

CHAPTER 13**(SCR 110)**

A CONCURRENT RESOLUTION urging the Kentucky Department of Agriculture to maintain the lines of communication and cooperation with the United States Department of Agriculture (USDA) that it has strengthened in the aftermath of the financial collapse of a large cattle company, and to be vigilant as it monitors Kentucky's livestock industry in the future.

WHEREAS, the livestock industry, consisting mainly of cattle and calf production, is an important segment of Kentucky's agricultural economy, accounting for more than \$571 million in 2009; and

WHEREAS, the industry has evolved from an era when farmers simply shipped their livestock to the local auction market; and

WHEREAS, today, in addition to traditional stockyard auction sales, livestock is marketed through sometimes complex financial transactions, even through video auctions; and

WHEREAS, even though the market is ever-changing, in many ways it has not changed at its core with farmers and small-time producers raising livestock to be marketed with the expectation of being paid fully and in a timely manner for their production efforts; and

WHEREAS, the nationwide livestock market is regulated by the United States Department of Agriculture (USDA) through the enforcement of the Packers and Stockyards Act; and

WHEREAS, the livestock industry in Kentucky, in addition to USDA responsibilities, is regulated by the Kentucky Department of Agriculture; and

WHEREAS, the Kentucky Department of Agriculture, through its regulatory and enforcement powers, in many ways represents a first line of defense to monitor the manner in which the market functions in Kentucky, and has worked tirelessly to protect farmers' interests in many segments of livestock production, and more broadly in production agriculture as a whole; and

WHEREAS, the responsibilities of the USDA and the department took on added importance recently in the aftermath of the financial collapse of a multimillion-dollar, Indiana-based cattle company; and

WHEREAS, the company has failed to pay producers, dozens of them in Kentucky, for an estimated \$130 million in cattle purchased, and did not maintain an adequate bond, according to a complaint filed by the USDA; and

WHEREAS, the financial failure has resulted in potential losses for cattle producers in Kentucky, and has affected companies involved in the livestock business;

NOW, THEREFORE,

Be it resolved by the Senate of the General Assembly of the Commonwealth of Kentucky, the House of Representatives concurring therein:

➔Section 1. The Kentucky Department of Agriculture is urged to maintain the lines of communication and cooperation with the USDA that it has strengthened recently in the aftermath of the financial collapse of a large livestock company, and to be vigilant as it monitors Kentucky's livestock industry as a whole.

➔Section 2. The department, through its Office of State Veterinarian, is urged to implement the recently reauthorized memorandum of understanding with the USDA to the extent possible. The memorandum of understanding describes how the USDA and the Department of Agriculture will cooperate in regulating livestock, poultry, meat-packing, and meat-marketing activities in the state. The memorandum of understanding sets out specific agreements, including regular meetings, at least annually, to discuss common problems, testing responsibilities, information disclosure between the two parties, and the expenditure of funds necessary to carry out respective responsibilities.

➔Section 3. The department is urged to alert the USDA, and other agencies if appropriate, when it suspects financial irregularities, or when it sees other problems occurring in the livestock industry.

➔Section 4. The Clerk of the Senate is directed to send a copy of this Resolution to the Commissioner of the Kentucky Department of Agriculture, 111 Corporate Drive, Frankfort, KY 40601.

Signed by Governor March 10, 2011.

