

AG ISSUES UPDATE
Edited by Brad Hollabaugh
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U.S. Department of Labor Withdraws its Proposed Youth Labor Rules

Officials with the U.S. Department of Labor recently announced they are withdrawing proposed rules that would have seriously changed the type of jobs that youth are able to perform on agriculture operations. In announcing the withdrawal, department officials said these regulations would not be pursued for the duration of the Obama presidency.

The department acknowledged it had received thousands of comments from farm families and organizations concerned the new rules could jeopardize the role that parents play in teaching their children the value of on-the-farm work. In a news release announcing the decision, DOL recognized the need to work with Farm Bureau and other rural stakeholders to enhance farm safety education programs.

This result is an excellent example that demonstrates the value of grass roots activity by the stakeholders of any constituency. Thanks to all those folks who contributed to the final outcome.

Senate Lawmakers Moving on Inheritance and Realty Transfer Bills

Members of the PA Senate Finance Committee have moved forward a House bill to provide farm families exemptions from inheritance taxes and from requirements to pay for realty transfer taxes when a farm property is reorganized under a new business structure.

The committee approved an amended version of House Bill 761 (introduced by Rep. Bryan Cutler, R-Lancaster) to add the inheritance tax exemption to the version of the bill passed by the House, which provided for exemption from realty transfer tax. The version of House Bill 761 approved by the committee is now identical to Senate Bill 746 (introduced by Sen. Dominic Pileggi, R-Chester), which the committee had approved earlier. Enactment of either bill would allow farms to be passed down to surviving relatives, without paying inheritance taxes, if the farm is kept actively farming by a family member for at least seven years.

Pennsylvania families pay inheritance taxes on essentially the first dollar value of the taxable estate. For example, a child who receives a \$500,000 farm through the death of his parent would pay \$22,500 in taxes, which is required to be paid in cash. That may force some families to sell off land to pay those taxes. Realty transfer taxes would be exempt when property is transferred during the reorganization of family farm business. Realty transfer tax exemptions are already provided to non-farm family businesses.

Bills to Eliminate Property Taxes Introduced in State House

Two state lawmakers have recently introduced bills to eliminate school property taxes. One proposal, introduced by Rep Jim Cox, R-Berks, would replace school property taxes with an increase in personal income tax, close some loopholes in sales tax, and raise the rate of sales tax.

Under the Cox proposal, called the Property Tax Independence Act, school funding would stay level. Personal income tax would increase to 4 percent from its current rate of 3.7 percent. The bill would also close sales tax loopholes given to dry cleaning, funeral expenses, newspapers, magazines and other items. Overall, the sales tax would increase to 7 percent from its current 6 percent rate.

Another bill, introduced by Rep. Seth Grove, R-York, would offer local taxing authorities the operation to eliminate property taxes. House Bill 2230 would give every county, with the exception of Philadelphia, the chance through voter referendum to enact a 1 percent county sales tax to reduce school property taxes.

The new 1 percent county sales tax could only be used for tax reductions. The bill would also allow local taxing bodies to levy a local income tax, with the revenue collected offset a reduction in property taxes by a maximum of 100 percent.

“The unique aspect of my legislation is that it allows for local choice,” said Grove. “We have tried again and again to eliminate property taxes at the state level, and as much as I would love to see it happen, there is simply too much opposition from areas of the state where property taxes are stable and the only reliable source of funding.”

State House of Representatives Vote to Reduce Size of the Legislature

State House lawmakers have recently approved a bill that would reduce the size of the Pennsylvania General Assembly. The bill, authored by Speaker of the House Sam Smith, R-Jefferson, has now been sent to the Senate. The bill would have to be approved by two consecutive sessions of the General Assembly, and then approved by a voter referendum. Smith’s bill would reduce the size of the House to 153 members from 203 and the Senate to 38 members from its current 50.

Under Smith’s proposal, each House district would represent around 83,000 people. Currently, each district represents 62,500 people. Pennsylvania Farm Bureau and some other rural organizations are opposed to the reduction in the size of the General Assembly because it could disenfranchise rural residents.

Pennsylvania’s General Assembly is the second-largest in the country. A ultimate goal for the reduction in the size of the General Assembly is to create a substantial reduction in the cost of doing business in state government. However, with fewer representatives, it is likely that the average number of staff persons will increase, so there will be some off-setting costs to any savings realized. It remains to be seen if the bill will pass both houses this year and next year in addition to gaining the approval of the public.

New Farmers Markets Open on the PA Turnpike

Three new farmers markets are operating at service plazas along the Pennsylvania Turnpike. The markets are located at the Allentown Service Plaza in Lehigh County, Sideling Hill Service Plaza in Fulton County and New Stanton Service Plaza in Westmoreland County. All of the markets will operate through Nov. 30. Markets open at 10 a.m. on Saturdays, Mondays and holiday weekends, and at 11 a.m. on Fridays and Sundays. They operate until dusk.

Farmers or producers wishing to sell products at the service plaza farmers markets should contact Frank Jurbala at fjurbala@pa.gov or call 717-787-6041.

More Farmland Preserved

Pennsylvania has preserved 22 farms and 2,198 more acres of farmland. The Agriculture Land Preservation Board has recently approved the preservation of farms in Allegheny, Berks, Blair, Bucks, Chester, Cumberland, Fayette, Lackawanna, Lancaster, Lebanon, Montgomery, Northampton and York counties.

“Pennsylvania farm families know the importance of preserving our farmland and ensuring the viability of Pennsylvania agriculture for future generations,” said Agriculture Secretary George Greig. “Agriculture is a \$5.7 billion industry and Pennsylvania’s number-one industry – the cornerstone of our economy. I thank the families preserving their farms for their foresight in keeping Pennsylvania growing.”

