

# COOPERATION IN NEBRASKA

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## 2011/12 Education Programs

This year saw many changes to the Council's educational programs. For the first time in recent history the Council did not utilize faculty support from the University of Nebraska to conduct the core educational programs.

This change came about after a thorough study of educational programming conducted by the Excellence in Cooperative Education Committee and the Board of Directors last spring. These two groups determined that because of the complexity of today's cooperatives, the Council needed to utilize experts from all across the country to provide the programs necessary for local cooperative directors.

While we will continue to evaluate and modify portions of the programs, it appears that the changes that we made were well received by the membership. A total of 377 directors, managers, and cooperative employees attended this year, representing 30 cooperatives.

*Mark Pearson shared his thoughts on what's ahead for agriculture in 2012 during the Cooperatives For Tomorrow Seminar held February 10 in Lincoln.*

Following is a recap of the programs that were offered this year:

### Director/Manager Workshop

"What Goes Up, Must Come Down" was the title of this year's program. Economist Bill Helming from Overland Park, Kansas, provided a macro view of the economy. During the presentation Mr. Helming provided an in-depth look at a number of issues that could impact our economy in the next few years. Mr Helming provided significant "food for thought" for all who attended.

The afternoon session of the workshop focused on what impact Mr. Helming's predictions would have on cooperatives. Don Wiseman, Tom Houser, and Ed Woepel facilitated this discussion that was designed to help cooperative directors as they plan for the future.

*(continued on page 6)*



## FFA Cooperative Speaking Contest

2012 marks the 61<sup>st</sup> consecutive year that the Nebraska Cooperative Council has provided sponsorship for the Nebraska FFA Association. This year the Council, with support from the CHS Foundation, sponsored the State FFA Cooperative Speaking Event.

The State FFA Cooperative Speaking Contest was held in conjunction with the State FFA Convention on March 28-30 in Lincoln. This year 3,560 students, parents, and guests attended the convention.

The Cooperative Speaking Contest provides students with the opportunity to research and develop a speech that focuses on any topic relating to cooperatives. Through participation in this event, students learn how coopera-

*(continued on page 9)*

## IN THIS ISSUE...

2011/12 Education Programs .....	1
FFA Co-op Speaking Contest .....	1
President's Message .....	2
LightSquare'd FCC Proposal .....	3
Washington DC Flyin .....	3
2012 Legislative Session .....	4
Co-ops 101 for Ag Students .....	7
Hazardous vs Non-Hazardous Bulk Pesticides .....	7
Winning Speech from FFA Coop Speaking Contest .....	9
Calendar of Upcoming Events .....	10



## President's Message

I am pleased to report that 377 attendees participated in the Council's director education pro-

grams this past winter. This total does not include Co-op 101 presentations provided for college students or programs for non-members. Elevating the quality of programming to meet the challenges faced by cooperative management teams was the goal of the Council's Education Committee, Board, and staff.

To achieve this end, we sought to bring in distinguished speakers from throughout the Midwest. Based on the participants'

responses and comments, the programs were rated very high, and participants want to see this format continued.

The Council has also initiated a new "Co-ops 101 Program" designed for the community colleges in Nebraska. This program has been very successful as well. A full report on both the director education and Co-ops 101 can be found on pages 1 and 7 respectively.

Legislatively, we have been actively involved with hearings and working with senators and stakeholders. This year there were over 1,175 legislative bills/resolutions and constitutional amendments introduced, and we either directly or closely monitored 85 of these. The legislative recap is provided on page 4 of this newsletter.

In early March, the Council conducted a Congressional Fly In to Washington DC to address the issues of OSHA enforcement and MF Global and reaffirm the importance of the Capper Volstead Act. I'd like to focus on the OSHA enforcement issue.

First and foremost, the Council

doesn't advocate the disregard for employee safety or seek to be free of any regulatory efforts in that regard; rather, we expect a regulatory environment in which cooperatives and others are treated fairly and reasonably in a cooperative effort with OSHA to enhance employee safety.

What is concerning to the Council is the overly burdensome, unreasonable, and adversarial environment involving the regulatory activities of OSHA as it has stepped up its inspection and enforcement activities in the grain industry over the last year. Complaints regarding the conduct of this agency

***First and foremost, the Council doesn't advocate the disregard for employee safety or seek to be free of any regulatory efforts in that regard.***

- NCC President Bob Andersen

from our membership have been steadily multiplying.

Numerous cooperatives have had significant contacts with the area OSHA office this year.

