



Iowa Institute for  
Cooperatives

# CO-OPVIEWS

News and information for the benefit of Iowa cooperatives.

June 2019 Vol. 49, No. 2

## Iowans at the Helm of Top U.S. Ag Cooperatives

With 15 of the top-100 local agricultural cooperatives in the nation, Iowa is home to more than any other state. This year, Iowa is also home to the leaders of two of the top three regional cooperatives—CHS ranked number one with 2017 revenues of \$31.9 billion and Land O’Lakes was third with \$13.7 billion. Dairy Farmers of America was second with revenue of \$14.7 billion.



**CHS Chairman**  
**Dan Schurr, LeClaire**

Dan Schurr’s journey into board service began with following in the footsteps of his father, who served as an Eldridge Co-op board member when Schurr was young. He was later asked to run and served several years on what is the now River Valley board.

Schurr has served on the CHS board since 2006. During his time in co-op leadership, Schurr has seen many challenges and opportunities in agriculture.

“This is an extraordinary time. Our agricultural community has been faced with trade disputes, damaging weather and market challenges,” he says. “Farmers and cooperatives have to have a great deal of wherewithal today

to provide the assets, people and products our customers need and want, while also investing in the future and returning patronage to them as our members,” he says.

However, cooperative member-owners are different than typical shareholders. “Cooperative members understand the long view. They don’t worry about every quarter’s financial performance,” he says. “They accept that we are investing for their kids and their kids’ kids.”

While cooperatives have always faced stiff competition

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**Land O’Lakes Chairman**  
**Rick Brand, Somers**

As an Iowa State University Junior, Rick Brand decided it was time to get started in farming. He rented his first ground and, while finishing his degree, began his farming adventure.

“As a young farmer 25 years ago, I had no foresight about the journey I’ve been able to follow in the cooperative system,” he says. “The GM at FC Cooperative, Roger Koppen, saw something in me and asked me to run for the board. He showed me the importance of relationships with members, with fellow directors, with competitors, and that’s what’s made the difference for me.”

Since then, Brand has served on the FC Board and the Land O’Lakes Board, elected to the Chairman’s seat in 2018.

“The co-op system is about partnerships and working toward the good of all parties,” he says.

“With so many options for farmers – like e-commerce where product appears to be low-cost – often producers don’t realize that there are no services that come along with those products and once they spend the money, it’s gone.”

By working in the cooperative system the producer is leveraging a partnership.



“The co-op system is about partnerships and working toward the good of all parties.”

**- Rick Brand**  
*Somers Farmer & Land  
O’Lakes Board Chairman*

**LAND O’LAKES, INC.**

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# 2019 Legislative Session: A Whirlwind of Change and Intrigue

By Katie Hall, Director of Government Affairs



**- Katie Hall**  
*Director of Government Affairs*

Iowa's 2019 Legislative session ended on Saturday, April 27—day 104 of a scheduled 110-day session. We started this year with 31 new lawmakers, more than 20 percent of the whole legislature. After the elections and some unexpected change, House Republicans hold a narrow majority of 53-47; Senate Republicans hold a more secure majority of 32-18.

Senator Jeff Danielson (D) resigned from the legislature in mid-February and Senator Eric Giddens (D) won that seat in a special election. Near the end of session, Representative Andy McKean officially switched his political affiliation from Republican to Democrat.

Kicking off the legislative year, the Governor's Condition of the State addressed key rural issues including:

- Empower Rural Iowa — see page 3 for more detail
- Strengthening schools & workforce through specialized programs and work-based learning

***“There is great value in relevant, high-quality work-based learning because it helps students understand what interests them and helps them make important decisions about college or career training,”*** said Lt. Gov. Adam Gregg.

## GRAIN WAREHOUSE LIEN LANGUAGE

The biggest battle for our cooperatives was the grain warehouse lien language we worked to pass this year. This language would have codified the long-standing practice of collecting incurred storage and drying charges as grain is settled. Two cooperatives in Iowa have been sued by a bank to recover charges associated with storage, drying, musty/sour discounts, etc. We believe we can eliminate future issues with our clear, concise language.

