justice and the Wisconsin Legislature should continue to protect the right to farm so farmers will have the opportunity for a profitable livelihood and all society will have necessary food and fiber. We urge continued consideration of the need to preserve our food and fiber base which provides us with our most essential needs.

Past support for agricultural operations includes legislation enacted by the Wisconsin Legislature in 1996 that protects farmers' rights and limits the financial and other impacts of nuisance claims initiated by others against farming activities. Cooperative Network will support and may act in defense of challenges to right to farm, including lawsuits against individual producers and broader based efforts that would undermine both principle and intent of the law.

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# Agriculture Resolutions – Wis.

Cooperative Network supports the right of farmers to modernize and structure their farm businesses to respond to changes in the marketplace and, consistent with sound, science-based systems, to protect the environment. The livestock facility siting and expansion law was enacted in large part to assure the right to locate and expand facilities that meet statewide standards and to minimize project delay and neighbor conflict at the local level. The law requires DATCP to review the administrative rules that implement the law at least once every 4 years. Cooperative Network will oppose efforts to make changes outside the scope of the law and also opposes efforts to impose moratoriums on livestock siting expansions.

## **AG 3.05 Preservation of Agricultural Land**

Population growth in suburban and rural settings has consumed increasing amounts of productive farmland in Wisconsin. Haphazard growth of the urban community results in high costs of public services and generally leads to conflicts between urban and rural landowners. Preservation of productive agricultural land is essential to maintaining Wisconsin's farms and rural lifestyle. Farms generate far more revenue than they consume in services, as shown in various studies, including a University of Wisconsin study.

Farmers' financial decisions about their land should be respected and understood. Cooperative Network urges farmers and others who support continuation of production agriculture to be actively involved in local government decision-making about zoning, comprehensive planning, annexation, and other issues impacting the future of farming. Municipal boundary disputes can result in inefficient delivery of public services, urban sprawl, and negative effects on agricultural land. We encourage more boundary agreements among municipalities. Adjustment of boundaries through mutual agreement or by third-party resolution is a likely improvement to the current one-sided situation.

Recommendations of the Wisconsin Working Lands Initiative have been enacted by the legislature and these can provide new and updated tools to protect and enhance working agricultural land. They include: revitalize the Farmland Preservation Program (FPPs), create Agricultural Enterprise Areas (AEAs), create a grant program for the Purchase of Agricultural Conservation Easements (PACE), provide local planning grants to counties to offset the costs of updating FPPs, and establish a beginning farmer support program.

Cooperative Network encourages local government and landowners to work together to understand these tools and to implement the ones that best help stem the loss of valuable farming lands in their local areas.

In both the short and long run, a profitable agricultural sector will assure the preservation of farmland more than any government program or policy.

# Agriculture Resolutions – Wis.

## **AG 3.06 UW Board of Regents Agriculture Representative**

Wisconsin has some of the strongest agricultural research, education and outreach programs in the nation. Colleges of Agriculture at Madison, River Falls, Platteville and UW-Extension are known nationally and internationally. These institutions have been an integral part of making agriculture Wisconsin's largest and most diverse industry. They have been the source of countless new developments and innovations in agriculture, food, medicine, science and other fields. The agriculture and allied food industries also account for nearly one quarter of all jobs in Wisconsin.

For these reasons, Cooperative Network encourages the governor to ensure that the UW Board of Regents always has at least one well-qualified representative of agriculture serving on this important policy board at all times.

## **AG 3.07 Fairs and Expositions**

Cooperative Network continues to support a State Fair that has a strong agricultural and youth emphasis.

We also believe continued state funding is appropriate for the continuation of youth education and strengthening of the community showcase of agriculture at county fairs. Cooperative Network supports an initiative to establish a permanent half-time state coordinator for county and district fairs at the Department of Agriculture, Trade and Consumer Protection (DATCP) in order to ensure strong promotional, educational and marketing support for our 76 county and district fair system.

Cooperative Network supports continued state funding for World Dairy Expo.

## **AG 3.08 Animal Health and Crop Protection Products in Food Production**

Current scientific technology has made it possible to measure very minute quantities of additives used in food production, often well below any reasonable level of health risk. Cooperative Network urges food producers and allied professionals to follow approved labels in the administration and use of chemicals and drugs in food production. Cooperative Network urges the Food and Drug Administration to take a logical and scientific approach based on proven health risks in establishing acceptable practices and restriction of product use. This should include maintaining current regulations on extra-label use of pharmaceuticals with consulting veterinarians on all species of animals and the continuation of Public Law 108-282.

# Agriculture Resolutions – Wis.

## **AG 3.09 Food Quality Protection Act**

In 1996, Congress passed the Food Quality Protection Act (FQPA). The Act amended two major federal statutes regulating pesticides. Among the outcomes of the FQPA are: a single health-based standard for all pesticides in food; incentives for the development of effective crop protection tools for farmers; and periodic re-evaluation of pesticide registrations and tolerances to ensure the scientific data supporting pesticide regulations will remain up to date in the future. Over ten years, 9000 pesticide uses will be re-evaluated for safety.

In order to help analyze the effects of the FQPA on Wisconsin agriculture, the Pesticide Use and Risk Reduction Project was started with a Department of Justice grant in 1998, and continues with special appropriations from the USDA. The project is coordinated through the University of Wisconsin's Center for Integrated Agricultural Systems. Cooperative Network was one of eleven agricultural organizations that successfully submitted the proposal for funding to the DOJ. The project identifies pesticides that are important in producing Wisconsin crops and are considered to be of high risk to human health by the EPA.

Based on the evaluations, commodity-based teams of grower organizations, suppliers and university researchers are identifying, developing and promoting safe and profitable alternatives to FQPA targeted pesticides. The project is also working on private sector, market-based opportunities to cover the increased cost of production inherent in adopting reduced-risk production strategies. Cooperative Network supports the project since it is important to farmers and consumers and calls upon all who are contacted by the research outreach efforts to participate in the project.

## **AG 3.10 Animal Disease Control**

The health of our livestock population directly affects the supply, quality and price of meat and milk products available to consumers. It is essential, therefore, that we maintain a continuing eradication and control and prevention effort on the major livestock diseases in order to protect human and animal health and to maintain a positive image of our products. This effort needs to be applied to not only those diseases present in or known to the United States and Wisconsin, but also to others from which we are not immune, to ensure the continued strength of our markets and stability of livestock producers.

The USDA and DATCP administer non-duplicative indemnity programs to pay owners of certain condemned diseased animals for their losses. The market value is paid for losses where catastrophic disease is the cause. Wisconsin statutes provide that in the event of a major or serious outbreak of dangerous diseases requiring special control measures, DATCP may request the Legislature's joint committee on finance to release funds to conduct emergency control programs, or to pay various indemnities not covered by the USDA. Cooperative Network supports continuation of indemnity payments as one part of the eradication effort on serious diseases.

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# Agriculture Resolutions – Wis.

Johne's disease is one example of an animal health problem increasingly being recognized as serious and warranting strong action. Cooperative Network supports ongoing efforts to increase awareness of Johne's, increase herd testing, and provide incentives for communication and education among producers and manufacturers, and to promote essential research about the costly disease.

It is essential to put in place the necessary management and communications systems to anticipate major animal health emergencies in Wisconsin. Cooperative Network participates and supports the activities of the Wisconsin Incident Management Network (WIMN), an alliance of more than 40 cooperatives and public and private organizations involved with the dairy industry. WIMN participants will work with the emergency management systems in the state to help assure consumer confidence in our food and food production systems in the event of an animal health incident or emergency.

Cooperative Network supports increased research and improved testing programs emphasizing the use of the Wisconsin Veterinary School and the Wisconsin Veterinary Diagnostic Laboratory.

## **AG 3.11 U.W. Center for Dairy Research**

The University of Wisconsin Center for Dairy Research (CDR) was created with the leadership of Cooperative Network and Wisconsin dairy cooperatives to provide research in new dairy products and technologies. Wisconsin dairy producers are the source of three quarters of the annual budget through the Wisconsin Milk Marketing Board (WMMB) and National Dairy Board/Dairy Management Inc. (DMI). The UW-Madison provides less than one-tenth of the budget and industry contracts and other sources supply the balance. It is Cooperative Network's goal that member cooperatives are positioned to be rapid adapters and thus the beneficiaries of these new value-added products and technology advances. Cooperative Network urges continued support and involvement with CDR as the long-term health of the dairy industry benefits from their activities.

## **AG 3.12 Milk Quality Programs**

Cooperative Network recognizes the accomplishments which have accrued to the dairy industry and the public from the milk quality programs. We urge that adequate Grade A inspection support be provided and that the programs be administered in a manner which will reduce costs, avoid duplication of services and minimize divergent interpretation of rules. States should have flexibility in determining the number of farm inspections. Cooperative Network supports a DATCP initiative that would allow a risk-based alternative to routine inspection of Grade A dairy farms. The proposal will require changes to the Pasteurized Milk Ordinance (PMO). Certification of the safety and wholesomeness of Grade A milk by the Wisconsin Department of Agriculture, Trade and Consumer Protection pursuant to the PMO as a prerequisite to interstate movement of fluid milk protects public health and should be financed by public tax dollars.

# Agriculture Resolutions – Wis.

## **AG 3.13 Uniform Testing of Milk**

Consumers depend on a wholesome and safe milk supply to provide an important portion of their nutritional needs. To ensure milk is safe, Cooperative Network encourages producers to participate in the official 10 point milk quality assurance program.

The Food and Drug Administration (FDA) approved 17 different tests for use by processors in screening and confirmation for the presence of drug residue. Some of the test kits detect certain residues well below the FDA's published "safe" levels, while others detect at "safe" levels. The variety and non-uniformity of test are a business cost factor for plants, patrons and the insurance industry. Cooperative Network urges the scientific community and the FDA to adopt as a priority, creation of a drug screening test program which establishes uniformity at an acceptable cost.

## **AG 3.14 Uniform Standardization of Electronic Milk Testing Equipment**

Electronic testing equipment is used for testing milk samples for components, including the quality of milk through somatic cell counts. The use of electronic testing instruments requires a need for a uniform standardization on a state-wide basis to maintain the accuracy for payment (value of the milk) and DHI records programs for Wisconsin dairy producers.

Cooperative Network strongly supports the programs of the Wisconsin Department of Agriculture, Trade and Consumer Protection to provide regulations for the performance and accuracy of the electronic milk component (including somatic cell count) testing instruments, including the requirement that the person performing the test be a licensed and certified tester.

## **AG 3.15 Producer Security**

Cooperative Network continues to oppose mandatory, payment of assessments into the security pool if dairy purchasers meet required financial criteria. Cooperative Network will work with its members, other stakeholders, and DATCP to create a less costly and more efficient program. Among the desired changes are revisions in program debt to asset ratios that currently penalize businesses that borrow money to expand and modernize their operations, or that have defined benefit pension obligations. Cooperative Network will work to eliminate the unfair situation where some contractors have been forced to maintain private financial security while also making payments into the APS fund. These and other changes will have to be enacted if the program is to become what it was intended to be--a cost savings to industry and a more timely and efficient system to protect producers in the event of a business failure. Because cooperatives are member owned and member governed businesses, Cooperative Network has suggested that cooperative boards of directors be permitted to vote to "opt out" of the program if approved by majority vote of the respective board.