Council members have faced:

a. Swarm inspections where OSHA has inspected one location of a cooperative and then within a few days inspected another location of the same cooperative. The second inspections have been before the issuance of any citations from the previous inspections. The result is multiple citations for the same offense without an opportunity for the employer to abate violations resulting from the initial inspection.

b. Inspectors advising cooperative personnel, in more than one instance, that the fines for violations were about the employer's "ability to pay."

c. Course of conduct, if after a citation, the employer requests an informal conference where the area office offers to settle the citations for an amount less than originally charged. This appears to be more of an effort to collect fines than to fine for the

purpose of encouraging a safe work environment for employees.

d. Overly strict interpretation of applicable regulations that requires employers to contest citations and penalties.

e. Fines that bear no relationship to the severity of the offense (i.e., \$5,000 for an extension cord being improperly used even when no injury had resulted from the use).

Concern now exists that the agency's overall focus on grain companies has become "punitive" rather than "safety oriented."

Our meeting with OSHA officials on March 7 was very productive and constructive. We shared our concerns and were promised that they would get back to us in two

weeks, which they did. Assuming that the purported forthcoming actions are implemented by both Region VII and the Omaha Area Office, there will be a more equitable inspection of Nebraska cooperatives. It appears the process being utilized to select sites for OSHA inspections is outdated and apparently doesn't account for the redeployment of cooperative assets in the past 5 to 7 years. We will monitor this very closely and as we gain a better understanding of the current and future direction of OSHA, we'll keep you informed. The accompanying article on page 3 provides a list of the Council members who traveled to Washington, DC as well as the DOL/OSHA officials we met with.

I want to thank the Council members who participated in the flyin and those who provided the information for the survey that Rocky Weber conducted. Both groups were key to our success with DOL/OSHA officials regarding OSHA inspections.

In the cooperative spirit, I remain...  
Robert C. Andersen

## LightSquared's FCC Proposal

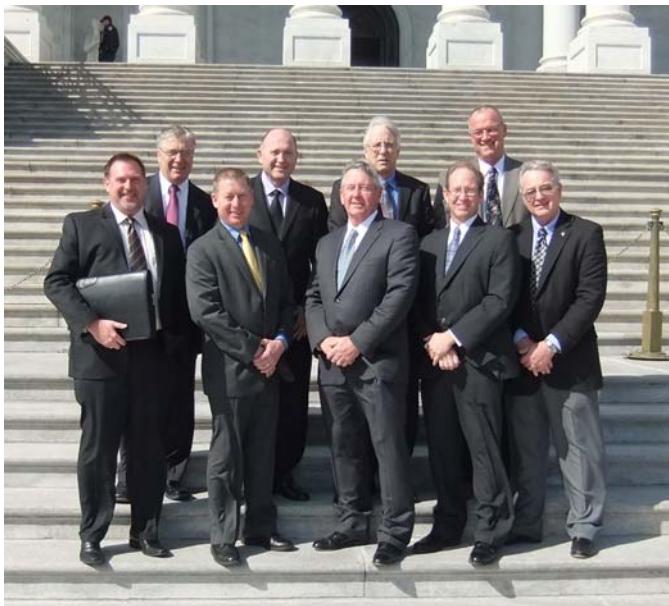
On February 14, 2012, the Federal Communications Commission (FCC) issued a press release indicating the FCC will block LightSquared's proposed nationwide wireless network. While LightSquared's proposal to provide ground based mobile service offered the potential to unleash a new spectrum for mobile broadband and enhance competition, there were issues with the technology.

Of particular concern for cooperatives and agriculture was the harmful interference to global positioning systems (GPS). This interference would have caused problems with GPS technology and caused GPS devices to become overloaded or jammed. This would have caused millions of GPS users to upgrade or replace their current devices.

Last fall the Council along with many other organizations, including Nebraska cooperatives, submitted comments to the FCC outlining these concerns.

### NCC MISSION STATEMENT

***To defend, protect and enhance the agricultural cooperative movement through pro-active programs in education, legislation, government affairs, communication, and regulatory issues.***



Representing the Council at the Washington flyin on March 6-8, in addition to NCC President Bob Andersen, were (left to right) Council Attorney Rocky Weber; Ron Velder, Dorchester; John Oehlerking, Elmwood; Ron Hunter, Edison; Jim Chism, Imperial; Bob Fifield, Hastings; Dave Beckman, O'Neill; Greg Sabata, Brainard, and Doug Nuttelman, York.

