

Preserve the Benefits of Initiative 300!

LB 1174– Addressing the federal court’s objections to Initiative 300

In 1982, Nebraska voters went to the polls and approved Initiative 300, a constitutional amendment to limit corporate ownership of agricultural assets within the state of Nebraska.

I-300 stood as an expression of the people's will for twenty-five years, strongly embracing family farming and ranching and public policy designed to support rural communities. Unfortunately, in the fall of 2006 a federal judge ruled Initiative 300 violated the United States Constitution's Commerce Clause, a decision we strongly disagree with. We support Legislative Bill 1174 to protect family farming and ranching and support the spirit of I-300. LB 1174 would address the court's concerns and once again enact a law placing reasonable limits on the corporate ownership of Nebraska's agricultural assets.

The federal court ruled that I-300 discriminated against out of state individuals and business entities, thus violating the Commerce Clause of the United States Constitution. LB 1174 would be very close to the text of the original I-300 constitutional amendment. However, it would explicitly allow family farm corporations based in other states, with owners actively engaged in day to day labor and management, to farm and own farm land and assets in Nebraska. **LB 1174 addresses the court's objections to I-300 while preserving its original intent.**

LB 1174 restricts the use of limited liability entities in farming or ranching to individuals and families who work and manage their operations. Its rationale is simple. Government has conferred advantages to corporations, limited partnership, limited liability companies and other limited liability entities. They have tax advantages. And most important, they are allowed to shift responsibility for their debts and liabilities to neighbors and those with whom they do business. It is in the public interest to limit the use of these advantages to owner-operated family farms because they are the most socially responsible and socially beneficial form of agriculture. **It is critical to prevent the use of limited liability entities by uninvolved investors to gain a competitive advantage over more socially beneficial family farms and ranches.**

Decades of research prove that communities surrounded by owner-operated farms and ranches have less poverty and more vibrant economies than communities surrounded by non-family owned farms and ranches. Additionally, research has shown that anti-corporate farming measures, such as I-300 and the proposed LB1174, result in rural communities with less poverty, less unemployment, and higher percentages of farms realizing cash gains.

Owner-operators of family farms and ranches have historically been more responsible stewards of natural resources than uninvolved investors. Those not actively engaged in farming and ranching should not be allowed to use limited liability entities to evade responsibility for their negative environmental impacts. Once again, without appropriate limits, such corporate ownership can confer a competitive advantage to uninvolved investors as compared to true family farms and ranches.

LB 1174 expresses the long-standing support of the people of Nebraska concerning the use of limited liability entities in the agricultural structure. Adopted by popular vote, Initiative 300 was an expression of popular support for the proposition that Nebraska should control its economy and its future. In the decades since Initiative 300 was approved by Nebraskans, the agricultural economy has experienced significant challenges and changes. What has not changed is the **strong support of a significant majority of farmers, ranchers and rural residents for public policy to encourage and promote owner-operated farms and ranches.**

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Initiative 300 and LB 1174– Highlights

- ◆ LB 1174 addresses the federal court's objections to Initiative 300 through relatively minor changes and legal clarifications. ***Passing LB 1174 will put Nebraska laws back in place that stood for over 25 years and were approved by a majority of Nebraska voters.***
- ◆ Initiative 300 stood for 25 years, preventing corporate operations run by individuals not involved in farming and ranching from owning land and other Nebraska agricultural assets. ***Contradicting the dire predictions from Initiative 300 opponents, Nebraska maintained an agricultural economy among the strongest in the nation during that time.*** As of spring 2007, Nebraska was the #1 state for commercial red meat production, #2 in all cattle and calves; #3 in corn, grain sorghum, and dry edible bean production; #5 in soybean production; #6 in hog production.
- ◆ LB 1174 would be a very close to the text of the original I-300 constitutional amendment. However, it would explicitly allow family farm corporations based in other states, with owners actively engaged in day to day labor and management, to farm and own farm land and assets in Nebraska. ***This is the crucial step that addresses the federal court's objection to Initiative 300.***
- ◆ ***Decades of research- and plain common sense- show that small towns surrounded by family farms are better off than towns surrounded by farms too large to be operated by a family.*** LB 1174 levels the playing field and is reasonable, pragmatic approach to encouraging family farming and ranching. Why should the state of Nebraska give corporate mega-farms a competitive advantage over the family farms and ranches that are the foundation of our state?
- ◆ ***Protecting our natural resources for future generations is always a concern for true family farmers and ranchers.*** They know the importance of keeping the land healthy and productive. Unfortunately, the same is not true for absentee corporate investors, who utilize corporate structure to shield themselves from responsibility for destroying our natural resources. We cannot give those individuals a leg up over the family farmers and ranchers who know how to protect the land.
- ◆ LB 1174 is modeled on Initiative 300, Nebraska's landmark anti-corporate farming constitutional amendment. Initiative 300 was not passed by the Nebraska legislature, nor was it an act of the Governor's office. Initiative 300 was enacted by Nebraska citizens, who specifically voted for Initiative 300 in 1982. We cannot allow a federal court to determine the future of Nebraska. The citizens of this state will decide our future, and they have already shown their support for family farming and ranching. ***Nebraskans understand that ownership of agricultural assets is an important issue, and that family farming and ranching is a vital part of a strong future for all of Nebraska.***

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