# Agriculture Resolutions – Wis.

## **AG 3.16 Groundwater**

Cooperative Network is concerned about protecting the state's groundwater quality. We support programs that identify harmful substances and monitor their presence to protect the health and welfare of our citizens. To the extent possible, we encourage development of reasonable and uniform national standards for groundwater quality, uniform regulations to protect groundwater, and uniform enforcement and coordination between state agencies.

We urge the Legislature to use general tax revenues in addition to user fees to establish a compensation program for required remediation, which benefits the environment and is equitable for everyone.

Cooperative Network strongly urges all agencies concerned with groundwater programs to continue efforts to achieve the goal to develop management practices which prevent or minimize pollution of the groundwater. We believe state policy must recognize this is a local problem which should be resolved through education, cost-sharing and modified practices.

Access to sufficient groundwater quantity has become an issue in parts of Wisconsin and high capacity wells critical to Wisconsin agriculture could face additional regulation as a result. Cooperative Network will advocate for the needs of its members' access to groundwater as this debate intensifies.

## **AG 3.17 Agri-chemical Clean-up**

Soil and groundwater contamination from agricultural chemicals at mixing and loading facilities operated by farm supply cooperatives, other farm supply businesses and at farm sites have been identified by state agencies as a serious concern. In order to address these concerns as fairly and expediently as possible, Cooperative Network successfully led the effort to get state legislation enacted that created a fund for partial payment of the costs of cleaning up such sites.

Because of several "raids" on the ACCP fund over the years by governors and the Legislature, the program's future is in doubt as stakeholders' displeasure with these raids increase. Cooperative Network will engage its members to determine the appropriate course of action that could avert the continual raids on this segregated fund. At a minimum, this will entail reducing the product and license surcharge fees that fund the program to bring revenue and ACCP program expenditures into approximate balance. More dramatic change will also be considered, including phasing out the program.

# Agriculture Resolutions – Wis.

## **AG 3.18 Non-point Pollution Control**

Under administrative rule ATCP 50, governing the soil and water resource management program (non-point), government cost sharing with farmers is necessary in order to require them to make costly investments in structures to abate water pollution attributable to agricultural sources and animal waste. We call upon policymakers to make the appropriation of cost-share money a budget priority. To prevent overly burdensome costs on farmers and the state, common sense practical approaches must be considered as the program evolves.

Cooperative Network acknowledges DATCP's role in using state money to provide cost-share to farmers to implement nutrient management plans. State funding consists of general purpose revenue and a portion of the fee collected on solid and hazardous waste disposed at Wisconsin landfills. Increasing the development and the use of nutrient management plans on Wisconsin farms is a key part of the non-point rule. These plans will be phased in throughout Wisconsin. The Conservation Reserve Program (CRP) is a joint effort between the USDA, state and participating counties. The program encourages the creation of riparian buffers and filter strips through planting grasses and trees along stream banks to diminish run-off of nutrients and topsoil.

Cooperative Network believes that the Wisconsin Agriculture Stewardship Initiative (WASI), announced in 2000, with its three parts—the UW-Platteville Pioneer Prairie Farm, the Discovery Farms, and other UW campuses—is a logical endeavor to discover answers to some of the non-point challenges identified in the rulemaking. This Initiative recognizes the need for producers to be able to grow economically as well as to protect the environment. It is clear that environmental regulations affecting production agriculture must be based on applied science and must not jeopardize the future of animal and crop agriculture in Wisconsin. Cooperative Network supports the work of WASI and participates on the Discovery Farms Steering Committee.

## **AG 3.19 Petroleum Environmental Cleanup Fund Award (PECFA) Program Reform**

In the 1987-1989 Legislative Session, the Petroleum Environmental Cleanup Fund Award (PECFA) Program was created to reimburse property owners for a portion of the cleanup costs of discharges from petroleum storage systems and home heating oil systems.

A petroleum inspection fee of 2 cents per gallon imposed on all petroleum products brought into Wisconsin funds the program.

Cooperative Network will work with its members and others to determine the future of the program as the level of program activity diminishes. Like other segregated funds, the PECFA fund has suffered diversion of resources to other purposes never intended when the program was created. As a result, a phase-out of the fee could discourage those diversions while still supplying resources necessary for the reduced site cleanup reimbursements.

# Credit Union Resolutions

## **CU 1.01 Taxation of Credit Unions**

Credit unions are not for profit, member-owned, democratically controlled financial cooperatives. Additional taxes on cooperatives and credit unions are therefore a tax on individual members, who already pay income tax on dividends received.

Cooperative Network strongly opposes any attempts, either at the state or federal level, to tax credit unions in the same manner as for-profit shareholder-held corporations. We therefore urge the Minnesota and Wisconsin Congressional Delegation and State Legislatures to oppose any tax proposals that would erode the tax exemption afforded credit unions and cooperatives in general.

## **CU 1.02 Credit Unions and Cooperative Development**

In the spirit of cooperatives helping cooperatives, we urge credit unions to assist with the financing and development of new cooperative ventures in communities across Minnesota and Wisconsin to the degree that their charters and bylaws allow.

We urge credit unions to work closely with Cooperative Network on cooperative development and to assist in efforts to secure financing that will foster and nurture new and expanding cooperative enterprises.

## **CU 1.03 National Credit Union Share Insurance Fund**

The National Credit Union Share Insurance Fund (NCUSIF) is and can be challenged by crisis outside of the control of natural-person credit unions who capitalize the fund. Cooperative Network strongly opposes federal efforts to risk the strong and well-capitalized NCUSIF in an effort to bail out the insurance funds of banks, savings and loan institutions, and savings banks. In addition, excessive or unreasonable premium assessments which harm the strong capital position of natural-person credit unions will be opposed. Cooperative Network strongly supports efforts to capitalize this fund in a fashion that protects individual credit union contributors. Cooperative Network therefore resolves to work with the Minnesota Credit Union Network, Wisconsin Credit Union League and credit unions to encourage a strong NCUSIF and fight any merger of the deposit insurance funds or unfair assessments.

# Credit Union Resolutions

## **CU 1.04 Dual Chartering**

Dual chartering, the choice between a federal and state charter, has provided a healthy competition between federal and state governments to appropriately control and respond to geographic and economic situations.

State legislatures and regulators to be the “laboratories” of financial innovation, is in jeopardy as the need for more uniform regulatory systems to meet the demand of global competition is advocated by many within our nation’s financial services industry. It is critical, as these challenges arise in today’s marketplace, that federal regulatory agencies refrain from adopting policies without regard for state regulatory authority and at the expense of innovative state credit union laws.

Credit unions’ dual chartering system has benefited by the competitive interplay and “balance of power” between NCUA and state regulators to provide the best system of examination, supervision and regulation. The continuation of this competitive interplay and “balance of power” is essential to the future of the dual chartering system.

Minnesota and Wisconsin credit unions are largely state chartered. Cooperative Network believes this form of local control is responsible in part for the vitality of the credit union movement in Minnesota and Wisconsin. Cooperative Network supports the dual chartering system and opposes any proposal which would supersede states’ rights or usurp the power of state regulators.

## **CU 1.05 Access to Credit Union Services**

As not-for-profit cooperative financial institutions, credit unions provide a critical alternative for working families. Credit union members, by virtue of the direct control they exert through the organizational structure and operations of the credit union, should collectively have complete authority /to decide which financial services should be offered and to whom.

State and federal laws should make it easy to become a member of a credit union, and regulations should allow credit unions to offer various products and services requested by their members. Cooperative Network will assist the Minnesota Credit Union Network and the Wisconsin Credit Union League in pursuing law and policy changes that enable credit unions to provide more and better services to their members.

# Credit Union Resolutions

## **CU 1.06 Promoting Financial Literacy**

Studies show that many high school students do not possess the basic financial skills necessary to manage their personal finances.

Cooperative Network believes that the promotion of financial literacy, particularly among our youth, is critical to the future of Minnesota and Wisconsin's economy. Students who learn sound money management today will have an easier time affording home ownership, obtaining loans for higher education and running cooperative businesses in the future.

Cooperative Network will work with the Minnesota Credit Union Network, the Wisconsin Credit Union League, credit unions, government agencies, schools and communities to promote and encourage financial literacy programs. Further, we will continue to advocate for the passage of legislation that would require financial education as a prerequisite for graduation from Minnesota and Wisconsin high schools.

## **CU 1.07 Credit Unions Fighting Predatory Practices, Helping Low-Wealth Individuals**

Cooperative Network strongly supports the REAL Solutions and Real Deals programs created by The Filene Research Institute and implemented by the Minnesota Credit Union Network, the Wisconsin Credit Union League and their member credit unions to develop products, services, and financial education that will combat predatory financial practices and meet the needs of consumers of modest means to include low income, new Americans, and others that are not having their financial needs met by the mainstream financial services system.

## **CU 1.08 Parity for State-Chartered Credit Unions**

Cooperative Network supports efforts to achieve parity for state-chartered credit unions when federal credit unions gain powers and advantages not yet available at the state level.

## **CU 1.09 Conversion of Credit Unions**

In any sale, acquisition, merger or restructuring of a cooperative, members are entitled to transparency, honesty, disclosure of the terms of the proposed transaction and full involvement in the ultimate determination of the event. Therefore, Cooperative Network will oppose legislation or other effort that removes protections for, reduces the transparency or disclosure requirements to, or seeks to dilute the equity of credit union members in the process of conversion of a credit union to a different financial entity.

# Credit Union Resolutions

## **CU 1.10 Credit Union Capital**

Cooperative Network strongly supports legislation that improves credit unions' ability to raise capital and serve businesses and members.

## **CU 1.11 Regulation of Minnesota Credit Unions**

Cooperative Network urges the Minnesota legislature and Minnesota Department of Commerce to recognize the unique regulatory structure necessary to oversee non-profit, member owned credit unions. Cooperative Network will work with the Minnesota Credit Union Network and the state's credit unions to maintain a regulatory climate that will ensure the highest level of service to credit union members.

## **CU 1.12 Regulation of Wisconsin Credit Unions**

In 1996, the Wisconsin Legislature created the state Department of Financial Institutions (DFI) to oversee financial institutions serving Wisconsin consumers. Previously, Wisconsin credit unions were regulated by a separate and independent commissioner - a regulatory environment that helped make Wisconsin credit unions among the best in the country in terms of financial stability and consumer responsiveness. The Wisconsin Office of Credit Unions, a cabinet-level agency responsible for regulatory oversight of credit unions under Chapter 186, is now housed within DFI for administrative purposes.

Cooperative Network recognizes the importance of an independent, regulatory agency that understands the unique, cooperative structure and principles that govern the operation of credit unions. Therefore, we urge vigilance and extreme caution by the Legislature and the governor in overseeing the Office of Credit Unions. It is imperative that credit unions maintain separateness in policy-making decisions within DFI.

Cooperative Network further encourages the legislature to monitor the Department's operations to ensure that credit unions, because of their unique structure as member-owned and controlled cooperatives, maintain the independent regulatory system and the Review Board process that has served Wisconsin credit union members and other financial institution customers well.

