

AG ISSUES UPDATE
Edited by Brad Hollabaugh
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House Passes Realty Transfer Tax Bill

The Pennsylvania State House has passed House Bill 761, introduced by State Rep. Bryan Cutler, R-Lancaster, which removes discrimination in the state's realty transfer tax law. Current tax law does not provide an exemption for the transfer of property during the reorganization of a family farm business to a limited, or limited liability, partnership. Other family businesses are already given an exemption from realty transfer taxes as a result of similar reorganizations. HB 761 would allow for the transfer of family farm business without the imposition of transfer taxes.

Reform of Inheritance Tax Law Passes House

Pennsylvania Farm Bureau has been working with lawmakers on legislation that would reform inheritance tax legislation to benefit farm families. The House has cleared HB 1864, introduced by State Rep. Stephen Bloom, R-Cumberland, which would exempt the inheritance of family farms from the inheritance tax when passed to direct or lineal decedents. PFB will now be urging its passage by the State Senate.

New Market Opens for PA Preferred Members

Producers and business owners that are registered with the PA Preferred program can take advantage of a new farmers market in Harrisburg. The market will operate every Thursday from 10 a.m. to 2 p.m. in the East Wing of the state capitol building next to the Capitol Cafeteria.

C&J Catering, which operates the cafeteria, wants PA Preferred members to staff and sell fresh produce and other products at the market. This opportunity is open only to PA Preferred members. To learn more, or to begin the process of becoming a member of PA Preferred, contact Frank Jurbala at 717-783-8462 or fjurbala@pa.gov.

PA Redistricting Map Changes Again

The revised Pennsylvania Senate redistricting map has been altered again. Generally, it is better because it eliminates the giant "horseshoe" shape for District 15 that meandered through small parts of five counties and is more compact.

Development of the new map has been politically charged since the process began. Accused of gerrymandering, the redistricting committee originally included the so-called horseshoe District 15 that was geographically unconventional. The new design brings a more logical set of boundaries, but continues to alter the landscape for neighboring senatorial districts, including Senator Alloway's District 33 that loses the northern tier of Adams County. In fact, Adams County will now have three senators with parcels dedicated to Districts 15, 31, and 33.

The new U.S. congressional seat map for Pennsylvania was also just released. There are challenges to the new configuration of the Congressional Districts as well. Of concern is the great spread of some of the redesigned districts that extend from the northeast sector down into the Susquehanna Valley. Such a diverse region brings new and difficult challenges to the Congressional representatives in those areas. The Congressional Reapportionment Commission

will be working to resolve those concerns in the coming weeks. However, the outcome is unknown at the time this article was prepared.

Repeal of 3 Percent Withholding Tax Signed Into Law

A bill to repeal the 3 percent withholding tax on government payments for goods and services has been signed into law by President Obama. The new tax was scheduled to begin in 2013, and would have applied to many Department of Agriculture payments including direct payments, conservation programs and Average Crop Revenue Election dairy support programs.

A bill to repeal the tax was passed 422-0 by the House of Representatives, which shows that Americans have had enough of extraneous taxes, said AFBF President Bob Stallman.

"Farm profitability and tax liability fluctuate greatly from year to year due to weather and markets, but taxes would have been withheld regardless. For agricultural operations that ended the year without owing taxes, the withholding would have amounted to an interest-free loan to the government," he said. "Reducing farm revenue by 3 percent of government payments could have created cash flow problems and made it harder for farmers to purchase the supplies they need." The 3 percent tax would have also applied to Medicare payments, which could have made it harder for some rural health facilities to maintain their practices, Stallman said.

Farm Bureau Offers Comments on Sweeping Child Labor Changes

Both the Pennsylvania Farm Bureau and the American Farm Bureau Federation have offered comments to the U.S. Department of Labor (DOL), which is considering a new set of regulations governing child labor on agriculture operations.

The regulations are "a direct attack at the integrity of small farms and their ability to engage youth in positive educational and business opportunities and greatly diminishes the ability to attract youth to stay on the farm and the allowance to transfer farming operations to the next generation," PFB said in comments to the Department.

DOL's proposed rules would seriously narrow the exemption from compliance with child labor restrictions, currently provided to "family farm" members. Only children whose farms are directly owned by their parents would qualify for the exemption. Children of parents operating farms under family partnerships or family corporations would likely not qualify for this exemption.