## Washington, DC Flyin

Eight members of the Nebraska Cooperative Council participated in meetings with our congressional delegation and officials from the Department of Labor - Occupation Safety & Health Administration (DOL-OSHA) on March 7-8, 2012. Participating were:

Managers: Jim Chism, Imperial; Bob Fifield, Hastings; Ron Hunter, Edison; Ron Velder, Dorchester

Producers (Board Chairs): David Beckman, O'Neill; Doug Nuttelman, York; John Oehlerking, Elmwood; Greg Sabata, Brainard

Others: Attorney Rocky Weber; Robert Andersen

During the congressional visits, members expressed concerns regarding OSHA enforcement actions and the negative impact this is having on cooperatives. Our members also addressed the failure of MF Global and the impact this has on the ability of cooperatives to mitigate risk, particularly in today's extremely volatile commodity markets.

The final topic of discussion with congressional leaders was the importance of the Capper-Volstead Act. Our members reiterated the importance of the Capper-Volstead Act for cooperatives and the importance of cooperatives to our economy.

The purpose of the meeting with DOL/OSHA was to discuss concerns that Nebraska cooperatives have raised over the OSHA inspection process in the last year. In preparation for this meeting, Attorney Rocky Weber conducted a survey among cooperatives to ascertain the recent experiences you have encountered with OSHA operations and enforcement activities, fines, and penalties. The key information was utilized in developing the "Issue White Paper" which was submitted to OSHA and the entire Congressional Delegation.

DOL-OSHA officials who attended the meeting were:

- \* Jordan Barab, Deputy Asst Secretary of Labor, OSHA
- \* Richard Fairfax, Deputy Asst Secretary, OSHA
- \* Arthur Buchanan, Director, Office of General Industry Enforcement, OSHA
- \* Patrick Kapust, CSP, Deputy Director, Enforcement Program, OSHA
- \* Gary Lescalet, Team Leader in the Office of General Industry Enforcement
- \* Joe Woodward, Deputy Solicitor of Labor for OSHA
- \* Stephanie Fichter, Special Assistant
- \* Tom Bielema, OSHA Area Director from Peoria, IL
- \* Deborah Berkowitz, Chief of Staff, OSHA

The President's Message on page 2 provides the key issues that were raised during the meeting with DOL/OSHA officials as well as follow up that is occurring.

# 2012 Legislature Adjourns

After completing its 60-day session, the 102<sup>nd</sup> Legislature adjourned on April 18<sup>th</sup>. All bills that remained pending at the close of the session were killed and must be reintroduced and start the process anew in a future session.

Over 1,175 legislative bills, appropriation bills, resolutions, and constitutional amendments were considered during the 2012 session. Ultimately 245 bills became law (either with or without the Governor's approval) and 4 constitutional amendments were passed and delivered to the Secretary of State.

Listed below are issues that the Council was involved in this session.

## SIGNED INTO LAW

### **LB 459 - OWNERSHIP OF ANIMALS (Monitor)**

LB 459 was signed by the Governor on March 7 and becomes effective July 19. It was introduced by Senator Schilz of Ogallala and co-sponsored by Senators Bloomfield of Hoskins, Brasch of Bancroft, Larson of O'Neill, and Wallman of Cortland. The bill, as amended, accurately clarifies and codifies the legal status of animals as personal property. Personal property does not enjoy the legal rights of persons. The bill makes it clear that local governments cannot elevate the legal status of animals above that of personal property. This bill is aimed at preventing city or town boards from enacting laws which give animals legal rights or protected legal status.

### **LB 770 - NEBRASKA SEED LAW (Neutral)**

LB 770 was signed by the Governor on March 7 and becomes effective July 19. It was introduced by Senator

Carlson of Holdrege and changes provisions to the Nebraska Seed Law by eliminating the listing of specific noxious weeds in the seed law and rather references the Noxious Weed Act. The Nebraska Department of Ag hopes this will eliminate the possibility of conflicting language in various statutes/regulations.

### **LB 853 - UNIFORM COMMERCIAL CODE (Monitor)**

LB 853 was signed by the Governor on March 7 and becomes effective July 19. It was introduced by Senator McCoy of Omaha and changes provisions relating to filing information under the Uniform Commercial Code. Under the bill, personal information of debtors (i.e., social security number or federal tax identification, telephone number) is no longer required as necessary information to file financing statements and/or liens. The purpose of the bill is to reduce public access to personally identifying information that can be used in identity thefts. While legal counsel does not see this bill as having a negative consequence on cooperatives, the change will make it even more important that the secured party have the correct legal names of those against whom it is filing financing statements and liens.

### **LB 873 - PETROLEUM RELEASE REMEDIAL ACTION FUND (Support)**

LB 873 was signed by the Governor on March 7 and because it included the emergency clause, provisions became effective March 8. Introduced by Senator Schilz of Ogallala, it extends the operation of the Petroleum Release Remedial Action Cash Fund until June 30, 2016. This has been a very successful program to clean up petroleum releases that have occurred.