Cooperative Network, therefore, resolves to work with the Wisconsin Credit Union League and the state's credit unions to maintain a regulatory climate that will ensure the highest level of service to credit union members.

# Credit Union Resolutions

## **CU 1.13 Federal Regulation of Credit Unions**

Cooperative Network opposes any effort to combine the National Credit Union Administration (NCUA) into a “Super Regulator” for financial institutions that would conceivably merge the four bank regulatory agencies with the NCUA. As not-for-profit, member-owned cooperatives, credit union regulation should be kept separate from the for-profit banking world.

## **CU 1.14 Member Business Loans**

Because of the importance of funding for small businesses, and since credit unions are strongly positioned to provide that funding, Cooperative Network supports efforts to raise the Member Business Lending cap on credit unions (currently at 12.5% of total assets) and to increase the size of loans which are excluded from the cap (currently at \$50,000).

# Farm Credit Services Resolutions

## **FC 1.01 Farm Credit System**

Agriculture in the United States is structurally diverse, complex, and consumer driven, with its success dependent upon a broad base of businesses that include marketing, processing and agriculturally-related businesses that are located in rural areas.

Cooperative Network encourages the Farm Credit Administration, the Farm Credit System and Congress to work together to develop viable programs which will enable the System to continue serving agriculture and rural America in response to the structural, economic and demographic shifts that continue to occur in agriculture, including unfettered access to funding sources in the absence of fully functioning credit markets similar to those provided to other regulated financial institutions.

Furthermore, Cooperative Network believes that the Farm Credit System should be maintained as a strong and viable source of financial services for agriculture and rural America. We support maintaining the Farm Credit System under the jurisdiction of House and Senate agricultural committees and the retention of the Farm Credit Administration as a strong and independent regulator for the Farm Credit System.

We strongly oppose the imposition of user fees or new taxes on the Farm Credit System. System institutions now pay: the cost of their regulator, the Farm Credit Administration; and insurance premiums to the Farm Credit System Insurance Corporation. These costs are disproportionately high compared to those imposed by the government on other lenders. This inequity would be worsened if System institutions, and ultimately the cooperatives and producers who are their members, are required to pay an additional user fee or tax.

Cooperative Network supports federal legislation that will allow CoBank to finance any entity that meets the definition of an agricultural cooperative as provided under any state law.

We support a flexible regulatory environment for providing mission-related investments, more effective use of System capital, and being responsive to customers' needs and market forces.

Agriculture remains a vital contributor to the U.S. economy and to the world's supply of food and fiber, and rural America remains an important contributor to our nation's culture, work ethic and way of life. Further, agriculture and rural America are changing and, correspondingly, their needs for financial services and capital, new investment, and infrastructure are changing.

The customer-owned Farm Credit System has a mission to serve the financial needs of agriculture and rural America by providing capital, expert advice and competitive financial services and products.

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# Farm Credit Services Resolutions

Because agriculture and rural communities – including members of Cooperative Network – need greater, more dependable access to competitive, flexible, financial resources in order to compete in a changing global economy, Cooperative Network will support regulatory and legislative changes that would provide agricultural producers, rural businesses, rural homeowners, and others in rural America with broader access to financing by the cooperative Farm Credit System.

# General Cooperative Resolutions

## **GC 1.01 Cooperative Development Services**

Cooperative Network has made it a priority issue to fill the gap in development assistance to new and established cooperatives. Cooperative Network urges cooperatives, cooperatively-oriented organizations and all other friends of co-ops to support Cooperative Development Services (CDS). Cooperative Network also urges state government officials, agencies, the University of Minnesota, the University of Wisconsin, the Cooperative Foundation, the Cooperative Development Foundation, Upper Midwest cooperative state councils and regional and local cooperatives to continue to lend their expertise, resources and support to this cooperative endeavor. Cooperative Network encourages the Minnesota Legislature to continue funding the Agricultural Utilization Research Institute (AURI).

## **GC 1.02 Cooperative Education**

Cooperative Network recognizes the value of cooperative education and encourages all public and private schools, including K-12 and post secondary, to emphasize in their curricula the importance of cooperatives in the economy and the need for qualified cooperative personnel. Cooperative Network should continue to establish relationships with educational purveyors, Junior Achievement, Life Smarts, the brass Student magazine and others to promote the inclusion of cooperatives in their curricula. We strongly urge all cooperatives to take an active role in cooperative education in their local schools.

## **GC 1.03 Cooperative Form of Business**

The future of cooperatives is increasingly threatened by conversions of cooperatives to investor-owned businesses. Cooperative Network has the responsibility to publicly and vigorously defend the cooperative form of business and the seven cooperative principles; Cooperative Network supports the right of member-owners to exercise democratic control of their cooperatives including the right to restructure or sell the cooperative. However, in any sale, acquisition, merger or restructuring of a cooperative, members are entitled to transparency, honesty and full disclosure of the terms of the proposed transaction. The net worth of cooperatives belongs to the members and shall remain with them; there shall be no unjust enrichment of directors or senior management upon sale or conversion.

Cooperative Network strongly believes that employee-owned enterprises organized as cooperatives should be an integral part of the state's employment and business mix. We therefore urge state officials to more actively encourage and simplify employees' ability to buy out their companies, especially in cases where the business might close or move.

# General Cooperative Resolutions

## **GC 1.04 Cooperative Good Governance**

Cooperative Network strongly recommends that all cooperative directors receive education and training in the following areas: a) board duties and responsibilities, including management relations; b) cooperative governance, structure and financing; c) cooperative strategic planning; and d) membership communication and education.

## **GC 1.05 Cooperative Finances and Equity Redemption**

Adequate equity financing and equity redemption programs are critical to the success of cooperatives. Cooperative Network opposes any legislation requiring mandatory equity redemption. Cooperative Network should research opportunities that may provide cooperatives with adequate means of financing both debt and equity. This may include supporting a national strategy for purchasing co-op equities in a public pool or other such means to foster a business environment conducive to cooperative growth and prosperity.

## **GC 1.06 Cooperatives' Right to Serve Members and Diversity in Size**

Cooperatives, credit unions and town mutual's of all sizes are obligated to meet the needs and demands of their member-owners by providing products and services at prices that are reasonable and competitive. Cooperative Network will oppose legislative or regulatory efforts to limit, curtail, prohibit or interfere with the efforts of its member cooperatives to furnish legitimate products and services they choose to sell.

## **GC 1.07 Cooperatives and Taxation**

Cooperative Network will monitor and keep membership informed on taxation proposals and studies that would affect cooperatives. Cooperative Network supports continuation of the single-tax treatment of cooperatives and their patrons.

## **GC 1.08 Integrity of Segregated Funds**

In recent years it has become increasingly more common that actions by both the governor and Legislature result in the diversion of money from state segregated funds to cover expenditures previously paid for through general fund revenue. This is a result of both looming general fund deficits and the aversion of state elected officials to balancing the state budget through tax and expenditure modifications sufficient to balance the general fund.

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# General Cooperative Resolutions

Cooperative Network believes that this practice of raiding segregated funds is inappropriate and should be curtailed. It damages the ability to cover functions or services that the segregated funds were created to provide. It also decreases our citizen's faith in the ability of their elected officials to protect funds derived from fee revenue from unintended uses. We call on the Governor and Legislature to stop diverting segregated fund revenue for uses that were never intended, and to address future general fund shortfalls through other budget actions.

## **GC 1.09 International Cooperative Development**

Cooperative Network calls on all cooperatives to educate their members on the work being done in international cooperative development. We urge our members to donate funds, expertise and other resources to assist this work.

Cooperative Network urges Congress to increase funding for the Cooperative Development Program in USAID and other agencies helping to create and promote cooperation.

## **GC 1.10 Rural Development**

Cooperative Network and its member cooperatives should continue their strong leadership in supporting and promoting activities to strengthen existing rural development programs and to promote new initiatives which expand the roles for cooperatives, including all Farm Credit institutions, in rural development. Rural cooperatives recognize and support the important contributions made by the USDA Rural Economic Development Loan and Grants Program (REDLG) in promoting the development of our rural communities.

## **GC 1.11 Support for Universities and Cooperative Extension Commitment to Cooperatives**

In order to improve the efficiency and effectiveness of Minnesota's and Wisconsin's overall co-op research, education and development delivery system, Cooperative Network support the University systems in each state, Extension and Cooperative Extension in their efforts to:

- Improve the quality and relevance of research, education and development work by strongly linking these three related areas;
- Make cooperative research, education and development work more responsive to the co-op business community;
- Expand the capacity to conduct high quality research needed for co-op growth; and,  
(Continued)

# General Cooperative Resolutions

- Create a framework for building interstate linkages to other colleges and land grant institutions

Cooperative Network supports Land-Grant research and Extension goals and will work aggressively to promote a responsive system of research and Extension education to serve the needs of our citizens. We call upon the Congressional delegations, the State Legislatures County Boards, and the Governors, to maintain current levels of base funding for research, Extension and Cooperative Extension programs at both the state and county and to increase investments in such programs as new needs and initiatives warrant.

## **GC 1.12 Transportation**

Attaining an efficient, well-maintained transportation network and other components of a strong, multi-faceted infrastructure is vital to the future of cooperatives.

Cooperative Network supports the following issues concerning transportation infrastructure, including finance:

1. The federal government must establish clear-cut policies and well-defined objectives concerning transportation. Failure to do so thus far has had enormous consequences for cooperatives and their member-owners.
2. The motor fuel excise tax shall be dedicated solely to the state transportation fund and transportation needs. There must not be further diversion of highway tax revenues from the state or federal level.
3. Cooperative Network opposes any new tax on those who refine, or distribute motor fuel.
4. There must be equitable charges among all users of waterways, including recreational and commercial users.
5. There must be timely investment of federal, state and industry matching dollars to improve the aging Upper Mississippi River lock-and-dam infrastructure. Cooperative Network urges Congress to support appropriations to implement the Corp of Engineers proposal for maintaining the river system for transportation in balance with recreational and conservation needs. We oppose a lockage fee that would unfairly burden shippers on the northern parts of the Mississippi River system.

*(Continued)*

# General Cooperative Resolutions

6. Cooperative Network supports expansion of rail service into the Powder River Basin. We encourage the routing of the tracks of the Dakota, Minnesota & Eastern Railroad in a manner that causes the least disruption to the agricultural community and consumes the least amount of valuable agricultural land. Specifically, the bypasses being considered would be detrimental to those farmers whose land it would take but also for farmers trying to get across the tracks. We support staying as close to existing right of way and property lines as possible in upgrading railroad tracks.

Cooperative Network supports the following additional issue concerning transportation:

7. Cooperative Network understands that water levels in the lower reaches of the Upper Midwest river systems, including the Mississippi and Missouri, must be balanced against adequate water levels in the upper reaches of rivers to insure that there is no negative impact on members who depend on these water levels for adequate transportation and services and to maximize hydro power production.

## **GC 1.13 Captive Shippers and Rail Transportation**

Bulk commodity shippers, such as coal burning electric utilities and agricultural businesses are often “captive” to railroad companies because certain areas lack economically viable alternatives for freight delivery. Railroads also enjoy anti-trust protection under current law, making it difficult for shippers to challenge the activities of rail companies.