Senator Tom Shipley (R) introduced our proposed language in the ag appropriations bill (SF 609) and was a leading force in helping us. Although the language was stripped out of SF 609 by Senator Michael Breitbach (R), Senator Kevin Kinney (D) attempted to put it back in with an amendment. Senator Kinney's amendment was voted down with 26 no and 24 yes votes. Of the yes votes, we had 18 Democrats and 6 Republicans supporting our language.

Once the language was stripped out, it didn't make it back into legislation but Representative Ross Paustian (R) introduced an amendment with our language and told his fellow Representatives that we would continue to work on passing this legislation next year. He will be a major co-op ally as the chair of the House Agriculture Committee.

## FUTURE READY IOWA

IIC supported the Rebuild Iowa Infrastructure Fund (RIIF) appropriation of \$3 million for the Iowa Renewable Fuels Infrastructure Fund and legislation funding workforce programs including Future Ready Iowa, work-based learning partnerships, and Home Base Iowa programs. IIC also supported funding for Future Ready Iowa programs including the Employer Innovation Fund, the Last Dollar Scholarship Program and the Skilled Workforce Grant.

## COOPERATIVE TAX STRUCTURE

In a seemingly unending attack against credit unions, the Iowa Bankers Association continued to pursue legislation that would have increased taxes on credit unions. Our credit union members were proactive and united with their message to protect Iowan's financial choice and have put the issue to rest for now.

## ELECTRIC VEHICLES (EV)

EV Fees were introduced in HF 767 and signed into legislation by the Governor. The fees are designed to compensate for the road fuel tax other vehicles are paying. It's \$130 for EVs, \$65 for hybrids and \$9 for electric motorcycles, phased in over three years. Taking effect in 2023, is an excise tax of 2.6 cents per kWh on commercial electric charging stations.

## SMART METERS

The Smart Meter bill (HF 154) would have prohibited the installation of smart meters until the utility provided educational information to the consumer about effects of the technology. This bill passed subcommittee but was not brought up in full committee. Because this is the first year of the biennium, this bill will be eligible for consideration next year.

## IN CLOSING

***I'd like to give a great, big THANK YOU to all the folks who reached out to talk with legislators about how the grain warehouse lien legislation would impact your operations. We had great conversations and we've garnered a lot of support. The work isn't over yet, but you helped us keep this crucial language in front of decision-makers at the Capitol.***

I am honored to represent our cooperatives at the Capitol and look forward to continuing work on the grain warehouse lien language in the next session, among other key issues for our member cooperatives. Please don't hesitate to reach out if you have questions or concerns.

If you would like to be added to our **Call to Action** mailing list, please e-mail or text your name and e-mail address to: [khall@iowainstitute.coop](mailto:khall@iowainstitute.coop), 712-269-9838.

from the private-sector, Schurr sees a need for a stronger strategic alignment in the cooperative system to provide greater value and reduce inefficiencies.

“I believe we need to think of ourselves as a co-op system rather than as competitors.”

The way to accomplish this, he says is communication.

“Integration between the local farmer and co-op, and the local co-op and the regional co-op all happens through good communications,” Schurr says. “That’s what it’s going to take to make sure the system can bring value to our member-owners.”

“When they use co-op services and products, they help keep that co-op viable so it can continue to offer services and expertise they need but won’t get from e-commerce,” he says. “Plus, when the cooperative is profitable, it pays patronage back to the member. This, in turn, keeps money in the local communities, benefiting all local people.”

## CO-OP LEADERS APPLAUD IIC’S ROLE IN SUPPORTING FARMERS

Dan Schurr, LeClaire farmer and chairman of the CHS Board of Directors, says the role played by the Iowa Institute for Cooperatives is an extremely important connection for local and regional ag co-ops.

“I applaud what the IIC team is doing,” he says. “I can’t overestimate the need for director development training on the local level and the legislative arm is a vital touch-point.”

As Chairman of the Board of Land O’Lakes, Rick Brand, Somers, shares that sentiment.

