

APPROVED NOVEMBER 29, 2018

MEETING MINUTES

SENATE AND HOUSE INTERIM COMMITTEES ON AGRICULTURE, FORESTRY, AND ECONOMIC DEVELOPMENT

Thursday, October 18, 2018

The Senate and House Interim Committees on Agriculture, Forestry, and Economic Development met on Thursday, October 18, 2018, at 2:30 p.m., Room, MAC A, Little Rock, Arkansas.

Committee members present: Senators Ronald Caldwell, Chair; Jonathan Dismang, Jane English, Blake Johnson, and David Wallace. Representatives Dan Douglas, Chairman; Scott Baltz, Rick Beck, Mary Bentley, Jack Fortner, Lane Jean, Mark McElroy, Ron McNair, Matthew Shepherd, Stephen Meeks, and David Whitaker.

Other legislators present: Senators Jake Files and Missy Irvin. Representatives Bob Ballinger, Jon Eubanks, Vivian Flowers, Grant Hodges, Joe Jett, Bob Johnson, George McGill, Reginald Murdock, Clint Penzo, Marcus Richmond, James Sorvillo, DeAnn Vaught, and Danny Watson.

Senator Caldwell called the meeting to order.

CONSIDERATION TO APPROVE MEETING MINUTES [Exhibit B]

Senator Wallace made a motion to approve the meeting minutes of August 14, 2018. The motion was seconded by Representative Meeks, and without objection, the motion carried.

CONSIDERATION TO ADOPT INTERIM STUDY PROPOSAL 2017-133 (ISPs) FOR ADOPTION AND STUDY:

Interim Study Proposal 2017-133: “To establish a veterinary advanced technologist licensure; and to establish a midlevel veterinary medicine professional.” Senator Bruce Maloch gave a brief explanation of the ISP.

Senator Caldwell made a motion to adopt ISP 2017-133. The motion was seconded by Senator Maloch, and without objection, the motion carried. [Exhibit C1]

2018 UPDATE ON CROPS IN ARKANSAS

Dr. Rick Cartwright, Associate Vice President, Agriculture-Extension and Director of the University of Arkansas System Division of Agriculture and Cooperative Extension Service, and Dr. Jeremy Ross, Professor of Agronomy and Soybean Specialist, University of Arkansas Systems-Division of Agriculture, were recognized and presented a PowerPoint presentation titled, “2018 Soybean Quality Problem [see **Handout 1** for full report].

Dr. Ross stated Mother Nature has been the biggest player for poor quality soybeans, as adverse environmental conditions occurred during September that have contributed to the problems. Dr. Ross noted he received complaints from concerned farmers approximately two to three weeks ago regarding the quality of the soybeans. Therefore, he immediately conducted a survey by contacting some of the elevators. Prior to October 8, 2018, the majority of the soybeans that were delivered had been damaged in some fashion. Notably, one elevator reported approximately 80% of the soybean damage he had seen ranged between 2% -5%. Dr. Ross reported soybean damage is not isolated to Arkansas, as Louisiana reported worse soybean damage. Moreover, soybean problems have been reported across the Midsouth and Midwest. Dr. Rose stated there was not much that could have been done to prevent the issues of the soybean quality that was reported, as it has been a multifaceted problem which Mother Nature contributed to resulting in leaving the soybeans out in the field for an extended amount of time during the adverse weather events.

After a lengthy discussion, the committee heard testimony from 15 individuals, which were mostly farmers, regarding soybean issues. Notably, **Mr. Butch Calhoun, Director, Arkansas State Plant Board (ASPB) and Mr. Grobmyer, Executive Vice-President, Agricultural Council of Arkansas (ACA)**, were among those that spoke.

Mr. Joseph Cupples, MidSouth Grain Inspection Service (MGIS), was recognized and gave a brief explanation of the inspection process for soybeans. He reported MGIS is the official grain inspection agency that issues certificates on the barge loads from the bigger grain elevators. All equipment is tested and regulated by the government. Mr. Cupples noted MGIS covers Arkansas, Tennessee, Mississippi, and the northern part of Alabama.

In response to a question regarding whether the ASPB has regulatory authority over the grading quality of soybeans, Mr. Calhoun replied, “no we do not.” He stated ASPB contacted MGIS when learning of the issues and directed farmers to contact MGIS.

Mr. Grobmyer stated ACA is a non-profit, trade association which represents farmers, landowners, and agricultural businesses that provide goods and services to the row crop industry. Mr. Grobmyer presented and discussed the 5-year summary of the futures market for soybeans [see **Handout 2** for full report] that included:

- Soybean market over the last 5 years
- Soybean market over last year
- 2017-2018 Soybean Discount Schedule
- Global soybean exports
- North Asia Market Snapshots

Mr. Grobmyer stated the greatest challenge facing soybean farmers today is the price of the commodity. Moreover, the discount schedules are a big sticking point as they have caught many farmers off guard. No one expected the schedules to fluctuate as much as they did. The ACA hopes the U.S. and China can resolve their trade dispute quickly.

Representative Beck asked the following questions:

1. Regarding the changes in the discount rates for the same level of soybeans, if someone is not price gouging would we see the same rate on the selling of those soybeans?
2. The individuals who are creating the discount schedules are also selling soybeans, therefore, are they losing money?

Representative Beck states if the farmers are losing money this would indicate that the soybean price is a market problem versus someone taking a larger percentage than what they should.

Mr. Wes Ward, Secretary of Agriculture, Arkansas Agriculture Department (AAD), was recognized and replied to Representative Beck’s questions. Mr. Ward stated he would hate to speak for any company and their transactions. Companies may have contracts that they are fulfilling for a certain price or they may have some that are private transactions that they may/may not be willing to share those details. The AAD began receiving phone calls the last few weeks with similar stories from farmers regarding soybean issues. After investigating statutory laws and the rules and regulations, it was determined that AAD and the ASPB did not have any regulations that address the contract and discount damage rates that are being applied or the grading perspective. Moreover, the price gouging laws in Arkansas did not apply in this circumstance, as the law is only applicable when it is declared a state, federal or national disaster situation. Mr. Ward noted the United States Department of Agriculture (USDA) is investigating the soybean situation regarding what could potentially be done from the grading aspect to ensure uniform grading processes.

Currently, the AAD does not have trained inspectors to investigate for soybean damage or germination, but this is something that can be looked into and studied. According to Mr. Ward, the AAD receives federal funding from USDA for a number of different programs across Arkansas agriculture. However, they are often cooperative agreements for grading services that include eggs, poultry and peanut grading. Mr. Ward reported there is a template that exists for that sort of activity, but it is a USDA process that utilizes a state inspector which conducts those activities. Notably, the AAD has emphasized to USDA the importance of trade packages to farmers to ensure that they receive those benefits. Mr. Ward added the AAD is keeping the Governor informed of this issue.

Senator Caldwell concluded with closing comments by stating he contacted a representative at the Attorney General's Office on this issue. Senator Caldwell stated he would like for the AG's office to investigate the following:

- Changing the contract from a weight dockage to a dollar dockage.
- Changing the rate of the dockage from .22-.25 per bushel for the \$1.65 per bushel.
- Collusion on Antitrust Act violations that might have occurred during this time frame.
- Have this Committee and Mr. Ward contact cohorts in surrounding states to engage our U.S. Congressional Delegation in some of the problems that have been discussed today.

There being no further business, the meeting adjourned at 4:42 p.m.