Recent actions by a number of rail companies have dramatically driven up rates for rail shipping, while at the same time, shippers depended on rail delivery have experienced significantly deteriorated service and unreliable delivery schedule.

Cooperative Network supports all legislative, judicial, and administrative remedies that would ensure fair competition in the railroad industry, provide reasonable rates and adequate service.

In particular, we believe the Surface Transportation Board (STB) must be held accountable by the president, needs to be given resources and authority, and must exercise that authority to protect shippers from unfair economic actions by the rail companies. We also believe Congress should repeal the rail anti-trust exemption.

# General Cooperative Resolutions

## **GC 1.14 New Cooperative Laws**

Cooperative Network, through its advocacy in the Minnesota and Wisconsin Legislatures, was responsible for creating Minnesota Statutes Chapter 308B and Wisconsin Chapter 193. The purpose of the new cooperative laws is to ensure that cooperatives have a modern, flexible, state law that will keep the two states as leading cooperative states in the nation, while remaining true to cooperative principles. A major feature of the laws provide for expanded opportunities to obtain equity for value-added and other cooperatives. Both Minnesota and Wisconsin have seen a number of cooperatives formed under these two laws. Cooperative Network will continue to work to educate its members and others about the possible advantages of forming Chapter 308B and Chapter 193 cooperatives.

## **GC 1.15 Climate Legislation**

Policy choices seeking to reduce greenhouse gas emissions must be designed to have the least negative impact on the ability of cooperatives to deliver affordable goods and services including reliable electricity. Cooperative Network urges policymakers to carefully evaluate potential environmental benefits against economic impacts. The following are essential attributes of any viable climate legislation:

- Covers all sectors of the economy and all nations;
- Provides suitable “off ramps” for any plan which threatens economic and energy reliability and security;
- Balances policies to be fair and equitable to cooperatives and rural residents;
- Removes impediments to increasing efficiency of existing generating units including hydro and nuclear power and cost-effective renewable energy sources;
- Links timelines for carbon reduction to technological progress;
- Provides a full allocation of credits to cooperatives under any Cap-and-Trade regime;
- Allows credits to production agriculture for certain practices such as methane capture, no-till farming, wind energy production, crop rotation, biomass energy production, and other low-carbon or carbon-capture strategies; and
- Pre-empts state programs and EPA regulation under the Clean Air Act.

# General Cooperative Resolutions

## **GC 1.16 Hours of Service**

Cooperative Network opposes restrictions on hours of service at both the state and federal level unless such proposals are based on sound science and are justified economically to the cooperative community. Cooperative Network encourages safe operation of commercial motor vehicles and does not oppose reasonable trucking regulations. However, any rules proposed by the Federal Highway Administration restricting the hours of service that a commercial motor vehicle driver can work must not lead to substantial compliance costs for cooperatives, while yielding only questionable benefits.

## **GC 1.17 Environmental Stewardship**

Cooperative Network is supportive of efforts to protect the environment and public health and welfare, providing that the laws and standards are reasonable; equitable; achievable; economically feasible; and are based on sound, peer-reviewed science.

We urge those administrative agencies responsible for development of pollution abatement regulations to carefully consider the costs and benefits of such regulations on all segments of the economy. We support continued coordination between various governmental agencies which administer rules.

As an indication of its commitment to protection of the environment, Cooperative Network has established an Environmental Services Program to help cooperatives meet multiple environmental compliance needs. Cooperative Network will continue to give top priority to environmental compliance programs and urge all Wisconsin supply co-ops to actively participate in and support them. The goal will be a cleaner environment.

## **GC 1.18 Government Agencies Supporting Cooperatives**

Cooperative Network commends the United States Department of Agriculture (USDA), the Minnesota Department of Agriculture and the Wisconsin Department of Agriculture Trade and Consumer Protection, for their work on behalf of agriculture and cooperatives. We also recognize USDA Rural Development Office and Business and Cooperative Programs for supporting many types of cooperatives and the Rural Utilities Service (RUS) for its support specifically of utility cooperatives. RUS needs to maintain its traditional lending authority, including generation and transmission. We urge Congress and the state legislatures to appropriate sufficient funds so that important and necessary cooperative economic research, loans, grants, and information services are continued and adequately funded.

# General Cooperative Resolutions

## **GC 1.19 Power Quality, Stray Voltage**

Dairy producers and their power suppliers depend on each other. Power suppliers need financially healthy producers. Dairy farmers need safe, reliable, reasonably-priced electric power.

Both dairy producers and electric cooperatives support National Electrical Code-approved methods for addressing the stray voltage issue.

In addition, both support more on-farm testing of electrical phenomena and educational efforts to further promote human and animal health and safety. All power suppliers and their customers will benefit from the resolution of this problem.

# General Cooperative Resolutions – Minn.

## **GC 2.01 Conciliation Court Levels**

Conciliation court requires less court fees and costs than District Court and does not require the party to retain an attorney. The maximum amount a person can bring in a conciliation or small claims lawsuit under the Minnesota Conciliation Court statutes (Minnesota Stat. 491A) is \$7,500. If the amount owed is greater than \$7,500, the co-op is forced to file a traditional lawsuit - losing many of the efficiencies of Conciliation Court. This amount has not been raised since 1994; due to the rising costs of energy, food, commodity and farm inputs, the collections owed to Minnesota's co-ops are raising, and are increasingly higher than the \$7,500 cap. To save funds for the member-owners of co-ops, Cooperative Network proposes raising the Conciliation Court jurisdictional amount.

## **GC 2.02 Energy Assistance for Propane and Heating Oil Users**

Cooperative Network realizes that there are great numbers of Minnesota residents that are in need of energy assistance. Though Cooperative Network fully supports Low Income Home Energy Assistance Program (LIHEAP) funding, because of rapidly rising energy and delivery costs for dealers, Cooperative Network feels that changes must be made to the program's delivery. Cooperative Network encourages policymakers to create programs that educate recipients and encourage pre-arranged payment solutions for the portion of the recipient's energy needs that have not been historically covered by LIHEAP. Additionally, Cooperative Network asks policymakers and the Minnesota Department of Commerce to reevaluate "crisis funding" to make it reflective of higher costs of delivery and the minimum delivery policies that have been enacted by our dealers. Cooperative Network supports a policy of non-discrimination with regards to delivered fuels and believes that all customers who have the ability to pay should be served regardless of the source of payment.

Furthermore, Cooperative Network opposes the extension of the state's "Cold Weather Shut-off Rule" to the delivered fuels industry and the collection of proprietary data or other internal business information from fuel suppliers. We firmly believe that, should the "Cold Weather Shut-off Rule" be extended to the delivered fuels industry, there would be a great number of Minnesota residents that would be without a heating fuels supplier because of the resulting shift of the financial burden onto heating fuel suppliers.

# General Cooperative Resolutions – Minn.

## **GC 2.03 Truck Weight Exemptions**

Cooperative Network understands the need for local government to protect its highway infrastructure by placing spring load restrictions on local roads in rural Minnesota, but sometimes these restrictions add to the cost of living and doing business in rural Minnesota. With the transport of home heating fuel and propane, co-ops ensure that homes have a reliable source of heat. Under current law, highway maintenance vehicles, mobile library units, school buses, garbage haulers, emergency public utility vehicles and milk trucks are exempt from spring load restrictions, we believe that propane, fertilizer and fuel oil hauler vehicles should be exempt from spring load restrictions and ask that they be included as exempt vehicles under Minnesota law 169.87

# General Cooperative Resolutions – Wis.

## **GC 3.01 Cooperative Education**

We believe education pertaining to cooperative forms of ownership should be available in the UW System. We recognize the value of the University Center for Cooperatives (UCC). Wisconsin should continue to be a leader in furnishing the best in cooperative research, teaching and extension.

We support the uniform curricula developed to meet certification requirements for cooperative education under state statutes. We urge Cooperative Network, the university system and Extension to provide educational programs to assist teachers or faculty in public and private institutions to meet certification requirements.

We urge all public and private schools including K-12 through post secondary to emphasize in their curricula at multiple grade levels the importance of cooperatives in the economy and the need for qualified cooperative personnel. This should strengthen the knowledge about cooperatives already urged through Wisconsin Statutes Chapter 118.

## **GC 3.02 Federated Youth Foundation**

The Federated Youth Foundation (FYF), Inc., is a tax exempt, 501(c)(3) foundation, established as a vehicle for receiving donations, contributions and gifts, including those resulting from unclaimed funds held by cooperatives and for using those funds for scholarships and charitable purposes. We strongly encourage all member organizations and others to join the FYF.

## **GC 3.03 Good Government and Clean Politics**

Public confidence in the integrity of government in Wisconsin has been eroded by unregulated campaign “issue” ads and materials filled with irresponsible accusations and character assassinations from front groups, uncontrolled and unprecedented spending and unchecked partisanship. Wisconsin needs to restore the public’s trust and return to its long tradition of good government and clean politics. Cooperative Network and Wisconsin cooperatives therefore call for:

- Real campaign finance reform;
- Full and immediate disclosure of the names of all organizations and individuals making campaign donations of any kind, and strong statutory penalties for any willful concealment or nondisclosure;
- A prohibition on fundraising by state legislators during scheduled floor periods of the Legislature;

*(Continued)*

# General Cooperative Resolutions – Wis.

- The inclusion of legislators in the “revolving door” prohibitions found in section 19.456(8) of the statutes. The change would require legislators who leave office to wait at least 12 months before receiving compensation to in any way influence members of the Legislature or legislative employees; and
- All such other steps as needed to once again make Wisconsin a model for good government.

We urge cooperative members to become active in groups that support campaign finance reform and we call on elected officials of both parties to give top priority to meaningful reform.

## **GC 3.04 University of Wisconsin System**

In an increasingly competitive knowledge economy, it is critical that Wisconsin increase its number of residents who have higher education. Cooperative Network believes that the quality of instruction, research and public service at UW institutions will suffer if further erosion occurs in the state’s support of the UW System. In addition, the increases in tuition necessary to make up some of the diminished state support will prevent increased numbers of students from attending UW institutions. Accordingly, we call on the Legislature to increase its commitment to higher education and ensure that important UW initiatives aimed at strengthening Wisconsin and its economy receive sufficient financial support for the long term.

# Health Care Resolutions

## **HC 1.01 Health Insurance**

Cooperative Network supports cost-based health care and insurance systems that include strong incentives for efficient, organized health care delivery with increased access to care, promotion of primary care and prevention of illness, and maximization of appropriate levels of care in order to control cost while maximizing quality. The cost of health care should be contained through all mechanisms possible as long as such cost containment measures do not compromise the quality of care.

## **HC 1.02 Medicare Discrimination**

The federal Medicare reimbursement system currently pays most Midwestern and rural health care facilities less than their costs and pays most urban health care facilities more than their costs for providing the same services. These payment differences are giving urban health care facilities a competitive advantage over Midwestern and rural health care facilities and are threatening the economic viability of these important community health care institutions.

Therefore, Cooperative Network urges Congress to stop this harmful discrimination against Midwestern and rural health care facilities and to reimburse similar health care services at the same level of federal support regardless of where the service is provided.

