

Ag Alliance Issues Update - March 2017

Edited by Brad Hollabaugh

President Trump Orders Revisions to WOTUS Rule - EPA and Army Begin Review

On February 28, President Trump signed an executive order directing the Army Corps of Engineers and EPA to "review and reconsider" the Obama-era rule that expanded federal jurisdiction over pollution in streams and wetlands under the Clean Water Act. The rule, referred to as WOTUS for Waters of the United States, is universally opposed by the agriculture community as an unnecessary, and potentially illegal, expansion of federal authority onto what are currently privately owned lands.

The order instructs the two agency leaders to review a 2006 opinion written by late Supreme Court Justice Antonin Scalia in *Rapanos v. United States*, which Trump Administration officials say could be the basis of a different approach.

In that opinion, Scalia argued that federal jurisdiction extends only to water bodies with a permanent flow or non-navigable waterways that connect via surface water with areas with permanent flow -- definitions with a more limited approach than the EPA established in its WOTUS rule-making.

The Army Corp of Engineers and EPA responded quickly, publishing a notice of "Intention to Review and Rescind or Revise the Clean Water Rule" in the Federal Register on March 6. In the notice, the two agencies stated they "will consider interpreting the term "navigable waters," as defined in the CWA in a manner consistent with the opinion of Justice Scalia in *Rapanos*." This development has been cheered by all sectors of agriculture. *Source: Apple Bites - 3.8.17; Staff Contact: Mark Seetin*

Ag Coalition Writes President Trump Regarding Trade

USApple and a coalition of agriculture groups have written a letter to President Trump encouraging him to fill a new position at USDA, Under Secretary for Trade and Foreign Agricultural Affairs. The coalition of ag sectors dependent on exports successfully advocated for the creation of the position in the 2014 Farm Bill, but the Obama Administration declined to fill it.

As stated in the letter, the coalition believes such a leader would bring high level coordination to key agricultural trade negotiations. We understand the Trump transition team in place at USDA is now taking a hard look at filling the position. *Source: Apple Bites - 3.8.17*

Pruitt Confirmed as Environmental Protection Agency Administrator

Oklahoma Attorney General Scott Pruitt has been confirmed by the U.S. Senate as the next administrator of

the Environmental Protection Agency. During his tenure as attorney general, Pruitt led efforts to pin back the EPA's overreaching "Waters of the U.S." rule, which would extend federal clean water jurisdiction to small streams and ditches.

The confirmation of Pruitt as EPA administrator opens a door to bringing agriculture issues in front of the agency, said Don Parrish, AFBF's senior director of regulatory relations. Pruitt enjoyed a good working relationship with Oklahoma Farm Bureau, he said. Pruitt also has a good track record of finding environmental solutions that benefit the environment, but doesn't hamper farmers, Parrish said. Hopefully, high on the agenda for the new administrator is addressing the WOTUS rule.

Taxes May Take Center Stage in Congress

The American Farm Bureau Federation is paying close attention to federal tax reform efforts in Congress, including a push to eliminate estate taxes. Congress and President Donald Trump have voiced support for various aspects of tax reform, including the repeal of estate taxes. And recently, separate bills in the House and Senate call for the elimination of the death tax. Farm Bureau will be pushing for swift adoption of a bill to repeal estate taxes, outside of other tax reform efforts that may take place later this spring.

During a session held as part of the American Farm Bureau Federation's 98th Annual Convention, Wolff said other portions of a tax reform package could be problematic for farmers, such as changes to cost-recovery provisions for expensing and depreciation.

There is also discussion about a new tax called border adjustability under which taxes on income would be determined by whether or not the income passes over the U.S. border. That tax would make U.S. exports cheaper, but some goods purchased from foreign companies would be subject to a 20 percent tax, Wolff said.

"Another way to think about it is that revenue is taxed where it's consumed, not where it's generated. That means under the Republican proposal there would be a 20 percent tax on all imported products. For any products that are sold overseas, there would be no income tax," Wolff said.

New State Budget Proposed

Gov. Tom Wolf unveiled a new state budget that calls for significant cuts in state spending and consolidation of several offices to trim \$2.1 billion from the state's General Fund. Gov. Wolf's budget proposal does not call for any broad-based tax increases, such as sales or income taxes. However, the Governor is calling for a severance tax on

natural gas extraction, and a fee for municipalities that rely on State Police for police coverage. The budget did not specifically address pension or property tax reform; however, the governor did propose an early retirement incentive for state employees.

Gov. Wolf's budget has mixed news for agriculture. The proposal calls for a 7.6 percent increase in spending for the Pennsylvania Department of Agriculture's general operations and provides level funding for Penn State Cooperative Extension and other key areas like the Pennsylvania Veterinary Lab System and Pennsylvania Fairs. However, the proposal calls for the elimination of \$30 million in funding for the University of Pennsylvania's veterinary services and for line items like the Center for Dairy Excellence, Agriculture Promotion and several livestock shows.

Officials with the University of Pennsylvania's School of Veterinary Medicine said funding from the state was used to support clinical services and research at the school, along with the ability to provide services through two animal hospitals. Roughly 40 percent of the veterinarians who graduate from Penn Vet stay in Pennsylvania to practice, the university said.

Gov. Wolf proposed a \$25 per-capita fee for municipalities that rely on State Police for police protection. Nearly 70 percent of municipalities in the state use State Police for local policing. He is also calling for an increase in the state's minimum wage to \$12 from the current \$7.25.