The Council has been very involved in this issue over the years and has supported the concept of using this program to address petroleum contamination.

The program is funded by a fee imposed on the sale of motor vehicle fuel (9/10¢/gal) and indelibly dyed diesel (3/10¢/gal). Under current law, operations are eligible for cleanup funds of up to \$975,000/occurrence. If they sell no less than 2,000 gallons and no more than \$250,000, operations would be eligible for \$985,000/occurrence.

The Fund currently has a balance of \$4.3 million; however, there are 1,061 backlogged sites.

### **LB 905 - NEBRASKA WHEAT RESOURCES ACT (Neutral)**

LB 905 was signed by the Governor on April 10. Introduced by Senators Carlson of Holdrege, Larson of O'Neill, and Schilz of Ogallala, the bill increases the wheat checkoff rate from .0125¢/bu to 4/10 of 1% of the net market value of wheat sold through commercial channels of the state effective October 1, 2012. The Wheat Board has the authority to increase the excise tax to a maximum of ½ of 1% of the net market value.

### **LB 1018 - MERGERS, CONSOLIDATIONS & CONVERSIONS OF BUSINESS ENTITIES (Monitor closely)**

LB 1018 was signed by the Governor on April 2 and becomes effective on July 19. Introduced by Senator Conrad of Lincoln, it changes the Business Corporation Act and the Limited Partnership Act to bring these two acts in line with adoption of the Nebraska Uniform Limited Liability Company Act (LB 888-2011).



As passed, it provides that a domestic business corporation, when converting to a limited liability company, shall file a certificate of merger in the office of the register of deeds in each county in which the converting corporation owns real property. In addition, it provides that in provisions regarding approval of mergers, consolidations, or conversions of limited partnerships, references to limited partners who own more than a 50% interest in the profits mean partners who own "in the aggregate" more than a 50% interest in the profits.

The Council closely monitored LB 1018 for any amendments which would have negatively impacted cooperatives.

#### **LB 1031 - UNIFORM COMMERCIAL CODE/ SECURED TRANSACTIONS (Monitor)**

LB 1031 was signed by the Governor on March 14 and provisions become effective July 1, 2013. Introduced by Senator Burke Harr of Omaha, the bill amends the Uniform Commercial Code (UCC) relating to secured transactions by amending "this state" references to mean the "Department of Motor Vehicles" and by adding reference to "state identification card"

in addition to a driver's license. LB 1031 is a cleanup bill following the adoption of LB 90 during the 2011 legislative session that updated several provisions of Article 9 of the Nebraska UCC as they relate to secured transactions.

LB 1031 is very limited in scope and only relates to the accuracy of the name of the debtor as used on a financing statement. Current law allows the use of the name as it appears on a driver's license issued by the state. LB 1031 as passed allows the use of the name from a driver's license issued by the Department of Motor Vehicles or a state identification card that has not expired. If more than one such piece of identification has been issued for an individual, it is the most recent one that applies.

#### **LB 1057 - NEBRASKA CORN RESOURCES ACT (Neutral)**

LB 1057 was signed by the Governor on April 10. It raises the current corn checkoff rate from 4/10¢ to 1/2¢/bu effective October 1, 2012.

#### **KILLED**

The following bills were killed upon legislative adjournment:

#### **LB 789 - ELECTRICAL INSPECTIONS FOR GRAIN HANDLING AND IRRIGATION EQUIPMENT (Monitor)**

LB 789 was introduced by Senator Ken Haar of Malcolm at the request of the Director of the State Electrical Division. The bill would have amended state statutes to specifically make electrical installations for grain handling and irrigation equipment, regardless of location, subject to the inspection and enforcement provisions of the State Electrical Act. The bill did not adversely affect cooperatives since they

are already required to submit applications for inspections under the commercial/industrial requirements of the statute. Per Senator Haar, the intent of LB 789 was for inspection of on-farm storage and pivots due to accidents/deaths that have occurred over the past few years on farms.

#### **LB 866 - NEBRASKA FAIR EMPLOYMENT OPPORTUNITY ACT (Oppose)**

LB 866 was introduced by Senators Ken Haar of Malcolm, Council of Omaha, Dubas of Fullerton, Burke Harr of Omaha, Howard of Omaha, Krist of Omaha, McGill of Lincoln, Mello of Omaha, and Nordquist of Omaha. It would have adopted the Nebraska Fair Employment Opportunity Act which would have made it unlawful for an employer: (1) to refuse to consider for employment or refuse to offer employment to an individual because of the individual's status as unemployed; (2) to publish in print, on the internet, or in any other medium an advertisement or announcement for any job that includes that an individual's status as unemployed disqualifies them as a candidate.