Since its inception, Pennsylvania’s preservation program has safeguarded 461,206 acres.

Penn State Extension Restructuring Takes Shape

A reorganization of Penn State Extension that has been under way during the last two years has taken additional steps toward completion. In a move to implement a new model of program delivery, the organization has appointed program leaders who will spearhead development of statewide educational programming that is structured around expertise and focused on addressing the needs of key industries and audiences.

To streamline the administration of offices statewide, Extension also has named 19 district directors - each of whom will oversee two to five county offices - as well as two directors who will manage the offices in the urban counties of Allegheny and Philadelphia. The district directors will coordinate administrative services such as information technology, financial processing, program registration, human resources and communications.

More information about Penn State Extension's restructuring is available online at <http://agsci.psu.edu/ag-futures/extension-restructuring-proposal>.

Crop Loss Claims Reaching Record Numbers

Farmers need no reminder that 2011 was simply a challenging year to farm. While the calculations are still underway, it appears the losses suffered in 2011—measured in the amount of crop insurance claims paid out—is approaching record levels.

As of late April, the Pennsylvania Department of Agriculture calculates that more than \$60 million was paid to Pennsylvania producers. “It will be one of our highest losses ever,” said Karen Powell, an agriculture risk management specialist with PDA. Drought years of 1999 and 2002 are still larger in terms of damages paid, although in 1999, Pennsylvania contributed significant funding to help farmers.

While the majority of farmers were paid in timely fashion, there were still issues that had to be addressed with individual claims, Powell said. Some involved farmers having to destroy crops in fields they could not move equipment onto, Powell said. Plus, reporting requirements changed for apples, which caused some problems for fruit producers, she said. "Any time you have a year like this, you test the program."

Following GAP Standards Critical, According to Latest Penn State Study

With more Pennsylvania supermarkets starting to utilize local fruits and vegetables, growers will be required to show proof of following good agriculture practices—or GAP—standards, according to a new Penn State Study.

GAP standards are practices that reduce the risk of on-farm contamination of produce. Those standards make recommendations for safe irrigation methods, use of animal manure, worker hygiene and post-harvest handling practices, according to Daniel Tobin, a doctoral candidate who led the study.

Pennsylvania growers looking to maintain wholesale market opportunities will have to put forth substantial effort to verify their on-farm, food safety practices, the study said. "Growers, therefore, will need GAP training and educational materials," Tobin said. "General training about potential on-farm, food-safety hazards and preventative measures no longer will be adequate. To achieve maximum impact, the curriculum must focus on implementing and documenting GAPs so growers will be prepared to pass a GAP audit."

An estimated 48 million food borne illnesses, and 3,000 deaths, occur each year in the United States. In response, supermarkets are asking their produce suppliers to attend training workshops and obtain third-party certification.

Producers who need to show GAP compliance can use several auditing agencies, Tobin said. The U.S. Department of Agriculture, in conjunction with state departments of agriculture, offer auditing programs. The service is also available through private companies. Penn State Cooperative Extension can also play a key role in helping producers meet GAP standards, Tobin said.

To help develop a relevant GAP training curriculum that meets the needs of Pennsylvania growers, Penn State researchers surveyed supermarkets that operate in the state to determine their food-safety policies and practices that affect local produce growers. "Assessing American consumer perceptions regarding produce safety is particularly important, because those perceptions will allow actors within the supply chain to better meet consumer demand," Tobin said. "In addition, assessing consumer produce-safety perceptions can help Penn State Extension adapt its educational programming to address public demand."

Food Hub Guide Unveiled

The U.S. Department of Agriculture has released details of its first Regional Food Hub Resources Guide, designed to help promote local and regional efforts to support producers.

"Food hubs play a critical role in developing stronger supply chains and addressing the infrastructure challenges while supporting food access, regional economic development and job creation," said Agriculture Deputy Secretary Kathleen Merrigan.

Food hubs are business or organizations that connect producers and buyers by offering a host of production, distribution and marketing services. The model allows farmers to meet the growing demand of fresh local food by connecting them with large volume markets, such as grocery stores, hospitals and schools.

The USDA guide gives information and resources needed to develop a regional food hub. In a 2011 report, the USDA identified more than 170 food hubs operating across the county. "The new guide is the most comprehensive handbook on food hubs ever available," said Merrigan. "Now farmers, buyers, researchers, consumers or anyone interested in creating a food hub in their community can tap into a single resource to find the information that they need."

USDA Announces New Farm to School Grant Program

USDA has recently announced that it will be investing in farm-to-school programs nationwide to help eligible schools improve the health and well-being of their students and connect with local agricultural producers. The new program will promote opportunities for nutrition and agriculture education while providing new economic opportunities for food producers of all kinds and communities nationwide.

The Farm to School Grant Program is part of the Healthy, Hunger-Free Kids Act, which authorized and funded USDA to assist eligible entities through grants and technical assistance, in implementing farm-to-school programs that improve access to local foods in eligible schools. The new investments will assist schools in procuring food from local producers. Farm-to-school initiatives can also include agriculture and nutrition education efforts such as school gardens, field trips to local farms and cooking classes.

The grants, administered by USDA's Food and Nutrition Service, will help schools respond to the growing demand for locally sourced foods and increase market opportunities for producers and food businesses, including food processors, manufacturers, distributors and other value-added operations.

The USDA will make \$5 million available annually to provide technical assistance for farm to school programs. Proposals are due June 15. The USDA will be hosting a webinar to provide more information on the grant. For more details visit: www.fns.usda.gov/cnd/f2s/.