“The team at IIC are great at collaborating with all of the co-ops out there, gathering information about what’s important to members and the profitability of the co-ops, then taking that to the lawmakers in Des Moines. They are the experts at knowing the laws and regulations that affect co-ops on a daily basis.”

## More on Empower Rural Iowa

Iowa’s Empower Rural Iowa Initiative addresses important issues that are influencing the state’s ability to connect and do business with the world.

### Empower Rural Iowa, HF772

- Workforce Housing credits increased by \$5 million to \$25 million, with \$10 million reserved for rural communities; Gov. Reynolds asked for \$20 million over two years
- Broadband grant funding receives \$5 million this year; creates program for broadband grants focused on underserved Iowans
- Makes workforce housing program competitive
- One-time use of all monies in the program to clear out the rural set-aside backlog

- Program is competitive instead of first-come, first-served

### Why is Empower Rural Iowa important to cooperatives?

According to an analysis by Land O’Lakes, counties in Iowa that have 10 percentage points more connectivity have an increased average corn and soybean yield of 1.3 bushels per acre—keeping factors like percentage of unemployed constant.

“Good broadband connectivity also has the potential to improve crop yields by making smart farm technologies more accessible, such as real-time crop monitoring,” the analysis found, adding that the results imply correlation and not causation.



For more information on the Initiative, visit:  
[governor.iowa.gov/unleashing-opportunities/rural-iowa-initiative](http://governor.iowa.gov/unleashing-opportunities/rural-iowa-initiative)

“Connected communities are fundamental to all aspects of growth and prosperity, and essential to keep our young people and attract others to rural Iowa.”

- Governor Kim Reynolds  
*Sioux City Journal*

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## UPCOMING EVENTS

### 2019 SUMMER INTERN DAY

June 11, 2019 | 9:30 am - 4:00 pm

Huxley Learning Center, 1551 IA-210, Huxley

The day includes the following sessions:

- **Dr. Keri Jacobs, Assistant Professor, ISU IIC Economics Professor** - Foundations and history of cooperatives; The 7 Cooperative Principles
- **Mike Gaul, Director, ISU CALS Career Services** - Evaluating co-op employment benefits to and the value of a job offer
- **Cooperative Leaders and Farmer Panel** - The cooperative value proposition and the importance of membership
- **Dr. Will Secor, Economist CoBank** - How blockchain and other emerging technologies may impact cooperatives

### 2019 SUMMER DIRECTOR/MANAGER WORKSHOP

June 18, 2019 | 9:00 am - 4:00 pm

Huxley Learning Center, 1551 IA-210, Huxley

Addressing current issues of importance and trends that aide in the decision making at the local cooperative level. This program is intended for cooperative board members and management staff.

The agenda for 2019 includes:

- Blockchain—What is it and what does it do?
- Update on the status and impact of African Swine Fever
- 2019 Legislative review
- Update on Section 199A(g)
- International development opportunities

### IIC BOARD MEETING

June 14, 2019 | 10:00 am - 3:00 pm

IIC Office, 2515 University Blvd, Suite 104, Ames

### IOWA AG TEACHERS BREAKFAST

June 25, 2019 | 8:00 am - 9:00 am

FFA Enrichment Center, Ankeny

IIC members sponsor the Iowa Ag Teachers Conference Breakfast Speaker Daniel Robison, Iowa State University Endowed Dean of College of Agriculture and Life Sciences

### 2019 BOARD OFFICER WORKSHOP

July 16, 2019 | 9:00 am - 4:00 pm

Radisson Hotel & Conference Center,  
2609 University Blvd, Ames

### IIC BOARD MEETING

September 13, 2019 | 10:00 am - 3:00 pm

IIC Office, 2515 University Blvd, Suite 104, Ames

### 2019 ICUL ANNUAL MEETING

September 18-20, 2019

### IIC BOARD MEETING

November 25, 2019 | 10:00 am - 3:00 pm

IIC Office, 2515 University Blvd, Suite 104, Ames

### IIC ANNUAL MEETING

November 26, 2019 | 8:00 am - 4:00 pm

Sheman Bldg, Iowa State Center, Ames