The Council's opposition was predicated upon the bill not being well (*continued on page 8*)

#### **THE COOPERATIVE PRINCIPLES**

- *Voluntary and Open Membership*
- *Democratic Member Control*
- *Member Economic Participation*
- *Autonomy and Independence*
- *Education, Training and Information*
- *Cooperation among Cooperatives*
- *Concern for Community*

[Principles adopted by the International Cooperative Alliance in 1995]

# 2011/12 Education Programs

(cont. from page 1)

In addition to utilizing new facilitators for the workshop, we also altered the number of locations for the program. For a number of years we had offered the workshop in three locations; however, this year we moved to two sites—Ogallala on December 13 and York on December 14. This efficiency measure seemed to be well accepted by members.

## Director Certification Program

DCP was held in Kearney on January 3-4. DCP is designed to accelerate the process by which newly elected directors can become active, effective board members.

A total of 79 phases were completed with 17 directors graduating from the program.

Facilitators for the program were Dr. Roger Ginder, retired ag economist from Iowa State University; Tom Houser, CoBank; Rocky Weber, Crosby Guenzel LLP law firm; Don Wiseman, retired co-op manager from Fairbury; and Ed Woeppel, Council staff.

## Board Officer Seminar

BOS was held in Lincoln on January 30. This session is designed to provide board leaders with additional training to help them carry out their role as leaders of the board.

Don Wiseman, retired cooperative



During the Director/Manager Workshops, participants worked in small groups to solve a case study.

manager from Fairbury, facilitated the morning session that addressed the issues surrounding board evaluations. The afternoon session was conducted by Rocky Weber. As usual, Rocky addressed many issues cooperatives are facing today.

## Special Director Seminar

The SDS "Collaborative Leadership for Change" was scheduled for January 31. Unfortunately we were forced to cancel this program due to low registration numbers. Council staff and the Excellence in Cooperative Education Committee will examine this program offering to determine if it is still a member need.

## Cooperative Issues Symposium and Cooperatives For Tomorrow

CIS and CFT were held on February 9 & 10 respectively in Lincoln. These programs were held on consecutive

days to allow directors to attend two programs in one trip, reducing travel time for them.

The *Cooperative Issues Symposium* is a new program that is designed to address a specific cooperative issue in depth. This year we addressed the issue of cooperative finance.

Dr. Chris Peterson from Michigan State University provided an in-depth look at financing, all the way from very basic financing to the more complex financing that is more common place today. Brian Klatt from CoBank's Denver office then provided a very informative session regarding the syndication of loans. Mr. Klatt also described CoBank's role in the syndication process.

Bruce Krehbiel, CEO, and Brad Riley, CFO, of Kanza Cooperative in Iuka, Kansas, then provided an overview of the financial strategies they have implemented.

Closing the program were Rocky Weber and Bill Kutilek of the Crosby Guenzel LLP law firm. Rocky and Bill addressed the "rights of lenders" and the impact that sophisticated financing could have on local cooperatives.

The evaluations of this program indicated that participants welcomed this addition to the Council's educational offerings.

*(continued on page 7)*



Attorney Rocky Weber answered questions from board officers during the Board Officer Seminar.

## Co-ops 101 for College Students

In our December issue, we reported on a new Council initiative regarding outreach to college students. Council staff developed a "Co-ops 101" presentation, through a grant from the CHS Foundation, that is designed for college agricultural students.

The presentation provides college students with background on the cooperative business model and how cooperatives function in adding value to their members business. In addition, a local cooperative manager from the area provides information on careers within cooperatives.

This year, we have provided presentations at Northeast Community College in Norfolk, Central Community College in Hastings and Columbus, the University of Nebraska-Lincoln, and the Nebraska School of Technical Agriculture at Curtis. We are still working with staff at Southeast Community

College in Beatrice to schedule a presentation.

A total of 106 students and instructors have been a part of these presentations.



Randy Robeson (standing at right), manager of Frontier Cooperative Company at Brainard, talks to CCC-Columbus students about career opportunities at cooperatives.

## Hazardous vs. Non-Hazardous Bulk Pesticides

While this is not a new issue, it is important that all cooperatives review procedures regarding repackaging of bulk pesticides. The use of mini-bulk tanks is convenient for both cooperatives and farmers; however, it is imperative that cooperatives use the proper mini-bulk tank for the product being shipped.

Some pesticides require a mini-bulk tank that is marked for hazardous materials, while other products can be shipped in unmarked tanks. However, if a product that is classified as a hazardous material is shipped in an unmarked mini-bulk tank, it would be a violation of Department of Transportation regulations.

