

SECOND REGULAR SESSION  
HOUSE COMMITTEE SUBSTITUTE FOR

# House Concurrent Resolution No. 78

## 100TH GENERAL ASSEMBLY

5175H.02C

DANA RADEMAN MILLER, Chief Clerk

1           **WHEREAS**, agriculture is the largest industry in Missouri, with an annual economic  
2 contribution of \$88 billion and employing nearly 400,000 people statewide; and

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4           **WHEREAS**, according to the University of Missouri Extension Service, Missouri ranked  
5 third in beef cattle inventories as of 2017 and, according to the United States Department of  
6 Agriculture (USDA), was home to over 4.25 million head of cattle, including calves, in 2018;  
7 and

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9           **WHEREAS**, in 2017, Missouri cattle and calves cash receipts indicated \$1.9 billion in  
10 value and Missouri earned an estimated \$207 million for its beef and veal exports, according to  
11 the USDA's Economic Research Service; and

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13           **WHEREAS**, many farmers across the state rely on cattle and beef markets to provide an  
14 income to support their families and the families of those they employ; and

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16           **WHEREAS**, the markets for both feeder and fed cattle and wholesale beef prices  
17 experienced severe reactions to the August 9, 2019, fire at the beef packing plant in Holcomb,  
18 Kansas; and

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20           **WHEREAS**, prices for feeder and fed cattle plummeted and wholesale beef prices  
21 skyrocketed in the days following the fire; and

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23           **WHEREAS**, farmers and packers are trading more on a formula-based system and less  
24 through negotiated trade like livestock markets, and the USDA reports that formula transactions  
25 accounted for approximately 66 percent of fed cattle sales in 2019, resulting in 30 percent of  
26 negotiated sales setting the base price for nearly 70 percent of fed cattle sales. Because the  
27 details of formal deals are largely unknown, this kind of trading allows for less transparency in  
28 the price of cattle and could allow for market manipulation; and

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30           **WHEREAS**, the federal Agricultural Reauthorization Act of 2015, which governs the  
31 mandatory reporting of livestock prices, is set to expire as of September 30, 2020, and will need  
32 to be reauthorized; and

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34           **WHEREAS**, several organizations expressed concern about the ability for market  
35 manipulation. In an August 13, 2019, letter to the chair of the Commodity Futures Trading  
36 Commission, the National Cattlemen's Beef Association asked the commission to "keep an even  
37 closer eye on the cattle markets to ensure that no market participant tries to use the uncertainty  
38 to manipulate or illegally take advantage of the situation"; and

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40           **WHEREAS**, USDA Secretary Sonny Perdue said in an August 28, 2019, statement that  
41 he has "directed USDA's Packers and Stockyards Division to launch an investigation into recent  
42 beef pricing margins to determine if there is any evidence of price manipulation, collusion,  
43 restrictions of competition or other unfair practices"; and

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45           **WHEREAS**, the members of the General Assembly of this state are concerned about the  
46 effects of major packers dumping stocks on Missouri farmers and the entire economy of the  
47 United States:

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49           **NOW THEREFORE BE IT RESOLVED** that the members of the House of  
50 Representatives of the One Hundredth General Assembly, Second Regular Session, the Senate  
51 concurring therein, hereby urge the USDA and the United States Congress to work with  
52 stakeholders when drafting any reauthorizations of livestock mandatory price-reporting laws to

53 change the manner in which livestock prices are reported to add transparency in pricing, which  
54 would provide opportunities for all farmers to be successful; and

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56 **BE IT FURTHER RESOLVED** that the General Assembly requests that USDA  
57 Secretary Perdue release the details of the investigation into any market manipulation following  
58 the fire at the beef packing plant, deliver a copy of the results to the Director of the Missouri  
59 Department of Agriculture; the Senate Committee on Agriculture, Food Production and Outdoor  
60 Resources; and the House Committee on Agriculture Policy, and ensure swift resolution and  
61 penalties for any parties found to have manipulated the market in order to gain an unfair  
62 advantage at the expense of farmers, especially those in Missouri; and

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64 **BE IT FURTHER RESOLVED** that the Chief Clerk of the Missouri House of  
65 Representatives be instructed to prepare a properly inscribed copy of this resolution for the  
66 Secretary of the USDA and each member of the Missouri congressional delegation.

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