## **HC 1.03 Cooperative Health Maintenance Organizations**

Cooperative Health Maintenance Organizations (HMOs) represent a viable means for citizens to obtain high quality, affordable health care on a prepaid basis. These HMOs serve their members as non-profit consumer cooperatives.

Cooperative Network supports the formation of a legislative environment which is conducive to the successful operation of cooperative HMOs, which give member-consumers an active voice in the administrative decisions of the HMO through direct election of officers.

# Health Care Resolutions

## **HC 1.04 Closed Panel HMOs**

Cooperative Network recognizes the need for managed care plans to contract with health care providers that meet the plan's quality standards and conform to the cost containment strategies adopted by the plan. As long as managed care plans meet the access to care standards set forth in applicable state law, HMOs should be permitted to contract with all types of health care providers on a "closed panel" basis.

The underlying premise is that the bargaining power of HMOs to contract with only certain providers promotes competition, lowers costs and encourages prevention-oriented care. If all providers could join an HMO, incentives for efficient providers to offer competitive rates would disappear and the ability of HMOs to control quality would be reduced. Therefore, Cooperative Network supports all legislative efforts to keep competitive, closed panel provisions intact.

## **HC 1.05 Mandated Benefits**

Cooperative Network supports the right of consumer-sponsored HMOs to determine the benefit plans they wish to offer their members. Expansion of benefits through government mandate interferes with market forces and aggravates a competitive inequity between state-regulated HMOs and the unregulated self-insured plans of many employers. Furthermore, mandated benefits add considerably to the cost of health insurance for all consumers, even those that do not utilize mandated benefits.

Cooperative Network opposes attempts to expand this mandate and force consumers to pay even more for health care. We encourage the creation of benefit packages that are comprehensive in scope (hospital, ambulatory and home health services) with reasonable benefit limits to allow for cost containment and reasonable pricing. Emphasis should be placed on prevention of illness and primary care over specialty and tertiary care. Benefits should be designed to address the overall health care needs of patients and not the needs or convenience of providers, payers or special interest groups. Technology assessment should be based on clear scientific guidelines to ensure that safe and efficacious drugs and procedures are appropriately added to benefit packages. Cost-sharing arrangements should allow for flexibility.

## **HC 1.06 Tax Status of Consumer Cooperative HMOs**

Cooperative HMOs operate on a non-profit basis. Each of these HMOs has utilized its income tax-exempt status to serve a pioneering role and broad purpose within its community. Cooperative Network urges the restoration of the income tax exemption for non-profit cooperative HMOs.

# Health Care Resolutions

## **HC 1.07 Taxation of Health Insurance Premiums**

Cooperative Network opposes any direct or indirect taxation of the premiums of HMOs including Wisconsin Health Insurance Risk Sharing Plan (HIRSP) or Minnesota Comprehensive Health Association assessments as a tax on essential health care services required by the citizenry.

We further urge Congress to act immediately to make health insurance premiums paid by self-employed individuals fully deductible.

## **HC 1.08 Rural Health Cooperation**

Cooperative Network strongly supports rural hospitals, physicians and other health care providers acting together to promote the preservation and further development of a coordinated system of rural health care. Such a system will provide both quality and efficient care in settings that best meet the needs of rural residents in a manner consistent with their community values. Cooperative Network will utilize its collective strength to support rural health care and rural communities in both private and public sectors. It will represent the rural perspective on legislative and regulatory issues affecting rural health care and illness prevention with the political influence necessary to be an effective advocate.

## **HC 1.09 Rural Health Care Professional Shortages**

We continue to face local shortages of physicians, nurses, physical therapists, laboratory technicians, pharmacists and other health care professionals. With “baby boomers” beginning to enter retirement age, we will be losing the service of these professions at the very time the demand for them will be increasing due to the aging population. On top of this growing supply problem, the redistribution of health professionals into rural areas has to continue to be addressed as a fundamental requirement of a viable rural health care system.

Cooperative Network supports innovative state initiatives to train and attract health care providers to rural areas.

# Health Care Resolutions

## **HC 1.10 Accessing Capital for Rural Health**

Rural hospitals have been essentially locked out of national bond markets, the traditional source of remodeling and replacement capital. As rural hospitals are already on average substantially older than the national average, this lack of capital access is quickly becoming a critical barrier to maintaining a rural health network. Cooperative Network will promote programs for rural hospital physical plant improvements and equipment acquisition to ensure rural residents have access to modern medical technology.

## **HC 1.11 Encouraging Cooperation and Collaboration in Health Care**

Although there are many competing interests in the health care arena today, Cooperative Network lauds the many Minnesota and Wisconsin health care providers that have worked together to eliminate health care errors and improve health care delivery in our state. For example, consumer owned and operated HMOs have a proven track record of managing and containing health care cost increases.

We urge incorporation of successful cooperative models in health care reform efforts at both state and federal levels. Cooperative Network further supports health care reform initiatives that create incentives for employers, individuals, providers and insurers to participate in reform efforts as partners.

## **HC 1.12 Cooperative Health Care Purchasing Alliances**

The cost and availability of health insurance is one of the top concerns of many agricultural interests in Minnesota and Wisconsin, and greatly affects the quality of life of farmers, cooperative members and other small business owners who find themselves without adequate health coverage.

To address this problem Cooperative Network began the Co-op Care project. The main goal of the project is to provide uninsured or underinsured cooperative members, staff and small businesses with better options for quality health care coverage. Co-op Care also targets the cost of health care by reducing duplicative efforts, increasing competition and promoting education and prevention programs.

This project is based on legislation sponsored by the Minnesota Association of Cooperatives that was successfully passed in the 2001-2002 Minnesota Legislature and enabling legislation passed in Wisconsin as 2003 Wisconsin Act 101. Cooperative Network will continue to work with all interested parties, including member cooperatives, health care providers, legislators, state agencies and other interested trade organizations to promote the development of health care purchasing cooperatives in Minnesota and Wisconsin. Cooperative Network will seek to establish a legislative and regulatory environment that allows the formation and successful operation of health care purchasing alliances.

# Health Care Resolutions

## **HC 1.13 BadgerCare and MinnesotaCare Eligibility for Ag Producers**

Wisconsin's BadgerCare program and Minnesota's MinnesotaCare program were created to provide lower income, working families with stable and affordable health insurance coverage. The intent was to prevent sudden illnesses or injuries from driving families out of work and into poverty.

Eligibility criteria for these programs require that farm equipment depreciation be calculated as income, making it extremely difficult for even the lowest income producers to qualify for the program. Cooperative Network supports efforts to change these eligibility requirements to remove depreciation from the eligibility equation.

## **HC 1.14 Health Care Reform**

Cooperative Network understands health care reform is one of the most complex challenges facing our state and nation today. It is also one of the most critical issues to members across cooperative sectors who struggle year after year with rising health expenditures. Just as there is no single cause to rising health care costs, there is no single solution. Comprehensive reform ideas, such as a single-payer health system, are extremely controversial.

Cooperative Network urges the Minnesota and Wisconsin Legislatures and the U.S. Congress to support and encourage, through legislation and appropriations, thoughtful and innovative ideas for improving our health care system. We support:

- Ideas that empower small groups and individuals to negotiate better cost and coverage options for health insurance.
- Cost containment measures to address fraud, waste and costly duplication;
- Efforts to get consumers more involved in health care decision-making through improved education and data dissemination programs;
- Programs that emphasize prevention and intervention to help consumers manage illnesses, prevent injury and save money;
- Efforts to provide access to more affordable medications including group prescription purchasing pools and medication importation;
- Collaborative efforts to prevent medical errors and promote quality in the health care arena;
- Initiatives that will improve access and delivery in rural and underserved areas;
- Efforts to decrease the numbers of uninsured individuals in Minnesota and Wisconsin to lessen costs ultimately passed on to health insurance consumers;

(Continued)

# Health Care Resolutions

- An adequate safety net for both the lowest income individuals and those who have been priced out of the private health insurance market;
- Adequate reimbursement rates for Medicare and Medicaid to ensure that those costs are not shifted to consumers;
- Efforts to remove inefficiencies in the health care system;
- Equity in the federal reimbursement rates for rural providers; and
- Pooling efforts through voluntary purchasing alliances.

# Housing Resolutions

## **HO 1.01 Affordable Housing**

Quality, affordable housing is a pressing need throughout the nation. Cooperatives have a long and rich history in providing accessible and affordable housing to individuals and families of all ages. Seniors in particular need options for independent living in supportive communities. Cooperatives also provide housing for students, artists, low-income families, and any individual or household interested in a home ownership opportunity in a supportive community atmosphere.

Cooperative Network encourages local, county and statewide governments to include cooperative housing in the master plans of their communities and their strategies for promoting economic growth in their respective regions. Communities are also encouraged to investigate the advantages of limited equity cooperative housing for families as a way to ensure affordable home ownership opportunities into the future.

Cooperative Network will also assist in the development of cooperative housing projects for senior citizens by working with Cooperative Development Services (CDS), local communities and other stakeholders interested in improving housing options for seniors. We urge government agencies and elected officials at the local, state and federal levels to assist in these efforts.

## **HO 1.02 Rural and Urban Vitality**

Seniors are a very important part of local communities, whether rural or urban. AARP figures show that at present, 75 percent of seniors enjoy an independent ownership living situation; 20 percent are living in independent living rental units; and just 5 percent are in dependent living rental situations. The growth of our senior population has been well documented, and the anticipated growth of baby-boomers needing alternatives to single family housing as they age will add pressure to a tight housing market in Minnesota and Wisconsin. Cooperative senior housing is unique in its appeal to seniors who might not otherwise move. Housing cooperatives are an excellent means of providing independent living for seniors. These well-designed buildings provide them with an equity investment, an active lifestyle, and the opportunity for strong community involvement, all conditions that are highly desired by seniors.

Cooperative Network encourages local, county and statewide governments to include senior cooperative housing in the master plans of their communities and their strategies for promoting economic growth in their respective regions. Educational programs for seniors are encouraged to include a careful study and review of this relatively new and very appropriate alternative for housing for our rapidly increasing senior population.

# Housing Resolutions

## **HO 1.03 Insurance for Senior Cooperatives**

Member-owners living in senior cooperative housing are enjoying an independent, social and secure lifestyle. These member-owners appreciate the advantages of senior cooperative life and the ability to contain costs. At issue is how cooperatives are categorized by the insurance industry. Senior housing cooperatives are included in the same insurance group as condominiums and town homes. Maintenance and safety records demonstrate that co-op member-owners are easier on wear and tear in the facility, thus lowering the maintenance costs and reducing loss control from an insurance perspective. The sense of pride in ownership is different at co-ops than condos and townhomes; co-op member-owners take a higher level of personal responsibility for their co-ops.

Cooperative Network suggests that the insurance industry develop a distinct category for senior housing cooperatives that recognizes where these facilities are less risky for insurance purposes and distinguishes them from condominiums and town homes. This unique category would be beneficial to help control costs to seniors owning homes in senior cooperatives who are on limited incomes.