The fines for not complying with these regulations are significant for either the cooperative or the farmer so compliance is necessary.

While not a comprehensive list of all products sold in the state, the Nebraska Department of Ag has developed an initial listing of the various manufacturers and products that are typically sold in Nebraska (listed at right).

For more information regarding the repackaging of bulk pesticides contact Tim Creger, Pesticide/Fertilizer Program Manager at the Nebraska Department of Ag, 402/471-6882 or [tim.creger@nebraska.gov](mailto:tim.creger@nebraska.gov).

**Monsanto** – most bulk pesticides are non-hazardous and company allows products to be repackaged in non-marked mini-bulk tanks

**Syngenta** - most bulk pesticides are non-hazardous with the following exceptions:

- Gramoxone Brands
- Reglone
- Discover NG
- Boundary 6.5 EC
- Axial XL
- Axial Star
- Dual II MAGNUM SI (SI is the only Dual MAGNUM formulation that is regulated)

**BASF** - most bulk pesticides are classified as non-hazardous with the following exceptions:

- Clarity
- Headline EC
- Outlook
- Prowl 3.3 EC
- Pursuit Plus
- Rezult G
- Verdict

**FMC** - most bulk pesticides are classified as hazardous materials and require DOT/UN marking on mini-bulk tanks.

**DowAgro** - most bulk pesticides are classified as non-hazardous but company requires repackaging in DOT/UN marked tanks.

**Crop Production Services** - bulk pesticides are both hazardous and non-hazardous and company classifies them all as hazardous in order to assure DOT compliance.

## Education Programs (cont. from page 6)

The *Cooperatives For Tomorrow* seminar once again proved to be a very popular program. This program is designed to provide local directors with the opportunity to hear from speakers that they may not normally have the chance to hear from.

This year's presenters were Mark Pearson, host of "Market to Market;" Brian Briggeman, director of the Arthur Capper Cooperative Center at Kansas State University (KSU); Barry Flinchbaugh, retired ag economist from KSU; and Ernie Goss, economist from Creighton University.

The evaluations showed that this program was highly rated by participants and one that provided quality information for those attending.

# Legislative Session

(cont. from page 5)

reasoned and that it sought to cure an injustice that has not been widely recognized. Further, it would have been another trap for employers in the hiring process.

## LB 915 - CRUELTY TO ANIMALS (Monitor)

LB 915 was introduced by Senator Larson of O'Neill, it would have changed provisions related to the reporting of cruelty to animals by reducing the time frame in which reports would have needed to be made. It would also have required all original documentation including video, photo, or audio which is evidence of cruelty. In addition anyone who obtained employment at an animal facility with the intent to disrupt normal operating of the facility would have been guilty of a Class IV felony.

The intent of this bill was to prohibit someone from infiltrating a facility and staging an animal cruelty event for the purpose of taping the event for use by an animal rights group. Due to the sensitivities of this issue, many of the farm groups were cautious in their approach to LB 915. Recent involvement in Nebraska by organizations such as the Humane Society of the United States (HSUS) led to the concern that this bill could allow animal rights organizations the opportunity to exploit an issue.

A number of the ag groups, including the Council, submitted a letter to the Ag Committee requesting continued study of the issue.

## LB 922 - RULES OF THE ROAD / LOAD CONTENT AND SPILLAGE (Neutral)

LB 922 was introduced by Senator Mello of Omaha, it would have provided that no person could operate a vehicle on state highways that con-

tained livestock or the manure or urine of livestock unless all doors, seals, and gaskets (including any manure trap, drains, or washout openings) were closed. It would have been a violation whether or not any manure or urine had spilled or escaped from the vehicle. In addition no person operating a vehicle containing livestock or the manure or urine of livestock could allow manure or urine to escape from the vehicle. Violations would be a Class IV misdemeanor with a minimum fine of \$250.

This has been a significant problem in south Omaha. The challenge for ag groups is finding a compromise that solves the south Omaha problem while not impeding the movement of livestock statewide.

Shortly before the bill's public hearing convened, Senator Mello agreed to work on the bill to exclude manure and urine escapage language. Several ag groups, including the Council, then testified in a "neutral position" predicated upon the removal of the language regarding any escape of manure or urine from a vehicle statewide.

The amendment drafted by Mello would also have applied the provisions to only metropolitan class cities (population of 300,000 or more). As such, the bill, if passed, would have only affected Omaha.

