

Thank you for the opportunity to participate in your hearing today.

I would like to start by stating that since the WTO talks are in limbo, now is not the time to make drastic concessions, but to write a farm bill that works for our own country. We thank you for your efforts in the last farm bill. However, producers and a lot of smaller ag-related business' and coops continue to get by on about a 2% return on investment - companies that can move products around the world continually see a 15-20% return.

The payments and counter cyclical payments have supplied some cash flow and price targets to shoot for but it is not wise to bet the farm on income transfers. Receiving a larger share from the market place would be a better practice.

Recent price increases in crop imports have eaten up our chances of showing a profit and past farm bills have eliminated programs that producers could use to impact the market. While we support the efforts to increase exports, the facts show exports for feed grains have been flat for years while domestic use has really increased; not only as feed, but in the last few years also as a fuel. I believe we can supply our livestock and ethanol industry and exports while letting our producers gain some extra revenue in the market place.

The following are some suggestions I propose:

1. Farmer owned reserve - Establish a farmer owned reserve with storage payments starting upon enrollment.

With the ethanol industry owning storage for only about a weeks supply of feed stock, a farmer owned reserve with aggressive use of our current storage program through FSA we could have a steady supply of quality grain for our end users. As harvest equipment gets larger and faster, we are seeing bigger and bigger ground piles at our local elevators. These temporary storage piles are very susceptible to spoilage and weather damage. Reserve storage payments would build more permanent producer owned bins and this would allow producers to market their products where and when needed and gain some extra value from the market place.

This reserve would be limited to roughly 20% of production so everyone could use it and also storage payments would stop when the monthly average price reached 140% of Federal Crop fall price. (for example: \$2.00 fall price x 140% = \$2.80 storage stop)

2. Flexible Fallow - With today's technology of grid sampling and yield monitors, we know where the spots in the field are that do not return enough to cover our cost of production. With the high cost of inputs, why turn fuel, fertilizer, and pesticides into a commodity that is already under priced.

We need incentives called conservation payment or possibly a higher target price for producers that want to use their technology and identify those sandy knobs or alkali spots to produce forage for livestock This program is very compatible with wildlife programs and other Federal programs like the Natural Legacy Project that seeks to identify species close to the endangered list and establish habitats to help keep them from becoming endangered. These would be one year contracts so producers can respond to market demand and changes in input costs.

3. Country of Origin Labeling - As we talk about market demand we want to see country of

origin labeling that was included in the last farm bill. By putting your name and reputation on the label, it will spark competition for quality and give consumers more information to make an informed purchasing decision.

4. Packer Ban on Long Term Ownership of Live Animals - Our livestock producers are a competitive and resourceful bunch. By giving them a constant and quality supply of feed through the reserve and storage program and some extra grazing or winter feed through the Flex Fallow program, we can continue that spirit of competition on the sales side by not letting packers feed their own cattle. Livestock receipts in Nebraska are a large part of our economy. We do not want to hear "sorry we are out of the market for a time while we butcher our own cattle", or "we are full of our cattle right now but we will take yours at \$2.00 discount". Most of our livestock producers in Nebraska are family owned and operated. They own their animals, they raise their own feed and are proud of their high quality finished product. Most will agree that lower priced feed grains will eventually lead to lower priced livestock. I believe the preceding points will help strike a balance in input costs and price received.

5. Research dollars to develop uses for wet distiller's grain. It doesn't make sense to use more energy to dry this co-product of ethanol plants if it can be used in its wet form. I know some research has been done already and just recently released, but more needs to be done as the quantity of this wet feed comes on the market.

6. Encourage farm ownership of renewable energy projects either individually or through their local coops. These would include ethanol, bio-diesel or wind generators. These community-based plants would add greatly to the local economy. Reinvestment of the profits would spread the tax base and help lower reliance on property taxes.

7. Payment limits to producers - Getting around payment limits has become a real art with some people. The actions of a few have hurt the reputation of us all. Those limits are there to help family sized farms and it is time to be tough on enforcing these limits or we may lose some valuable programs for all producers.

#### RECAP:

Establish farmer owned reserves of 20% of production with storage payment to start right away. This will result in better quality in and out of ethanol plants and a steady supply for livestock and exports.

Flex Fallow - Put our expensive inputs where they will do the most good. The payments will be the incentive to free up small parcels of fragile ground for livestock feed or wildlife preservation.

Country of Origin Labeling so our consumers can buy a product they have confidence in.

Packer ban on long-term ownership of cattle so our producers have an open and competitive market when their animals are ready.

Research dollars used for the benefit of wet distiller's grain.

Payment limits to producers needs strong enforcement to regain the trust of our fellow

taxpayers.

Thank you for your time and attention