# Housing Resolutions – Minn.

## **HO 2.01 Manufactured Home Park Conversion to Cooperatives**

Manufactured home parks are a critical source of affordable housing across the state, particularly suburban and rural. There are over 1,000 manufactured home parks in Minnesota providing homes for approximately 125,000 people who have limited access to other housing options (predominantly working poor, limited income and seniors). This sector of housing exists with virtually no public subsidy; yet the loss of this housing could result in the need for significant public subsidy to replace these units. If a manufactured home park is closed, it would be extremely difficult to rebuild the same number of affordable homes. New Hampshire passed legislation authorizing manufactured home park residents the first right to purchase their homes as a cooperative if the property was to be sold. Since the passage of this New Hampshire law, the benefits are distinct: the quality of life is clearly improved for the new owners and the surrounding communities: the parks are better maintained, there is increased financial security, the safety is improved, and there is the ability to have equity in a home. Since the early 1980's, in New Hampshire, dozens of manufactured home parks have been converted into cooperatives and not one has defaulted on their loans.

Minnesota currently has a law that permits residents the first right of refusal when a park is to be closed for change of use (usually to commercial development). Although this law has been on the books since 1987, it has never been exercised (usually due to conversion from residential to commercial purposes; or conventional lenders are reluctant to provide residential conversion financing). While current law gives some protection to residents, it does not go far enough to give residents the opportunity of purchasing the park to convert it to cooperative ownership.

Cooperative Network supports the conversion of manufactured home parks into cooperatively owned and operated parks. This could be facilitated by following the New Hampshire example and amending current Minnesota law to permit residents to collectively match any offer for sale.

## **HO 2.02 Financing of Cooperative Conversions of Manufactured Home Parks**

One issue that has hampered the cooperative conversion of manufactured home parks has been the inability of residents to access appropriate financing. In general, commercial banks are reluctant to lend on this type of property. The conversion into a cooperatively owned park adds another layer of complexity.

Cooperative Network supports the allocation of state resources to guarantee long-term, low interest financing specifically for the purpose of converting manufactured home parks into cooperatively owned parks.

# Housing Resolutions – Minn.

## **HO 2.03 Senior Housing Cooperative Independence**

Senior housing cooperatives provide an independent, social and secure lifestyle for its member-owners. The cooperatives are directed and governed by a board of directors elected from and by the member-owners. Senior housing cooperatives enjoy an independent business status and, as with all cooperatives, are periodically required to file updates with the Minnesota Secretary of State. Senior housing cooperatives are opposed to any form of additional registration or regulation – voluntary or mandatory – especially if it has the potential of jeopardizing or in any way reducing the independence of these cooperative businesses or their members.

Cooperative Network opposes any legislation or regulatory efforts that attempt to recognize cooperatives in such a way that might provide impetus, whether or not intentional, for future registration or regulation.

## **HO 2.04 Clarifying Statutes Governing Housing Co-op Director Liability**

The liability of directors of Minnesota housing cooperatives is governed by two statutes, Minnesota Statutes Chapter 308A (“Cooperative Law”) and Minnesota Statutes Chapter 317A (“Nonprofit Corporations”), while the liability for directors of other Minnesota cooperatives, outside of credit unions, is solely governed by Minnesota cooperative law. This presents the possibility of statutory conflict in determining the duties and responsibilities of a Minnesota housing cooperative director. Furthermore, the Minnesota Legislature generally gives Minnesota cooperatives more deference when analyzing changes to the Minnesota cooperative law than they are to changes in the nonprofit corporations law. Therefore, Cooperative Network should explore drafting legislation that would make clear that the liability of Minnesota housing cooperatives is determined solely by the provisions of the Minnesota cooperative law.

## **HO 2.05 Researching Development of Separate Housing Co-op Statute**

Minnesota housing cooperatives are governed by both the Minnesota Cooperative Law, Minnesota Statutes Chapter 308A, and the Minnesota Common Interest Ownership Act, Minnesota Statutes Chapter 515B. As a unique form of cooperative ownership, there is a growing need to adopt legal provisions that apply specifically to cooperative housing and to have them, where possible, in one place to read. Therefore, the staff of Cooperative Network, working with the Cooperative Housing Resources LLC, is requested to begin the process of analyzing whether specific legal provisions related to Minnesota housing cooperatives should be incorporated into a separate section of Minnesota Statutes Chapter 308A or whether a new Minnesota Statutes Chapter 308C should be created. Furthermore, where possible, staff should seek grants from outside grantors to help conduct this research.

# Housing Resolutions – Minn.

## **HO 2.06 Sales Tax Exemption**

Prior to the spring of 2009, Minnesota's senior housing cooperatives received sales tax exemptions under Minnesota Statutes Section 297A.70, subd. 4(a)(2). This statute generally provides that any senior citizen group for persons age 55 or older and operated on a not for profit basis is exempt from Minnesota Sales Tax. The 2009 Legislature amended the statute at the request of the Minnesota Department of Revenue and eliminated the provision permitting senior housing cooperatives to obtain a sales tax exemption. This short, but financially significant, provision was added to the 2009 Tax Bill in conference committee without prior notice to existing senior housing cooperatives or to Cooperative Network.

Cooperative Network supports the continued sales tax exemption for senior housing cooperatives. If feasible, Cooperative Network will pursue legislation to restore the sales tax exemption for new senior housing cooperatives.

# Insurance Resolutions – Wis.

## **IN 3.01 Mutual Insurance**

Local mutual insurance companies were among the earliest forms of cooperative endeavors in Wisconsin and the U.S. Both statewide and local town mutual insurance companies have a significant role in Wisconsin's economy. Those operating on cooperative and mutual principles locally are true models of self-help and self-protection. In today's economic environment of constantly escalating costs and consumer attitudes, the local mutuals are an example of cost containment and consumer control in rural Wisconsin.

Recognizing the need for policy service, safety promotion, economic rural fire protection and economic insurance coverage on risks in sparsely populated areas, local and statewide mutuals must be allowed to operate within an atmosphere of minimum governmental regulation if they are to provide a "safety valve" and be a stabilizing factor in the rural marketplace.

Cooperative Network, therefore, urges that state and federal regulations impacting on both local and statewide mutuals recognize their inherent unique characteristics. We call for minimum regulations with input from representatives of the local and statewide mutuals.

## **IN 3.02 Regulation of Mutual Insurance Companies**

Cooperative Network is convinced that small insurers, individually and collectively, play a vital role in effectively serving the insurance needs of the public in Wisconsin, just as larger insurers do. We are also keenly aware that regulatory burdens can fall disproportionately on smaller insurers because the cost of compliance with regulation is more expensive as a percentage of written premium for small insurers.

Incorporating a Wisconsin Department of Insurance into the Department of Financial Institutions would negatively affect mutual insurers through loss of the independence that such an agency requires and would also infuse politics into regulation of mutual insurers which are already responsible to their customer/members.

Cooperative Network strongly opposes any merger of these two agencies and supports maintaining the Office of the Commissioner of Insurance as a separate agency to preserve the unique and separate regulation important to this industry and subsequently to all citizens.

# Insurance Resolutions – Wis.

## **IN 3.03 Federal Regulation of Mutual Insurance Companies**

The states have sole regulatory authority for the regulation of the business of insurance as provided under the McCarran-Ferguson Act, and reaffirmed by Section 104 of Title 1 of the Gramm-Leach-Bliley Financial Services Modernization Act as part of that regulatory scheme.

The town mutual insurance industry has served its diverse membership for decades in a uniquely responsive and competitive manner based on member ownership and local responsiveness. Similarly, small- and medium-size insurance firms have helped establish a sound, responsive industry in Wisconsin.

Recent federal efforts to remove many of the regulatory restrictions between banks and other financial services, could result in competitive advantage for those financial service industries at the expense of the insurance industry, especially if regulation is moved further from the market it serves.

Some national associations representing insurers and banks doing business in insurance have prepared draft federal legislation to either establish one federal regulator of insurance or allow for dual federal and state regulation.

Therefore, Cooperative Network supports maintaining the states as the sole regulator of the business of insurance, and continues to support state efforts to streamline and simplify insurance regulation.

Cooperative Network will oppose any proposal to establish either a federal or a bifurcated system of regulation of insurance, cede any authority to federal agencies to regulate financial institutions involved in the business of insurance, or otherwise pre-empt state regulation of insurance.

## **IN 3.04 Opposition to “All Sums” Approach to Settle Insurance Contract Disputes**

Cooperative Network is strongly opposed to any attempt by the Wisconsin Legislature to retroactively rewrite longstanding insurance contracts and force insurers, regardless of their actual liability, to pay for environmental cleanup.

Cooperative Network questions the constitutionality of any attempt by the Legislature to rewrite insurance contracts and believes that contract disputes should be settled by courts.

Furthermore, we believe that passage of such legislation would put town mutual insurers and their members at significant risk, and would have a profoundly negative affect on Wisconsin’s insurance market as a whole.

# Insurance Resolutions – Wis.

## **IN 3.05 Changes in State Law Affecting Liability and Negligence Determination**

The 2009 Wisconsin Budget Bill included several provisions that would change existing law relating to liability, fault and jury instructions.

These proposed changes would allow certain defendants to be held liable for all of the damages in negligence lawsuits, combine the fault of all defendants and require jury instructions that would promote monetary awards based on ability to pay, rather than on the degree of responsibility for harm to a plaintiff.

Such changes to existing law would raise insurance rates, making it more difficult to obtain insurance and appropriate coverage. It would also expose entities with perceived resources such as insurance or money to more lawsuits and increased litigation costs.

With the help of the Civil Justice Coalition which includes Cooperative Network's Electric Division, these measures were removed from the budget document. However, these changes may be introduced as stand-alone legislation.

Cooperative Network opposes any legislative effort to change liability provisions in existing law.

# Telecommunications Resolutions – Wis.

## **TE 3.01 Non-regulation of Telephone Cooperatives**

Chapter 196 of the Wisconsin Statutes grants telephone cooperatives several exemptions from regulation by the Public Service Commission. For example, the PSC does not have jurisdiction over a telephone co-op's rate setting, record keeping, depreciation rates, distribution of profits or member complaints. For the most part, telephone cooperatives are, however, still subject to regulation of all other matters and issues in the public utilities chapter.

There are two primary reasons for telephone co-ops to be subject to this lesser form of regulation from other telephone companies. First, being co-ops they are democratically governed by their customer/members who elect the board of directors for each co-op and therefore have a direct voice in the co-op's operations. Any problems experienced by the members may be resolved through this democratic cooperative process. Second, revenues received in excess of expenses are returned to the customers as capital credits. Therefore, if the earnings are excessive, the customer/members are not harmed because such earnings ultimately are returned to them.

Further, this non-profit, cooperative structure has allowed those subscribers who receive local telephone service from one of these co-ops to benefit from the latest technology and a high quality of service at very reasonable rates.

Because of the co-op structure and the direct involvement of the membership, we encourage the state legislature to further change the statutes so as to provide total and complete exemption to the telephone co-ops from all Public Service Commission regulation and oversight.

## **TE 3.02 Telephone Cooperative Access Revenue**

The telephone cooperatives receive revenue from long distance companies in the form of "access" charges. The calculation of the access charge is authorized by the Wisconsin Public Service Commission. The access charge reimburses the local co-ops for use of their lines and equipment to commence and terminate long distance calls. For most of the telephone cooperatives, the total annual revenues they receive from these access charges is a substantial percentage of their total receipts and can be as much as 50 percent.

