

AG ISSUES UPDATE
Edited by Brad Hollabaugh
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State Budget Would Cut Agriculture Funding

The University of Pennsylvania School of Veterinary Medicine would lose \$30 million, all of its state support, in Gov. Tom Wolf's budget proposal. Wolf's spending plan would cut funding to the state Department of Agriculture by \$34 million.

The school plays a major role in food safety and the agriculture industry, including training many of the state's large animal vets. Wolf's proposal would eliminate \$2 million in avian flu preparedness and response.

But the governor's budget proposes a \$500,000 increase in funds to fight the spotted lanternfly, an invasive bug from Asia first discovered in Berks County in 2014. It threatens the state's wine, orchard and hardwoods industries. The budget also proposes cutting \$4.4 million for agriculture research, promotion, livestock and dairy shows and marketing.

Mark O'Neill, spokesman for Pennsylvania Farm Bureau, said the group would be following what happens with those areas, which have typically been cut in the proposed budget but restored in subsequent negotiations. Of special concern is the veterinary school, O'Neill said.

Given the state's deficit, O'Neill said he's viewing the budget as generally positive for farmers in that many programs have maintained funding. In a different climate, the group would be seeking increases, he said. There was relief, too, that there was no attempt, as there was in the past, to cut the Penn State Cooperative Extension Service and Penn State Agriculture Research, O'Neill said. *Source: Reading Eagle, February 8, 2017*

The budget calls for the consolidation of several departments as part of a search government-wide for cost savings. At the same time, Gov. Tom Wolf has proposed \$1 billion in new taxes for fiscal year 2017-18, but they are mostly targeted to business interests.

Wolf's budget increases funding for education and includes new programs aimed at battling the state's ongoing opioid epidemic. It also calls for an increase in the state's minimum wage from \$7.25 to \$12 per hour. *Source: Pennlive.com, February 7, 2017*

Perdue Nominated as USDA Secretary

Former Georgia governor Sonny Perdue has been nominated to serve as the next Secretary of Agriculture. Perdue's nomination must receive Senate confirmation. The USDA supervises a number of programs critical to farmers including Farm Service Agency, Risk Management Agency, Natural Resources Conservation Services and Rural Development.

Along with government experience serving two terms as Georgia's governor, Perdue has practical agriculture experience, having grown up on a farm, worked as a veterinarian and operated a grain and fertilizer business.

"Perdue has the reputation of working on issues of vital interest to farm families, including promoting economic opportunities, such as increasing trade of American farm products overseas; recognizing the special needs and concerns of farmers in relation to immigration reform policies; and understanding the impact that burdensome regulations can place on farmers," said Pennsylvania Farm Bureau President Rick Ebert.

U.S. Withdraws from Trans-Pacific Partnership

President Donald Trump, in his first days in office, signed an executive order to withdraw from the Trans-Pacific Partnership—a 12-nation accord that was agreed upon in principal last year. The trade deal would have been a boost for U.S. agriculture exports.

With more than a quarter of the nation's agriculture production going to overseas markets, trade is vital for America's farmers, said Zippy Duvall, president of the American Farm Bureau Federation. While AFBF viewed the Trans-Pacific Partnership as good news for agriculture, the organization is hopeful the administration will look to new deals that open markets for farmers.

"With this decision, it is critical that the new administration begin work immediately to do all it can to develop new markets for U.S. agricultural goods and to protect and advance U.S. agricultural interests in the critical Asia-Pacific region," Duvall said.

Liquor Reform Law Changes Benefit Cider Producers

Recent changes in Pennsylvania's liquor laws that will allow beer distributors to sell six-packs also have additional benefits for the makers of hard cider. Some highlights of Act 166 include allowing limited winery license holders to sell their cider to distributors. Many hard cider producers make their product under Pennsylvania's limited winery license. Such license holders are now also allowed to sell cider made by other limited winery producers on site, so long as sales do not exceed 50 percent of the wineries own on-site sales.

In addition, limited winery licensees may now sell cider purchased from other Pennsylvania limited wineries to distributors, provided that such purchases do not exceed 50 percent of the cider produced by the licensee in the preceding year. The act allows breweries, distilleries and limited distilleries to sell certain Pennsylvania-produced cider on premises, subject to similar percentage conditions. In addition, hard cider manufacturers can raise carbonation limits to 6.4 grams per liter, matching the recently effective federal limits.

Report Shows Offset Costs Needed to Eliminate Property Taxes

A report by Pennsylvania's Independent Fiscal Office shows that it will take more than \$14 billion to offset the taxes collected through property taxes. The fiscal office, acting on a request from a member of the General Assembly, highlighted the cost it will take to shift school district funding from property taxes to other means.

