



STATE SENATOR  
**JACK  
GOODMAN**

DISTRICT 29

## AGRICULTURE ADVISORY

STOPPING CATTLE RUSTLING • SOLVING THE DAIRY CRISIS • FIGHTING CAP-AND-TRADE • NAIS

### MISSOURI'S DAIRY FARMING CRISIS

Missouri's dairy farming industry has been deeply impacted by the recent economic downturn. Volatile markets have devastated producers by saddling them with increased inventories even as demand and markets continue to shrink. All of this is further compounded because the prices farmers are able to command for their product are not even high enough to cover the cost of production. Though the dairy farming industry is known for its tumultuous cycles with high highs and low lows, many farmers are experiencing one of the worst slumps in living memory.

This year, the price for milk has dropped about 50 percent, from \$20 per hundred pounds to as low as \$10—while production costs hover around \$15. In particular, the past several months have been some of the worst for the dairy industry all across America. Unfortunately, this trend has been no less true for Missouri.

Once a leading producer of milk, Missouri has faced a steady decline of its dairy industry for more than a decade. Missouri's milk production has declined by more than a billion pounds from where it stood in 1990, and in the past 20 years, the number of dairy producers in the state has been cut in half. Missouri is now a milk-deficit state that imports approximately 1.7 billion pounds of milk to satisfy consumer needs. This means consumers have to pay higher prices to offset the overhead costs of trucking in milk. Overall, the state has 110,000 dairy cows with an economic impact of \$13,737 per cow or \$1.5 billion—a significant percentage of Missouri's overall economy.

Reduced domestic and export demand, higher feed costs, and the government's involvement through various programs have all played a role in the volatility of milk prices in recent years. The bottom line is that dairy farmers are not making

enough to cover the costs of production.

Though several federal policy proposals have been floating around, there has been some disagreement between stakeholders about the best course of action—in part because the dairy industry is so diverse. Pricing and production vary greatly from state to state and region to region, so it would take a drastic structural change of dairy pricing as well as changes to the management of the dairy supply to end the volatile up-and-down swings of the industry. Ultimately, reforms must also ensure that small- and medium-sized operations are not priced out of the market by producers that unfairly drive down the cost of milk in order to reduce competition.

Two years ago, I sponsored Senate Bill 444, which would have authorized grants for dairy farmers seeking to write and implement a business plan. The bill also would have made it easier for dairy farmers to pay the interest on loans taken out to acquire dairy cows. Although this year's budget difficulties made it impossible to move new spending measures through the General Assembly, I remain committed to finding creative solutions to the many challenges faced by our dairy farmers. We have to find new and creative ways of helping our dairy farmers obtain the tools they need to compete in a rapidly changing global marketplace. Some observers believe Chinese demand for American dairy products will grow rapidly as the world emerges from the present economic downturn. We must work hard to protect Missouri's strong dairy heritage, so our farmers are well-positioned to rapidly enter new global markets and establish a permanent demand for our dairy products. Missouri has a strong agricultural heritage, and it is up to us to protect it. If dairy farming is allowed to fall by the wayside in our state, we all lose.

### PROTECTING AGAINST CATTLE THEFT

This session, for the first time in many years, lawmakers passed a comprehensive bill addressing a wide range of issues relating to crime prevention in the Show-Me State (House Bill 62). I was able to add an amendment that will aid in the investigation and prosecution of cattle theft, which has become a serious problem in southwest Missouri. In recent years, there has been a surge of cattle thefts in the area—enough to draw national attention.

One challenge that law enforcement faces in investigating and prosecuting cattle theft is locating and identifying the stolen animals before they are taken a long distance or destroyed. Also, because verifying ownership is not required when cattle are sold at an auction or stockyard, thieves can make their money very quickly and then slip away without ever being caught. We needed to do something to help prevent stolen cattle from being sold, and along with them, any evidence of who committed the crime.

My amendment addresses cattle rustling at the selling point. It allows law enforcement to have access to records at stockyards that are already open to the state veterinarian and the Department of Agriculture in order to locate and identify stolen cattle. Another component of the bill enhances the penalties for stealing livestock. This combination of legislative action will better equip law enforcement to combat the growing problem of cattle rustling.

# CAP-AND-TRADE'S IMPACT ON AGRICULTURE

Recently the U.S. Senate unveiled its version of the cap-and-trade bill, which appears to be even costlier than the House bill passed this summer. While cap-and-trade legislation is being sold as the solution to global warming, it is really the largest hidden tax in U.S. history. In fact, its impact on consumer's pocketbooks is estimated to be around \$3.6 trillion. None of us should be fooled by the glittering generalities used to describe this legislation. Cap-and-trade will mean disastrous things for America, and especially for those whose livelihood is dependent on agriculture.