## LB 971 - MERGE THE DEPT OF LABOR INTO THE DEPT OF ECONOMIC DEVELOPMENT (Monitor closely)

LB 971 was introduced by Senators Harms of Scottsbluff, Carlson of Holdrege, Lambert of Plattsmouth, Lathrop of Omaha, McCoy of Omaha, Mello of Omaha, Pahls of Boys Town, and Schilz of Ogallala at the request of the Governor. In addition to merging the Department of Labor into the Department of Economic Developments, it would also have moved the

administration and enforcement of the Boiler Inspection Act, the Conveyance Safety Act, and the Nebraska Amusement Ride Act from the Department of Labor to the Nebraska State Fire Marshall effective July 1, 2013.

The Boiler Act primarily affects feed mills with boilers, and the Conveyance Safety Act could affect grain facilities' personal elevators (man lifts), although the Department of Labor exempted grain handling facility man lifts from periodic inspections.

## LB 1108 - SALES TAX EXEMPTION ON MANUFACTURING MACHINERY AND EQUIPMENT (Support)

LB 1108 was introduced by Senator Pirsch of Omaha. Currently sales and use tax is not imposed on (1) the sale, lease or rental and on the storage, use or other consumption in this state of manufacturing machinery and equipment; and (2) the sale of installation, repair, and maintenance service performed on or with respect to manufacturing machinery and equipment. LB 1108 would have added language to the aforementioned that it is "without regard to the percentage of income a company derives from the use of such machinery and equipment."

### NEBRASKA COOPERATIVE COUNCIL

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## FFA Cooperative Speaking Contest

(cont. from page 1)

tives function and the principles that cooperatives are founded on.

Sixty-six students from across the state participated in the District contests. Of these 24 students qualified for the State contest with 22 actually participating.

The winner of the 2012 Cooperative Speaking Contest was Natasha Hongsermeier of the Aurora FFA Chapter. She received a trophy, first place medal, and a check for \$100 from the Nebraska Cooperative Council. (See her winning speech at right.) Second place went to Morgan Tranmer of the Wilber-Clatonia FFA Chapter along with a medal and check for \$50. Third place went to Amber Burenheide of the Howells-Clarkson FFA Chapter who received a medal and check for \$25.

Other medal winners in alphabetical order were:

Gold - Grant Beckman, Elgin; Sam Herink, Leigh; Makensi Kalkowski, Wisner-Pilger; Turner Moore, Syracuse; and Rachel Sorensen, Plainview

Silver - Natalie Becker, Creighton; AnnaLisa Glenn, Greeley-Wolbach; Jacob Goldfuss, O'Neill; Jordon Harms, Sandy Creek; Tim Harris, Lexington; Abbey Klein, Freeman; Erica Lewis, Wisner-Pilger; and Katie Stuhr, Centennial

Bronze - Gavin Caldwell, Superior; Jordyn Knight, Ord; Kathrine MacIntosh, Garden County; Summer Mueller, Creek Valley; Christina Small, Fullerton; and Tayler Walter, Perkins County.

# The Agricultural Cooperative

by Natasha Hongsermeier, Aurora FFA Chapter  
1st Place Winner - 2012 Cooperative Speaking Contest

*Imagine that you and two of your friends want to buy a bulk case of 50 cans of Dr. Pepper, which costs \$15. Since there are 3 of you, you each put in \$5. Now you've decided that you're going to sell your product at 50¢ a can.*

*The Dr. Pepper is only sold to a member of your group, or your cooperative, which also includes you and your two friends. If you sell all 50 cans at 50¢ per can, then you will have \$25. This means that you have an extra \$10 from your initial investment. Some of this profit will be paid out in dividends, some will be put back into the co-op, and the cycle repeats. This is the basis for how the cooperative business style works. The three items concerning cooperatives we'll discuss today include what co-ops entail, some of their advantages, and a few of their disadvantages.*

According to Ronald W. Cotterill's book Competitive Strategy Analysis for Agricultural Marketing Cooperatives, a cooperative is defined as a jointly owned and democratically controlled enterprise in which benefits are received in proportion to use. More simply put, it's a business that is owned and operated by the people who use it. Cooperatives are commonly used in agriculture to buy, sell, and service individual farm businesses. In this way, farmers and ranchers can come together to create more purchasing power in the marketplace. This purchasing power is more than any one individual alone would have had. Basically, it's the strength in numbers concept. Hence, this gives the small farmer a chance to keep up with his or her large-scale competitors by being on a level playing field.

In addition, each member has a say in what happens within the co-op. "Cooperatives 101," a DVD



produced in 2009 by the University of Nebraska at Lincoln, maintains that a cooperative's decisions are made through an elected board that oversees the co-op. This is usually referred to as the Board of Directors. Members can vote on decisions for the co-op via

the one-member, one-vote principle. This assures that members will always be in control of the enterprise. It gives them an opportunity to contribute their own input about how the cooperative should be run as well as its operation as a business.