DOL's proposed regulations would also drastically change the criteria for youth training programs that allow "certified" children to operate certain farm equipment and perform additional farm jobs. Children would no longer be able to be "certified" under the majority of training programs currently offered by agricultural youth organizations, such as 4-H. "Under this proposal, it sounds like youths would be allowed to push open the barn door, but whether they can flip the light switch inside is unclear," said American Farm Bureau labor specialist Paul Schlegel.

Drivers of Buses, Large Trucks, Banned from Using Hand-Held Cell Phones

U.S. Transportation Secretary Ray LaHood has announced his agency has adopted a rule that prohibits interstate truck and bus drivers from using hand-held cell phones while driving. Commercial drivers who violate the restrictions will face a federal civil penalty of up to \$2,750 for each offense and disqualification from having a license for multiple offenses.

The agency estimates that four million drivers are impacted by this regulation. The new regulation follows one adopted last year that prohibited commercial drivers from texting while behind the wheel. Research by the agency has found that commercial drivers who dial a hand-held cell phone while operating a vehicle are six times more likely to become involved in a crash.

Georgia Growers See Labor Fears Realized

A series of studies and congressional testimony given by Georgia growers and the state's commissioner of agriculture seem to validate growers' opposition to a controversial immigration law signed by Georgia Gov. Nathan Deal in May. A University of Georgia report from October backed up farmers' dire warnings about the law, predicting that the state's economy would lose \$391 million and more than 3,000 jobs this year because of farm labor shortages.

Speaking in November, Bryan Tolar, president of the Georgia Agribusiness Council, told an audience gathered at a Farm-City breakfast that finding enough workers is farmers' biggest worry. "One of the challenges we face this year is not one that is captured with technology or conservation ... it's a challenge we face if we're going to run businesses, and that's the challenge of labor," Tolar said. "We saw this year a response of labor source that left our state and left in a hurry, leaving our producers in their spring harvest in a bad place. We had crops that couldn't be harvested."

When asked at the Georgia Farm Bureau annual meeting earlier this month about farm losses because of unharvested crops, Deal defended the immigration law, saying it didn't take effect until after the harvest. He did, however, recognize that migrant workers may not have been willing to stick around, or come to the state in the first place, to find out how the law would play out.

Deal also told the meeting attendees that he will work on a fix for the state's labor problems. He envisions a program "that is affordable for the farmer, one that is fair to the laborer and one that keeps our economy in balance."

Agriculture Groups Call for Senate Action on Pesticides Bill

The American Farm Bureau Federation and 38 other groups have written to Senate leaders urging them to take action on H.R. 872, a bill to eliminate duplicative regulation of pesticides. The Senate Agriculture Committee passed the bill in June; the House passed it in March.

The groups said in their letter that they believe there are more than 60 senators who would vote for the Reducing Regulatory Burdens Act—60 votes being the threshold to end debate and allow a vote on the bill.

The expansion of pesticide permitting requirements is the result of a 6th Circuit Court decision (National Cotton Council v. EPA) overturning EPA's 30-year policy that a Clean Water Act permit

is not required for pesticide applications authorized under the Federal Insecticide, Fungicide and Rodenticide Act. Requiring CWA permits results in overlapping regulation of pesticides, according to Farm Bureau and the other groups.

“We believe that the agency’s regulation correctly interpreted congressional intent under the CWA and that Congress needs to take the necessary action to confirm that original intent,” the groups wrote.

Farm Bill Returns to More Deliberative Process

The failure of the 12-member congressional supercommittee to reach agreement on how to achieve \$1.2 trillion in deficit reduction has stopped further “fast track” consideration of the 2012 farm bill.

House and Senate Agriculture Committee chairs, Rep. Frank Lucas (R-Okla.) and Sen. Debbie Stabenow (D-Mich.), have indicated that work on the new farm bill will now return to their respective committees for further discussion under a more deliberative process than was not possible under the time constraints imposed on the supercommittee.

“We understand this return to what some are calling ‘regular order’ for fashioning the farm bill will include a careful evaluation of the policy decisions reached under the ‘fast track’ process, including those titles and provisions that were simply reauthorized with no changes from current law,” explained Mary Kay Thatcher, American Farm Bureau Federation farm bill specialist. “However, both chairs have been careful to give no indication on timing or process, other than to assure all interested parties they will be evaluating the work done to date and determining how best to proceed.”

