

AGRICULTURAL COOPERATIVES EXEMPTION

MONDAY, JULY 1, 1968

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON TRANSPORTATION AND AERONAUTICS,
COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE,
Washington, D.C.

The subcommittee met at 10 a.m., pursuant to notice, in room 2123, Rayburn House Office Building, Samuel N. Friedel (chairman of the subcommittee) presiding.

Mr. FRIEDEL. The subcommittee will come to order.

This morning the Subcommittee on Transportation and Aeronautics is holding hearings on H.R. 6530, introduced by the chairman of the full committee at the request of the Interstate Commerce Commission, and a companion bill, S. 752, which originally was the same bill in the Senate but has come to us in substantially amended form.

These two bills have for their purpose the amendment of section 203(b)(5) of the Interstate Commerce Act to clarify the exemption respecting the transportation performed by agricultural cooperative associations for nonmembers.

Under section 203(b)(5) of the Interstate Commerce Act motor vehicles controlled and operated by agricultural cooperatives, or by a federation of such cooperatives, are exempt from the Commission's economic regulation provided the cooperatives meet certain qualifying criteria as defined in the Agricultural Marketing Act of 1929 (12 U.S.C. 1141).

The original exemption for agricultural cooperatives was included in the Motor Carrier Act of 1935. In 1940 this exemption was expanded to include a federation of such cooperative associations if such federation possesses no greater powers or purposes than cooperative associations so defined.

The number of groups and organizations claiming exemptions as agricultural cooperatives has grown considerably in the last 10 to 15 years. Also the transportation activities of agricultural cooperatives have changed greatly since the original exemption was adopted in 1935.

While this committee treated of a number of transportation services performed by motor vehicles which were of illegal nature or so-called grey area in our widespread amendments of 1958 and in those of 1965, this problem is one which at that time was not fully recognized. Rather, the problem has grown more acute in the last several years owing to the doubt cast on Interstate Commerce Commission interpretations as a result of certain court decisions, and owing to the increasing use by the Department of Defense of cooperative association transportation facilities in the handling of Government freight.

It is my understanding that since the legislation initially was intro-