Despite the fact that access rates now allowed in Wisconsin by the PSC are the fifth lowest in the nation, the long distance companies have pursued a legislative change to lower these rates even further, both through separate legislation as well as through the state budget process. To date, those efforts have failed. Should the Legislature approve a lowering of access rates, cooperatives--because they are member-owned and non-profit--would have to increase the local monthly rate for telephone service in order to make up for the loss of revenue from reduced access fees.

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# Telecommunications Resolutions – Wis.

Cooperative Network opposes all attempts to lower access charges paid by long distance companies for use of the local facilities to complete long distance calls. Such legislation will only lower the cost of doing business for long distance companies, and it will do so at the expense of local telephone users whose rates will rise.

## **TE 3.03 Use of Patronage Capital by Telephone Cooperatives**

Cooperative Network supports legislative or regulatory changes to correct an unreasonable interpretation of Wisconsin law that currently prohibits Wisconsin telephone cooperatives from using their patronage capital to provide advanced telecommunications services in rural areas of Wisconsin.

The Telecom Deregulation Act of 1994 prohibits telephone companies from using anything other than “retained earnings” to subsidize “non-utility” activities. For telephone companies, non-utility activities include services critical to the rural economy, including Internet, broadband, digital television and even 9-1-1 service. For nine years after the enactment of the Telecom Deregulation Act of 1994, telephone cooperatives’ patronage capital was considered “retained earnings” for the application of this statute. Then, a PSC decision that took effect in 2003 reversed this interpretation and currently prohibits telephone cooperatives from using patronage capital as retained earnings to invest in new technologies for members or non-members.

The result of the PSC decision is that Wisconsin telephone cooperatives, and only Wisconsin telephone cooperatives, no longer have the ability to use their patronage capital/retained earnings to invest in advanced telecommunications services for rural residents and businesses.

Large, out-of-state telephone companies that view telephone cooperatives as competition are strongly opposed to correcting this misinterpretation, claiming that cooperatives’ patronage capital creates an unfair competitive tax advantage.

Cooperative Network urges lawmakers to enact a legislative or regulatory change that remedies this unfair situation for Wisconsin telephone cooperatives and the rural residents, schools and businesses they serve. Cooperative Network views this change as critical to the future of telephone cooperatives in Wisconsin and important to all cooperatives that stand at risk of having their use of patronage capital restricted. Furthermore, we will fight any legislative or regulatory action, on either the state or federal level, that would prevent cooperatives from using their patronage capital to serve their members and modernize their businesses.

## **TE 3.04 Intercarrier Compensation Reform**

Cooperative Network and Wisconsin's telephone cooperatives have made the deployment of advanced telecommunications services in rural areas a priority. However, these advances must not be made at the expense of basic telecommunications services. Therefore, Cooperative Network supports intercarrier compensation reform that equitably reimburses all carriers for the use of their networks. Further, we believe that any changes to the FCC's Universal Service or intercarrier compensation regimes must take into consideration the unique circumstances facing rural telecommunications cooperatives and the inherent expense of serving sparsely populated areas.

# Utilities & Related Services Resolutions

## **UT 1.01 Advanced Renewable Tariffs or Feed-in-Tariffs**

Feed-in tariffs, also known as Advanced Renewable Tariffs (ARTs), require payment for all generation at the price needed to provide the investor a “reasonable” rate of return, which is higher than avoided cost and may be higher than retail rates. The more ineffective and inefficient the renewable project, the higher the subsidy from all other ratepayers.

Utilities need efficient and predictable sources of energy that are cost-effective and can be reliably interconnected. ARTs provide incentives to develop renewables in areas not necessarily best suited for interconnection of transmission, raising costs.

ARTs would have significant impact on electric co-ops:

- Because co-op areas have a higher concentration of farms, we are likely to see greater interest in renewable projects but we also have a smaller pool of ratepayers over whom to spread the higher costs
- One member would be forced to subsidize another member, which is contrary to co-op philosophy
- Smaller farms would almost certainly be subsidizing larger ones and certain types of agricultural operations would subsidize other types of operations
- Depending on how it was structured, a state regulatory agency could set rates for co-op members, taking away the basic right of self governance by a democratically elected local cooperative boards of directors
- ARTs could potentially alter wholesale power contracts with other investor-owned utilities
- Co-ops would have to cover costs of additional distribution lines and connections

Advanced renewable tariff legislation is redundant from a policy standpoint in light of the existing state law establishing a renewable portfolio standard. Not only do these mandates for renewable energy exist, grants and tax credits of various types are available to subsidize renewable development. If the purpose of creating ARTs is to increase use of specific renewable energy technologies and limit carbon emissions to benefit the entire state, then the costs associated with them should be shared by all state residents as well.

Cooperative Network opposes rules or legislation creating ARTs intended to provide a profit for investors, which is essentially paid by not-for-profit electric cooperative members.

# Utilities & Related Services Resolutions – Minn.

## **UT 2.01 State Regulation**

Cooperative Network believes that regulation of telecommunications and electric generation, transmission and distribution cooperatives by state agencies should only be imposed when necessary to protect the interests of cooperative member-rate payers and only after requested by a vote of the cooperative members.

## **UT 2.02 Service Diversity**

Cooperative Network opposes any Congressional or state action to prevent electric cooperatives from providing services beyond the original mission of the cooperative. Cooperative Network supports efforts allowing cooperatives to diversify into other ventures without jeopardizing the cooperative's tax status.

## **UT 2.03 Electric Utility Competition**

As retail competition has been unsuccessful in other states, the electric industry in Minnesota should remain wary of retail competition. Any restructuring approach should give an equal opportunity for all consumers to benefit.

## **UT 2.04 Service Territory**

We affirm the right and responsibility of all rural electric systems to serve their assigned service areas. We maintain that acquisition of electric cooperative service territory by other entities reduces the vitality of the cooperative and its ability to meet loan obligations and maintain reasonable rates for remaining consumers. Cooperative Network believes that service territories should be permanent so that utility cooperatives are able to effectively plan for the future and to play a strong role in economic development. The Minnesota Public Utilities Commission should be the governing body on territory cases. Furthermore, we urge the Minnesota legislature and Congress to protect the rights of cooperatives by restricting local government entities from acquiring cooperative utility assets without the consent of the cooperative utility and with consent only after adequate compensation has been agreed to.

## **UT 2.05 Right of Eminent Domain**

Cooperative Network believes the right of eminent domain for public purposes is necessary for electrical distribution, generation and transmission systems, telecommunications, and fuel distribution-systems.

# Utilities & Related Services Resolutions – Minn.

## **UT 2.06 Taxation of Electric Cooperatives**

Cooperative Network opposes legislation that would result in a shift or addition of taxes from investor-owned utilities to electric cooperative or municipal utility customers. Cooperative Network also opposes the imposition of carbon impact fees as a means to raise revenue.

## **UT 2.07 Clean Air Regulations**

Cooperative Network urges the Minnesota Congressional delegation to take actions necessary to protect the interests of cooperatives and their members by ensuring that Clean Air Act regulations and programs are cost-effective, sensible and address scientifically demonstrable and significant environmental principles.

## **UT 2.08 Nuclear Power**

Cooperative Network encourages policymakers to rescind the moratorium on the building of nuclear plants in Minnesota so that nuclear energy can be considered a viable option for baseload electric energy and to develop a national agenda to reprocess commercial spent nuclear fuel. These policy changes will help facilitate financing of these projects and give power producers another option in reducing carbon dioxide emissions.

## **UT 2.09 Transmission Lines**

Cooperative Network supports the improvement, expansion and interconnectedness of the electrical transmission grid in the state and the region, such as policies like CAPX2020. These efforts as well as associated public outreach are important to increase renewable energy production and to provide for safe, reliable power. Cooperative Network encourages communication with the general public about the siting of transmission lines. Cooperative Network encourages the federal government to look at the creation of a national transmission grid.

# Utilities & Related Services Resolutions – Minn.

## **UT 2.10 Energy Efficiency Tags**

In the use of renewable energy, developers and policy makers have created a public policy that identifies energy generated by a renewable energy project as having an “environmental attribute” generally referred to as “energy efficiency (EE) tags.” Today these “EE tags” are being sold to individuals and businesses throughout the country who wish to have a “green” footprint.

These “green tags” are being sold as a commodity on a trading basis with a system that insures that a “green tag” is not sold or counted twice. In an effort to spur renewable energy development, mainly wind energy development, many states have adopted Renewable Portfolio Standards (RPS). An RPS is a requirement that a portion of the energy that a utility sells must come from renewable sources. In states where there are no RPS requirements, utilities with renewable resources can sell the “green tags” and use the money in any way the utilities wish. However, in states like Minnesota with an RPS requirement, the utility is required to retain and not sell the “green tags” it generates as a means to meet the RPS requirement which in Minnesota is up to a 25% requirement for most electric utilities.

Cooperative Network advocates, in the case where the utility responsible for meeting the RPS owns the renewable generation or through a purchase power agreement acquires the “green attribute”, the adoption of a new public policy. This policy would enable utilities to sell “green tags” regardless of a state or other RPS requirement. Where an RPS requirement exists, revenue from the sale of these “green tags” would be required to be used by the selling utility to promote and provide incentives for energy efficiency and conservation. The utility would also be allowed to count the “green tag” as having met the RPS requirement as the physical asset is in place to deliver the energy to the load center.

## **UT 2.11 Coal Generation**

Cooperative Network supports rescinding the Minnesota state moratorium on new coal-fired electricity generation.

# Utilities & Related Services Resolutions – Wis.

## **UT 3.01 Nuclear Fuel Reprocessing and High Level Nuclear Waste Disposal**

The federal government's failure to formulate and implement specific programs for the processing of spent nuclear fuels and for the permanent storage of nuclear wastes is inconsistent with policies in place when rural electric cooperative nuclear generating facilities were built. This policy change has burdened utilities, such as Dairyland Power Cooperative, with substantial unexpected costs of prolonged storage of high level radioactive waste and spent nuclear fuel.

Cooperative Network urges the federal government to evaluate the feasibility of reprocessing spent fuel and to honor its obligation to utilities to transfer spent fuel to federal facilities, giving special consideration to those nuclear facilities that are shut down, particularly nuclear power demonstration facilities such as Dairyland Power Cooperative's La Crosse Boiling Water Reactor (LACBWR).

## **UT 3.02 Energy**

Rural electric systems have been leaders in the development of innovative energy-efficiency programs for the benefit of their consumers and in support of the national commitment to more wisely use our national resources. Congress has adopted a national energy policy and overall framework for individual policies consistent with multiple goals such as environmental protection, competitive energy rates, and a broader base of energy suppliers.

As a result of the 1992 Federal Energy Policy Act, the Federal Energy Regulatory Commission (FERC) must adopt rules to implement various provisions of the Act. We urge FERC to adopt fair policies in areas such as transmission access pricing, reimbursement for stranded investment, and implementation of independent system operators.

## **UT 3.03 Alternative Energy**

Cooperative Network believes self-sufficiency is an important aspect of cooperatives, one which is encouraged by the use of alternative energy sources such as methane, wind, solar power, hydro, biofuels and other technologies.

