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March 26, 2025

Co-Chair Tim O'Driscoll
Co-Chair Kaohly Vang Her
House Commerce Finance & Policy Committee
St. Paul, MN 55155

Dear Co-Chairs O'Driscoll and Her, and committee members:

On behalf of Minnesota Farmers Union (MFU), I am writing to share our support for Representative Emma Greenman and Isaac Schultz's HF2149 which would create the Consumer Grocery Pricing Fairness Act and establish a fairer and more competitive grocery industry in Minnesota. This legislation will crack down on anticompetitive conduct that is harming rural grocers and helping hollow out main streets.

MFU is a grassroots organization that has represented Minnesota's family farmers, ranchers and rural communities since 1918. At our most recent annual convention MFU members voted to make ensuring fair markets a top priority for our organization. Specifically, they identified aggressive antitrust enforcement and legislative reforms to strengthen and improve our antitrust laws as key to creating fairer markets. MFU members have also long been concerned about the proliferation of dollar stores and the impact they have on grocers and other small businesses in their community.

Farmers are also being squeezed by the consolidation in the food industry that is squeezing out small grocers and wholesalers. Since the 1950s the farmers' share of each dollar we spend on food has declined from roughly 50 cents to less than 16 cents.ⁱ Meanwhile dominant companies like the four firms that control 50-85% of the meat industry have increased their grip over the industry. As a report on competition and fair practices last year by USDA reported, "A few large packers, distributors, and retailers account for an increasingly large share of meat sales throughout the supply chain and, as a result, determine the terms of competition in retail meat markets."ⁱⁱ

This consolidation not only impacts farmers ability to earn a fair price but makes it more challenging for smaller retailers to buy from local suppliers according to the USDA report. In turn family farmers and ranchers find it harder to sell directly to stores. The abandonment of fairness in the marketplace with a focus on economic efficiency has not only lead to inefficient outcomes as markets have become highly consolidated, but also hollowed out main streets in rural communities across Minnesota, limiting rural economic vitality and vibrancy.

While HF2419 does not address all the ways our food supply chains have become more consolidated and anticompetitive, it is an important step in creating greater fairness in the marketplace. Minn. Stat. 325D.03 prohibits price discrimination in Minnesota, which is the practice of charging different prices for the same product or service to different customers. HF2419 would build off that prohibition with much clearer guidance for the grocery industry by requiring suppliers to offer grocery retailers and wholesalers the same price on a per truckload basis, while making exceptions for discounts based on genuine efficiencies and economies of scale. This will help ensure a level playing field for small businesses in Minnesota.

For several decades the federal law prohibiting price discrimination, the Robinson-Patman Act, has sat mostly dormant. When the law, which has been referred to as the Magna Carta of small business, was aggressively enforced between the 1930s and 1970s it helped create a grocery industry where big and small players could compete against one another. Independent grocers used to represent over half of the grocery market but have lost significant market share as enforcement of the Robison-Patman Act has waned and major retailers and suppliers have been allowed to engage in price discrimination.ⁱⁱⁱ

HF2149 will help reverse that trend by creating clearer standards for prohibiting price discrimination by large dominant suppliers and retailers. The legislation will also address other unfair terms of trade that put small businesses at a disadvantage including delivery terms or package sizes. For example, the Federal Trade Commission found during the COVID-19 pandemic that major retailers were able to use the threat of heavy penalties to force suppliers to prioritize fulfilling orders to these dominant firms.^{iv} This left small grocers struggling to provide their communities with the goods they needed. Dollar stores use their power in the marketplace to secure exclusive product offerings not available to other businesses.

One concern raised by opponents of limiting price discrimination is that it will raise consumer prices. Yet as FTC Commissioner Alvaro Bedoya has said “Some 86 years after its passage, there is not one empirical analysis showing that Robinson-Patman actually raised consumer prices.”^v Even a 2007 commission that recommended eliminating the Robinson-Patman Act admitted there was no empirical evidence to suggest that cracking down on price discrimination will raise consumer prices.^{vi} One of the best ways to keep prices low is to ensure a fair and competitive marketplace as recent studies from the Federal Reserve Bank of Boston and the International Monetary Fund have pointed to the pricing power of corporate monopolies as a key driver of high costs.^{vii}

We are grateful that Representatives Greenman and Schultz have brought forward this bipartisan legislation and urge the committee to support it. If you have any questions, please contact our Antimonopoly Director, Justin Stofferahn, at justin@mfu.org or (612) 594-1252 (C). Thank you for considering the needs and perspectives of Minnesota’s farm families.

Sincerely,



Gary Wertish
President, Minnesota Farmers Union

ⁱ <https://nfu.org/farmers-share/>

ⁱⁱ <https://www.ams.usda.gov/sites/default/files/media/MeatMerchandisingInterimReport.pdf>

ⁱⁱⁱ <https://ilsr.org/articles/policy-shift-local-grocery/>

^{iv} <https://www.ftc.gov/news-events/news/press-releases/2024/03/ftc-releases-report-grocery-supply-chain-disruptions>

^v https://www.ftc.gov/system/files/ftc_gov/pdf/returning_to_fairness_prepared_remarks_commissioner_alvaro_bedoya.pdf

^{vi} https://govinfo.library.unt.edu/amc/report_recommendation/amc_final_report.pdf

^{vii} <https://www.bostonfed.org/publications/current-policy-perspectives/2022/cost-price-relationships-in-a-concentrated-economy.aspx> & <https://www.imf.org/en/Blogs/Articles/2023/06/26/europes-inflation-outlook-depends-on-how-corporate-profits-absorb-wage-gains>