Regardless of whether discussions on farm programs return to current law as the starting point or begin from the “fast track” version, AFBF will be conducting expanded analyses on the Systemic Risk Reduction Program (SRRP) to provide a full, factual comparison with other proposals, such as those included in the language provided to the supercommittee. AFBF also will be working to ensure all its farm bill priorities are well-prepped and provided to the committees and their members well in advance of their decision process.

House to Vote on Dust Regulation Prevention Bill

Voting on the bipartisan Farm Dust Regulation Prevention Act (H.R. 1633) will start Friday in the House. The Energy and Commerce Committee passed the bill last week.

The Farm Bureau-supported bill would prevent the Environmental Protection Agency from regulating naturally occurring dust unless it is proven that “nuisance dust” causes health problems and the benefits of regulating it would outweigh the costs of doing so. Dust from agricultural activities has never been shown to adversely affect health.

EPA is reviewing the National Ambient Air Quality Standards for coarse particulate matter, as it must do every five years under the Clean Air Act. Lisa Jackson, EPA administrator, announced in mid-October that the agency would not propose revisions to the current dust standard. However, Farm Bureau says Congress still needs to pass H.R. 1633 to provide certainty for farmers,

ranchers and other rural residents due to the possibility of rule changes in the future and the threat of citizen lawsuits that could force EPA's hand.

South Korea's Parliament Ratifies Free Trade Agreement

South Korea's Parliament recently ratified the free trade agreement between South Korea and the United States amid tear gas sprayed by an opposition leader to President Lee Myung-bak's governing party.

The opposition party had hoped the tear gas would halt the vote, but members of the governing party outnumbered the opposition and the agreement passed in a resounding 151-7 vote.

The Korea Chamber of Commerce and Industry cheered the passage and said the deal would "pave an economic highway" to the United States and make South Korea a trading hub for Asia, Europe and North America. The U.S. International Trade Commission estimates that the accord will lead to \$10.9 billion in U.S. exports to South Korea in its first full year of effect. The agreement removes tariffs on almost two-thirds of U.S. farm exports and would bring a \$1.9 billion gain for U.S. agricultural exports.

"The United States welcomes the Korean National Assembly's approval of the KORUS FTA," said U.S. Trade Representative Ron Kirk. "This is a win-win agreement that will provide significant economic and strategic benefits to both countries. We look forward to working closely with the government of Korea to bring the agreement into force as soon as possible."

Research Shows Global Food Demand Could Double by 2050

New research by the University of Minnesota shows that global food demand could double by 2050. Producing that amount of food could significantly increase levels of carbon dioxide and nitrogen in the environment and cause the extinction of numerous species.

But the research points out that this can be avoided if the high-yielding technologies of rich nations are adapted to work in poor nations, and if all nations use nitrogen fertilizers more efficiently. The research reveals that if poor nations continue current practices, they will clear a land area larger than the United States (two and a half billion acres) by 2050. But if richer nations help poorer nations improve yields to achievable levels, that could be reduced to half a billion acres.

FSA Announces New Communications Tool

USDA Pennsylvania Farm Service Agency (FSA) Executive Director, Bill Wehry announced that farmers and ranchers in Pennsylvania now have a more efficient, timely option for receiving important FSA program eligibility requirements, deadlines and related information.

"FSA is now offering free online communications through our GovDelivery electronic news service," said Bill Wehry. "News will now be sent via e-mail right to your home or farm office or to your Smartphone – allowing you to receive immediate notification of farm program news that is pertinent to your agricultural operation," he said.

Through FSA's GovDelivery electronic news service, producers can establish subscriber preferences by choosing to receive federal farm program information by topic, by state and/or by county. Producers can select as many subscriber options as they want, which allows producers who farm in multiple counties or across state lines to receive updates from each county in which they operate or have an interest.

According to Wehry, GovDelivery is a one-stop shop for the most up-to-date USDA program information. "If, after using this online system, producers no longer wish to receive hardcopy newsletters from their local county office, they should contact the office and make their preferences known," said Wehry. "GovDelivery will enable FSA to keep producers better informed and allow us to conserve resources and reduce taxpayer expenses associated with the preparation, printing and distribution of hardcopy newsletters," he said.

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