We believe the future availability of electricity also depends on the continued development of proven sources of energy production. No proven method of power production should be abandoned until the costs and other implications of the alternative are clearly understood.

# Utilities & Related Services Resolutions – Wis.

## **UT 3.04 Electric Cooperative Territorial Protection**

Since their creation, all rural electric cooperatives in Wisconsin have, on a continual basis, made diligent efforts to provide dependable electric service to all unserved persons within the cooperative service area. This electric service has been provided by the distribution co-ops regardless of the size or nature of a person's service requirements, whatever service has been requested, and when reasonable requirements established by the cooperative have been met. By bringing electric service to areas the public utilities had declined to service, cooperatives have enhanced the quality of life and been of tremendous benefit to rural people.

We reaffirm the right and responsibility of all rural electric systems to serve those areas in which they initiated service and continue to serve. We strongly oppose the imposition of conditions or restrictions which disadvantage the cooperatives in extending or continuing service in these areas as compared to other electric utilities, subject to state laws preventing duplication of electric facilities.

We maintain that any taking of cooperative service territory or customer base amounts to a reduction in the viability of the remaining cooperative and its ability to repay federal or private loans and keep rates reasonable for remaining consumers, and therefore should be avoided. Should such a taking occur, equitable compensation should be paid to all affected cooperatives reflective of the economic loss suffered over future years, and for all facilities constructed to serve present and future customers in the affected area. We urge the Public Service Commission and the State Legislature to protect the rights of cooperatives from any acquisition against the wishes of the cooperatives.

## **UT 3.05 Electric Restructuring and Retail Competition**

Energy users in Wisconsin enjoy excellent service and among the lowest electric bills in the country. Low electricity costs are part of the reason for the success of Wisconsin's economy. Dependable, affordable, central station electricity is the very lifeblood of our economy, affecting all segments of society and the competitive viability of our region.

Cooperative Network is concerned by efforts on both the state and national levels to restructure the electric utility industry without providing adequate infrastructure or appropriate safeguards for all consumers. In particular, we are concerned about radical deregulation with open retail competition. Without safeguards, these changes to our electric system may result in degradation of system reliability, and negatively affect long-range planning and the ability to provide reliable service to remaining ratepayers at a reasonable cost. Such efforts, whether on a state or national level, threaten to damage individual consumers and our entire state economy.

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# Utilities & Related Services Resolutions – Wis.

Recently, we have seen the negative effects of radical restructuring of the electric system, without adequate consumer protection measures. The state of California serves as an example of how poorly developed public policy can harm electric reliability and devastate ratepayers. We have also seen how an unregulated competitive marketplace in electric trading can result in dramatically negative economic outcomes, as in the financial manipulation and ultimate bankruptcy of the Enron Corporation.

Given the importance of this issue, Cooperative Network supports essential provisions in any legislation relating to industry restructuring to insure that consumers are protected, and that our electric system is not placed at risk, endangering not only our economy, but public health, safety and welfare. The essential provisions we support are:

- All consumers must be treated equally.
- When stranded costs are to be recovered, they should be recovered in a competitively neutral manner, without placing an undue burden on residential and small business customers.
- All energy providers—not just utilities—must be subject to the same standards as utilities.
- All consumers must have universal access to affordable electric service. Reliability and safety must not be jeopardized.
- Exclusive distribution service areas must be maintained to avoid duplication of electrical facilities.
- There must be a transition and educational period before full consumer choice is implemented.
- Restructuring should not operate to divest retail end use consumers of rural electric cooperatives of their ownership interest in and control of their distribution, generation and transmission cooperatives either by restricting the rights of distribution cooperatives to provide services to their retail end use consumers, or otherwise.

## **UT 3.06 Non-regulation of Rural Electric Cooperatives**

Wisconsin rural electric cooperatives have a long tradition of providing excellent service to their customer-owners. State law exempts cooperatives from the definition of "public utilities," because these co-ops are governed and controlled directly by the customers they serve. Cooperative Network opposes any legislation which would place rural electric cooperatives under additional regulation by the Wisconsin Public Service Commission or the Federal Energy Regulatory Commission.

# Utilities & Related Services Resolutions – Wis.

## **UT 3.07 Market Power**

In recent years, there have been a number of mergers of utilities, and indications are this trend toward consolidation will continue. Cooperative Network encourages state and federal regulators, including the Department of Justice, the Federal Trade Commission (FTC), the Federal Energy Regulatory Commission (FERC) and the Public Service Commission (PSC) to aggressively enforce state and federal laws to prevent the accumulation, consolidation and abuse of market power in the energy industry. Further, we call on Congress to consider legislation to take a practical approach to controlling market power, focusing on consumer protection, preventing market power concentration, and working to remedy existing market power that threatens competitive markets.

We strongly support the Wisconsin Utility Holding Company Act which has been law since 1985. Wisconsin consumers have been well served by this act which has protected their interests as ratepayers, while assuring utility assets cannot be jeopardized by a utility company's involvement in non-utility matters.

## **UT 3.08 Energy-Related Research**

America's energy future and economic health are dependent upon the federal government's consistent and aggressive involvement in energy-related research and development, and upon its ability and willingness to maintain continuity in its research efforts.

Rural electric cooperatives are ready and willing to carry their fair share of the research burden. They have been participating in major research and development efforts through their voluntary contributions to the Electric Power Research Institute (EPRI) and the NRECA Cooperative Research Network. However, Cooperative Network urges the federal government to fund energy research activities.

## **UT 3.09 Support for Adequate Electric Transmission**

Cooperative Network recognizes the electrical needs of consumers in this region, and particularly in Wisconsin, have increased significantly over the past several years. Since 1995, Wisconsin consumers have annually used more electricity than the total generated by state power producers. Ever since, our overall reliance on electricity generated outside of the state's borders and transmitted into Wisconsin has continued to increase, to the point where we now import approximately 20 percent of the electricity used by Wisconsin citizens and businesses. Transmission capacity is stressed to the point where significant areas of the state are faced with potential brownouts or even blackouts.

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# Utilities & Related Services Resolutions – Wis.

Cooperative Network has been supportive of specific legislation to improve the reliability of electric service while at the same time recognizing the impact that the construction of electrical facilities and transmission lines have on people and natural resources. We also recognize that the power delivery system is very complex and is not always easily understood by the general public.

Cooperative Network is committed to maintaining reliable and reasonably priced electric service to its member cooperatives and the ultimate consumer. Because of this commitment, we support improvements to the electricity infrastructure. In particular, we support creation of a better transmission system, especially in the western and northern parts of the state, where several proposals are pending before state regulators.

Cooperative Network will continue to evaluate energy alternatives, will be sensitive to the concerns of those impacted by new electric facilities, and will also continue to encourage the wise use of energy, while recognizing that conservation initiatives alone cannot adequately solve our supply problem.

Cooperative Network resolves to work with legislators, regulators and the general public toward achieving the most responsible outcome that will result in an adequate electric supply system that meets the demand for reliable and affordable electric power.

## **UT 3.10 Mercury Reductions**

The Wisconsin Department of Natural Resources (DNR) recently adopted a rule revision (N.R. 446) requiring 90 percent reductions of mercury emissions by 2015 by eight utilities including Dairyland Power Cooperative. This rule revision will increase the cost of providing electricity while having minimal effect on mercury deposition in Wisconsin lakes and waterways.

Mercury circulates in the atmosphere globally: even modest reduction of mercury deposition in the waters of this or any other state will require application of a nationwide or global standard rather than a single-state rule.

In 2004, the DNR, Wisconsin utilities and the relevant legislative oversight committees agreed to implement Wisconsin's original N.R. 446, a 75 percent single-state rule. At that time, the understanding was that Wisconsin's rule would be made to conform with a pending federal 70 percent rule, once that rule was promulgated.

In 2005 the Environmental Protection Agency (EPA) promulgated its Clean Air Mercury Rule (CAMR). DNR administrative rules required reconciliation of the more stringent state rule with the federal rule by September 2006. In 2008, an appellate court vacated the federal CAMR, leaving no standard with which to reconcile the Wisconsin rule and, coincidentally, allowing the DNR to advance its policy preferences in a state only rule.

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# Utilities & Related Services Resolutions – Wis.

Independent scientific investigations by the utility industry, state, and federal regulatory agencies show no version of the state rule would reduce mercury deposition in Wisconsin more effectively than compliance with CAMR as originally promulgated. An analysis by the EPA, moreover, asserts that the already minimal health risks associated with mercury emissions would be eliminated by a 70 percent reduction, whereas a 90 percent reduction will add only compliance costs, contributing no additional health protection.

Cooperative Network therefore calls on the Wisconsin Legislature and its oversight committees to evaluate the success of emission reduction measures adopted to date in reducing mercury deposition in Wisconsin waters and to encourage a realistic approach appropriately taking into account the national, international and non-human induced aspects of mercury deposition.

## **UT 3.11 Electric Space Heating**

In many rural areas electric heat systems offer comfort, safety, lower cost, efficiency, renewable sources, and versatility like no other fuel. In addition, advances in technology allow electric heat systems to utilize geothermal or air-source heat pumps, radiant heating panels, thermal storage and other means of heating.

Cooperative Network believes homeowners should be allowed to choose their heating system rather than have it dictated by the state, and if their choice is an electric heat system, they should not be penalized.

We support administrative rule-making changes, which will provide fair treatment of all fuel sources and encourage fuel diversity and conservation. Cooperative Network urges state regulators to devise the software necessary to accurately credit electric heat systems when determining code compliance.

## **UT 3.12 Certification/Farm Wiring Inspections**

Wisconsin farmers and rural residents deserve the highest quality professional electric services; therefore, Cooperative Network supports the enactment of a statewide program of electrical inspection for residential, farm, commercial, and industrial properties. We also support a requirement that all electricians and electrical contractors be licensed by the state.

# Utilities & Related Services Resolutions – Wis.

## **UT 3.13 Nuclear Power**

Nuclear energy is a critical component of Wisconsin's current generation mix, providing almost 20 percent of our state's need for power. This electricity is created with virtually no emissions of pollutants or carbon dioxide.

With the growing interest in reducing carbon emissions, nuclear power is almost certain to enjoy a renaissance in the United States, as it has in many countries, most notably France and Japan. In Wisconsin, present state law effectively prevents even the consideration of developing new nuclear generation capacity, potentially to the detriment of a balanced energy mix and to meeting the challenges of pollutant and carbon reduction.

Cooperative Network advocates repeal of this outmoded Wisconsin law. Nuclear power should stand on its own merits and should be available as a choice to meet our growing energy needs. Repeal of the nuclear moratorium law would still require a future Public Service Commission to find a nuclear plant to be the more cost effective form of energy, and would in no way reduce any safety requirements.

At the federal level, we support measures to encourage the growth of the nuclear industry. We support research and development into new nuclear technologies. We support removing the barriers prohibiting the reprocessing of nuclear fuel in order to safely and efficiently utilize the available energy and reduce storage volume. We urge the federal government to properly fund the Yucca Mountain National Repository for High Level Waste to meet the promise of the federal government dealing with this problem. In the short term, we support public or private centralized interim storage to allow shutdown plants to complete the decommissioning process.