In a move to boost state revenue, the governor is looking to lease the Farm Show Complex and Expo center to a private entity for 29 years, then rent the building back with annual rental payments, and sell underutilized state-owned land. The state will continue to own and manage the Farm Show complex and all staff will remain commonwealth employees, Redding said.

The Governor has proposed using \$15 million from bond proceeds to fund watershed protection efforts. Of that amount, PDA would receive \$4.7 million for the development of erosion and sediment plans on farms. Some of the state spending would be used for a rebate program that farmers could use to cover the cost of nutrient management programs and best management practices.

Lawmakers Pushing on Natural Gas Issues

State lawmakers are making several efforts to address concerns that landowners are having with natural gas drilling, including minimum royalty payments. Recently, Rep. Garth Everett introduced House Bill 557 that would establish that a minimum royalty payment will not be less than 12.5 percent, regardless of the costs natural gas companies incur getting gas to market.

Landowners are having issues with natural gas companies taking out “post-production” costs that significantly reduce their royalty payments. The practice is not universal among natural gas companies. In addition, efforts to give landowners greater protection in the natural gas development process have passed the Senate. The bills sponsored by Sen. Gene Yaw are now headed to the House of Representatives for consideration.

The legislation would allow leaseholders to inspect natural gas company records dealing with gas taken from their property in order to verify proper payment. Separate legislation would prohibit natural gas companies from taking retaliatory action against royalty owners who may question the accuracy of royalty payments—including terminating leases or ceasing development.

Game Commission Considers Semi-Automatic for Hunting & New Pheasant Fee

The Pennsylvania Board of Game Commissioners gave preliminary approval to allow hunters to use semi-automatic rifles for most hunting seasons. In addition, the commission is considering a new fee for pheasant hunting to bolster the program. Under the proposed rules, hunters would be allowed to use semi-automatic rifles and shotguns for big game, small game and furbearers. When hunting big game, hunters would be restricted to six-rounds for all rifles. There would be no magazine restrictions for small game and furbearers. In addition, hunters would be allowed to use air rifles for small-game and furbearers. Pennsylvania Farm Bureau supports the use of semi-automatic rifles for coyotes, foxes and woodchucks and the use of air-powered rifles.

In related news, the Game Commission is considering a \$25 permit for hunting pheasant. The permit would be in addition to regular license fees. Game Commission officials say the fee is needed to support the state’s pheasant stocking program. Both preliminary decisions by the Game Commission are expected to come up for a final vote in March.

Red Tag Decision Could Help with Wildlife Control

Pennsylvania Farm Bureau is pleased with a recent preliminary decision by the Pennsylvania Game Commission to make the Red Tag program more accessible to hunters. The preliminary ruling would eliminate the two-year waiting period for farmers to participate in the program and eliminates a requirement allowing public access to all land enrolled in Red Tag.

“These changes could encourage more farmers to participate in the program,” said PFB President Rick Ebert. “We believe the decision by the Game Commission will provide more opportunities for hunters to pursue deer, while helping farmers reduce crop damage.”

Under the Red Tag program, hunters are allowed to harvest an antlerless deer outside of the normal deer seasons. Hunters would receive permits issued by farmers, who are eligible to receive one permit for every five tillable acres of farmland enrolled in the program. The commission is expected to make a final decision on Red Tag in March.

PSU Offers Public Sessions on Spotted Lanternfly

Penn State Extension is offering sessions for farmers and landowners to learn more about the invasive spotted lanternfly. The pest, first discovered in Berks County in 2014, attacks high-value crops such as grapes, tree fruits and hardwoods. The pest has spread to several adjacent counties in Southeast Pennsylvania.

During the sessions, representatives from Penn State Extension and the Pennsylvania Department of Agriculture will provide information regarding the eradication efforts to date and on what landowners can do to assist. Penn State is also looking for volunteers to place sticky bands on Tree of Heaven throughout the summer and count how many spotted lanternflies are captured.

The public meetings are: April 5, 9:30- 11:30 a.m., Berks County Ag Center, Leesport; April 8, 10 a.m. to 12 p.m., District Township Municipal Building; April 12, 9:30- 11:30 a.m., 4-H Center, Colleagueville; April 15, 12-2 p.m., Center at Spring Street, Boyertown; April 22, 9:30- 11:30 a.m., Lehigh County Agriculture Center, Allentown; April 26, 6:30-8:30 p.m., Brandywine Heights Middle School, Topton; April 27, 6:30-8:30 p.m., Ruscomb Manor Township Building; April 29, 9:30-11:30 a.m., Milford Township Office.

Spread the Word: Educator's Ag Institute

The Pennsylvania Friends of Agriculture Foundation is committed to growing agriculture literacy. And one way the foundation achieves that goal is by helping educators develop lesson plans based on agriculture. The foundation, a charitable organization supported by Pennsylvania Farm Bureau, is hosting the Educator's Ag Institute this summer at Penn State. This year's institute, planned for July 9-13, will give teachers an up close and personal look at farming practices, and how they can use agriculture as the basis for lesson plans. While at the conference, educators will tour several Penn State's agriculture facilities, participate in hands-on lessons and leave with a host of materials for use in their classroom.

The Educator's Ag Institute is open to new educators, along with those who have previously attended our Ag in the Classroom workshop. Participants will also tour several area farms and hear from farmers about how they grow food, care for and feed their animals, and overall how the farm is run. Educators will receive Act 48 credits and/or can register for continuing education credits through Penn State.

In addition, many of our county Farm Bureaus have previously sponsored educators to attend; and we are encouraging that same outreach this year. Please consider sharing information about this valuable workshop with educators in your area. For more information, contact the foundation at 717.731.3556 or www.pfb.com/aginstitute.