

Market Orders in Colorado

What is a Market Order?

A market order allows producers of a specific commodity (such as sunflower) to work together to solve marketing problems and conduct programs (such as research) that would be impossible for individual producers to accomplish. Market orders provide the structure and resources for programs that farmers could not do alone.

How is a Market Order Established?

The Colorado Agricultural Marketing Act of 1939 provides the enabling legislation that allows market orders to be established. A referendum of all affected participants must be held. Public hearings are held first to determine the level of interest in establishing a market order. To establish a refundable order (such as the proposed sunflower order), a simple majority vote is required.

How are Market Orders Designed?

After a favorable referendum, the Commissioner selects a core group (nominated by the industry) to develop and review the market order itself. The market order is designed to fit the unique goals and needs of the industry it serves. Provisions can include: geographical representation, number of board members, assessment limits, assessment collection guidelines, research and marketing programs.

Who Administers a Market Order?

A board of directors (called an “administrative committee”) is elected by producers and approved by the Commissioner of Agriculture. The board manages all funds collected through assessments. Annual budgets are prepared by the board and approved by the Commissioner.

How are Assessments (check off funds) Collected?

Usually, the check off is collected by the first handler of the specific commodity. If the producer sells his own crop, he is considered the first handler and remits the assessments himself. The funds are turned over to the market order administrator, who may be a full time or part time employee of the market order, depending on the need and scope of the market order. In the proposed sunflower market order, assessments would be refundable if the request for refund was submitted within 30 days after the collection of the assessments.

What is the Role of the Colorado Department of Agriculture?

Although market orders are established at the request of the industry they serve, once in place, administrative oversight and enforcement are carried out by the Colorado Department of Agriculture. The department can assist market orders in developing marketing programs as well as overseeing regulatory activities such as enforcement of assessment collection, reviewing audits, holding hearings if needed, reviewing and approving budgets, etc. The department oversees all activities to insure their being within the scope of the law.

To Summarize:

Market orders:

- ◆ Help stabilize markets for particular farm commodities
- ◆ Each market order can be tailored to the individual industry's marketing and research needs.
- ◆ Farmers can organize for marketing, increase their bargaining strength, work together to solve marketing and research issues they cannot solve individually.
- ◆ Provide a legal vehicle by which producers and/or handlers can work together to accomplish marketing functions which could not be done separately.
- ◆ Market orders are self-help programs, assisted by the state.