The purported intent of this legislation is to reduce carbon emissions by imposing a mandatory "cap" and requiring businesses to purchase permits for energy use. Businesses would buy permits to ensure they remain compliant and sell surplus permits they do not use—hence the term "cap-and-trade." The number of permits available every year would drop gradually until what is considered a "safe" level of emissions is reached. Basically, the point is to drive up the cost of carbon-based energy in order to force Americans to reduce their consumption of this type of energy and move us toward clean energy sources.

While it is important that as a country we work toward energy independence and continue to develop clean and renewable energy sources, we cannot just tax oil and coal—especially without providing an adequate, affordable and realistic alternative. Missourians are heavily dependent on coal for our electric power (80 percent is generated from coal), and if we are forced to pay more for heating and cooling bills, as well as gasoline and diesel, you can bet our state economy will feel it.

In rural areas, where people must drive further for basic services, inflated

gas prices will especially take their toll. For farmers and ranchers, the cap-and-trade bill will pose its own set of problems because agriculture is such an energy-intensive industry. All forms of fuel and other essential items needed to raise food will skyrocket in price.

The recently released report by U.S. Senators Kit Bond and Kay Bailey Hutchison estimates that the cap-and-trade legislation will impose a \$3.6 trillion total gas tax that includes a \$2 trillion gasoline tax on American drivers, workers and businesses and a \$1.3 trillion diesel fuel tax on American farmers, truckers, workers and businesses. The report also states that farmers in the Midwest will unfairly shoulder the majority of the burden as opposed to their counterparts on the coasts as gas prices rise.

No one believes more strongly than farmers that we must exercise good stewardship over our natural and environmental resources. In fact, farmers have been huge partners in wetlands conservation, game management and scores of other conservation initiatives.

Not surprisingly, though, I have not talked to

any farmers who think this legislation is the answer to our environmental challenges. Not only would the cost of the cap-and-trade plan further cripple the economy, it will not address environmental concerns. Without global cooperation on this issue, establishing caps is an exercise in futility, and worse, a sure-fire way to destroy precious jobs, and make it harder for our farmers to compete.

It is becoming increasingly clear that cap-and-trade legislation is not about cleaning up the environment. This bill is really nothing more than a national energy tax on hard-working Americans—particularly those that farm. We may not get a tax bill directly from the government if this bill passes, but believe me, we will all pay at the pump.



*Senator Goodman talks to farmers at an area agriculture meeting.*

## KEEPING NAIS VOLUNTARY

When the United States Department of Agriculture (USDA) started the National Animal Identification System (NAIS) in 2004, it was supposedly for the purpose of ensuring the safety of the nation's meat supply by helping the USDA track down livestock during disease outbreaks. The premise is that animals are tagged, and information about them and the farms where they live is kept in a searchable database.

Many Missourians feel this federal program is an intrusion into the lives of America's small farmers and ranchers who do not have the money or resources to participate. It is just another attempt on behalf of the federal government to excessively regulate another private industry and develop yet another complicated and ineffective bureaucracy.

Though only voluntary at this point, there has been a push among some federal lawmakers to make the program mandatory. Here in Missouri, we have taken steps to protect our farmers and ranchers to ensure that it stays voluntary. Last year, the Missouri Legislature passed Senate Bill 931, which bars the Missouri Department of Agriculture from requiring participation in NAIS unless it is required to by law. While SB 931 allows the state to support

a voluntary animal identification program, it protects Missouri farmers from Washington bureaucrats telling them how to operate their businesses.

Senate Bill 931 also allows participants in the NAIS to withdraw from the program at any time and requires that their personal information be deleted, unless that producer is part of an ongoing disease investigation. This bill protects the property rights of Missouri farmers and ranchers from unwanted government intrusion, and it protects small operations from having to shell out their hard-earned money for the equipment needed to comply with NAIS.

Recently, Congress slashed funding for NAIS from the \$14.67 million requested by the USDA to \$5.3 million, a hopeful first step in dismantling the ill-conceived program altogether. The USDA has spent \$142 million on the program since 2004, but has not delivered the expected results. I remain optimistic that this is the first step in getting rid of this inefficient, unnecessary program that places an unfair burden on small farms and does not offer any substantial evidence that it actually works to prevent the spread of disease.

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