Courtesy of a DVD entitled "Cooperatives in Nebraska," also produced in 2009 by the University of Nebraska at Lincoln, a co-op is divided into two sections known as the supply cooperative and the marketing cooperative. The supply part of the co-op is imperative for agricultural production. It provides the seed, fertilizers, and fuel, as well as other services such as agronomy and crop application services. When a co-op buys their products in bulk, they can counteract the pricing that the markets have set. Thus, there is increased access to quality supplies at a reasonable cost. In this way, farmers are given an opportunity to add value to their products, making them more competitive in a global economy. The marketing side of the co-op promotes and may actually distribute specific commodities. Having the ability to effectively sell a product to a consumer is a big part of this section of the co-op.

Recently, I uncovered that some people talk about non-cooperative firms operating "for profit" while cooperatives operate "at cost." This isn't totally accurate. Most cooperatives generate earnings. They differ from non-cooperative firms in how they allocate and distribute their

(continued on page 10)

## The Agricultural Cooperative (cont. from page 9)

earnings. A non-cooperative firm retains its earnings for its own account, or perhaps pays part of them out to shareholders as dividends, based on the amount of stock each investor owns. In a cooperative, earnings are usually allocated among the members on the basis of the amount of business each did with the cooperative during the year.

Lastly, while speaking with Chad Carlson, Director of Corporate Operations at Aurora Coop, I learned that cooperatives are noted for their retained savings, which build up equity and capital within the co-op. In the long term, this allows farmers access to state-of-the-art technology without having to purchase it themselves. This adds value to the crops. An example would be renting a brand-new floater from a co-op for a fraction of the cost it would be to buy one of your own.

There is a wealth of benefits involved with the utilization of a cooperative. USDA Online will help us examine some of these. The chief advantage stems from the cooperative principle that the business helps its members, not the investors. It allows multiple farmers and ranchers of any scale to join forces and gain profits otherwise unattainable by the individual. For example, let's say a co-op elevator has to fill a 400,000-bushel train. Obviously, it would be very difficult for just one farmer to provide the entire product for that train. But when multiple farmers get together, they can easily fill the whole thing. With a larger number of people, there isn't a middleman involved. Thus, the individual earns more on returns, and the buying power of the individual increases.

However, while there are many advantages to using cooperatives, there is also a number of disadvantages. Dineshbakshi.com, a business and economics website, informs us that as with any enter-

prise, cooperatives must deal with the continuous business cycle. There always has to be downs to balance out the ups. Occasionally, cooperatives come up short and do not have a dividend to pay. Ultimately, this means that the cooperative has lost money. In this case, you can lose, too, and (although very rarely) may have to pay back your dividends. Another disadvantage is that participation of members is required for success. The member's role is to patronize the co-op and to ensure its economic well-being. After all, the members are the ones who need the co-op. Each member must keep patronizing the business, even if prices are better elsewhere. Also, with a Board of Directors, cooperatives entail a longer decision-making process. This is because the cooperative functions as a democratic unit, and making just one decision involves a series of steps that can sometimes be very complicated.

In conclusion, cooperatives have had a major impact on agriculture across the state of Nebraska. Virtually every community within the state is involved in some way or another with a co-op. Initiated in the early 1900's, farmer-owned co-ops have played an important role in Nebraska agriculture by allowing farmers to corner markets and have more access to supplies at a reasonable cost. They provide input supplies and marketing expertise to keep agriculture going and growing. The unique thing about the cooperative business style is that cooperatives are owned and controlled by the same people: the members. Cooperatives have been around for over a century, and I believe they will continue to play a vital role in the food production industry for years to come.

## CALENDAR OF UPCOMING EVENTS...

### May 2012

- 10 NCC Board of Directors Conference Call Meeting

### June 2012

- 28 NCC Board of Directors Meeting - North Platte

### July 2012

- 20 NCC Cooperative Hall of Fame Nomination Deadline

### November 2012

- 15 NCC Board/Committee Meetings and Evening Reception for Membership - Kearney Holiday Inn  
16 NCC Annual Meeting - Kearney Holiday Inn

### January 2013

- 3-4 Director Certification Program - Kearney Holiday Inn

## NCC RADIO SPOTS

Every other Friday, the Nebraska Rural Radio Network provides the Council with complimentary network airtime to present a 3-4 minute update on current cooperative issues. This allows the Council to have one more method of communicating with our members.

The radio spots air at approximately 1:15pm MT on KNEB and at 2:17 pm CT on KRVN and KTIC. Our scheduled air times over the next few months are:

April 27; May 11 & 25;  
and June 8 & 22



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