Looking at property taxes across the state, the Independent Fiscal Office estimated that total property tax collections for the 2017-2018 school year will be \$14.2 billion. By the 2021-2022 school year, the estimated property tax collection increases to \$16.4 billion.

The Independent Fiscal Office report does not examine specific proposals for eliminating property taxes, but simply projects the revenue need to cover expected future levies. Previous legislative proposals have looked at replacing property taxes with a mixture of increases in sales and earned income taxes. Pennsylvania Farm Bureau supports the elimination of school property taxes.

Leaseholder Protection Bills Pass Senate

Two bills that seek to provide greater protection to landowners who lease their land for natural gas drilling have passed the Senate. The bills, sponsored by Sen. Gene Yaw, would allow leaseholders to inspect natural gas company records dealing with gas taken from their property in order to verify proper payment.

In addition, natural gas companies would be required to pay leaseholders within 90 days of production, unless otherwise stated in the lease. Natural gas companies would also be prohibited from retaliating against any royalty owner who may question the accuracy of royalty payments—including terminating leases or ceasing development. The bills now head to the House for consideration.

Sallie To Step Down as Administrative Secretary; Kieffer Named Replacement

After serving for 25 years as Pennsylvania Farm Bureau's Administrative Secretary, Louis R. Sallie is retiring from the organization. Sallie has dedicated his time and talents to Farm Bureau throughout his career, working in various capacities within the Farm Bureau family since his graduation from college more than 40 years ago.

Sallie has had a tremendous impact on the growth and influence of Pennsylvania Farm Bureau. During his time leading the organization, PFB membership has increased three-fold. In addition, our Pennsylvania Friends of Agriculture Foundation has flourished in its mission of educating the public about agriculture through programs like the Mobile Ag Ed Science Lab program.

In March, Samuel A. Kieffer will take over as Administrative Secretary. Kieffer, who has worked for 12 years at Pennsylvania Farm Bureau, is currently the director of PFB's Government Affairs & Communications Division, which serves the public policy and communications needs of the organization.

Penn State Develops Education Resources for Food Safety Act

Penn State has developed educational resource tools to help growers and food processors understand the new federal Food Safety Modernization Act. Along with developing a new information website, Penn State is hosting several education workshops throughout 2017.

FSMA regulations, developed by the Food and Drug Administration, will require farmers to follow certain food safety standards and record keeping. The act includes seven categories under food safety, including Produce Safety, Preventative Controls for Human Food Rule and the Preventive Controls for Animal Feed Rule.

"These rules represent a new approach toward preventing foodborne illnesses," said Luke LaBorde, associate professor of food science in Penn State's College of Agricultural Sciences. "Food and feed businesses are charged to take a preventative, instead of a reactive, approach. This means that growers and processors will be responsible for understanding potential risks in their operations and developing science-based measures to control those risks before a problem actually occurs."

Penn State has developed education videos to help farmers and food processors understand the new regulations, and if their farm falls under specific portions of the rules. In addition, Penn State is hosting several workshops this year to help farmers with issues like grower certification training and food-safety writing plans: January 30, during the Mid-Atlantic Fruit and Vegetable Convention, Hershey; Feb. 9, Lebanon County; March, 7 in Butler County and March 31 in Bedford County. For more information visit: <http://extension.psu.edu/fsma>.

Pennsylvania Leads the Nation in Number of Farmers Selling to Consumers

More Pennsylvania farmers are selling their products directly to consumers than any other state in the nation, according a nationwide survey conducted by the U.S. Department of Agriculture. While the state was fourth in the total dollar value of sales, it led in the total number of farmers involved in direct farm sales.

Farm to consumer sales, including selling to wholesalers who distribute through food hubs, resulted in \$8.7 billion in revenue for farmers nationwide in 2015. The USDA survey found that 115,000 farmers were involved in direct-to-consumer sales at stores and farmer's markets. California leads the nation with \$2.8 billion in direct marketing sales; while Pennsylvania farmers have \$439 million in direct farm sales. The Keystone State has more than 6,000 farmers engaged in direct to consumer sales.

A different Mite may pose a threat to Honeybees

A second mite belonging to the Varroa species is now threatening European honeybees after shifting from its preference for the Asian honeybee. The new mite is classified as Varroa jacobsoni which has not yet been found in the United States but could spread to many regions throughout the world.

Mites feed on honeybees and leave a wound prone to infection and can transmit diseases. The parasite is linked to colony collapse disorder. Scientists are seeking ways to disrupt, block or manipulate the destructive behavior of the Varroa jacobsoni mite to remove this threat to the European honeybee. The European honeybee is the primary species used to pollinate crops and produce honey worldwide.