

AG ISSUES UPDATE
Edited by Brad Hollabaugh
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House and Senate Prepare to Vote on New Farm Bill

The Senate voted 75-22 on June 6 to end debate on a five-year farm bill, clearing way for passage of the legislation. The \$955 billion bill would cut \$24 billion from farm spending over 10 years, including a \$4 billion reduction to food stamps. Final votes on the bill are likely to occur on June 10 before the Senate pivots to immigration reform.

The House is working on a rival, \$940 billion farm bill that cuts spending by \$39.7 billion over 10 years, with \$20.5 billion of the cuts coming food stamps. Savings will come from reductions in nutrition, conservation, commodities and crop insurance. The House bill will likely get a floor vote later this month.

The versions of the Farm Bill adopted by the House and Senate share a few key similarities, including the elimination of direct payments and placing greater emphasis on crop insurance and other risk management tools. Key components retained in both the House and Senate versions include funding for the Market Access Program (MAP) and the Specialty Crop Research Initiative (SCRI).

Immigration Reform Still on Track

It appears that both the House and Senate may be set to address Immigration Reform legislation after tackling the Farm Bill the week of June 10.

USApple's Vice President for Public Affairs Diane Kurrle recently joined other members of the Agriculture Workforce Coalition (AWC) in meetings with key Senate offices regarding the agriculture provisions of the Senate's immigration bill. In preparation for Senate debate of the bill, the AWC is working to build support for the legislation, particularly from Republicans.

The response to the agriculture title is very positive with many Senators still undecided about the overall bill but clear about the necessity to fix the agriculture labor problem. It is important that these Senators hear from their constituents in support of the bill. If you have not done so already, send Senators Toomey and Casey letters in support of the Ag provisions.

Food Safety and Modernization Act (FSMA)

The comment period for FSMA has been extended to September 16, 2013. There are two rules that demand our attention: The Standards for Produce Safety Proposed Rule and the Preventive Controls for Human Food Proposed Rule.

Excellent background material for comments has been provided in past issues and is available online at the shaponline.org website for your reference. The website for the Preventive Controls section is found at <http://www.fda.gov/Food/GuidanceRegulation/FSMA/ucm334115.htm>. The website for the Produce Safety section is found at <http://www.fda.gov/Food/GuidanceRegulation/FSMA/ucm334114.htm>.

It is best to prepare your comments in advance. You have the option of entering the text of your comments into a window at the comment website (2,000 character limit) or uploading a file to submit. Written comments should be sent to: Division of Dockets Management (HFA-305), Food and Drug Administration, 5630 Fishers Lane, rm. 1061, Rockville, MD 20852. All submissions received must include the Agency name and Docket No. FDA-2011-N-0921 and Regulatory Information Number RIN 0910-AG35.

To submit digital comments for the produce rule, go to the website at <http://www.regulations.gov#!submitComment;D=FDA-2011-N-0921-0001> for "Standards for the Growing, Harvesting, Packing and Holding of Produce for Human Consumption (FDA-2011-N-0921-0001)". Enter your name and contact information and then enter your comments or upload your file.

To submit digital comments for the preventive controls rule, go to the website at <http://www.regulations.gov#!submitComment;D=FDA-2011-N-0920-0013> for "Current Good Manufacturing Practice and Hazard Analysis and Risk-Based Preventive Controls for Human Food (Document ID FDA-2011-N-0920-0013)". Enter your name and contact information and then enter your comments or upload your file.

Farm Bureau Urges Congress to Repeal Health Insurance Tax

Small business employees will be hard hit by the Health Insurance Tax, which was passed as part of the Patient Protection and Affordable Care Act, Dean Norton, president of the New York Farm Bureau, said in Congressional testimony.

Norton, who owns a dairy farm, testified on behalf of the American Farm Bureau Federation on H.R. 763, which would repeal the health insurance tax. The tax will be levied on a health insurance company's net premiums, but it will be employees who ultimately pay the price, Norton said. Most farms do not self-insure because they do not have a large enough pool of employees, and instead purchase health insurance on the fully-insured market, Norton said. That means small employers will bear the brunt of HIT, he said.

According to the Joint Committee on Taxation, HIT will increase family premiums by \$400 in 2016. That will make it even more difficult for farms to purchase coverage for themselves, their families and their employees.

Pennsylvania House Introduces Budget Plan

Republican members of the Pennsylvania House of Representatives have introduced their own version of the state budget, moving the process one step closer to passage before the June 30 deadline. The budget proposed by the Republicans spends \$28.3 billion, a 2.1 percent increase over current spending.

The spending plan is mostly good news for agriculture, and restores some funding cut in Gov. Tom Corbett's budget proposal. The Republican plan provides additional funding that can be used to address shortfalls in staffing at the Pennsylvania Department of Agriculture and calls for an increase in funding for Penn State Cooperative Extension and the Animal Health

Commission. It also restores funding for other priority lines such as ag research and conservation districts. Members of the House are expected to vote on their budget plan during the week of June 10.

State Lawmakers Take Aim at Pension Problems

Two members of the Pennsylvania General Assembly have introduced bills that will reform the state's pension plans in an attempt to chip away at the more than \$41 billion in unfunded pension liability. Bills introduced by Rep. Chris Ross, (R-Chester) and Sen. Mike Brubaker, (R-Lancaster,) would move new employees to a 401k-style system and would recalculate benefits for current employees.

The bill mirrors a plan introduced by Gov. Tom Corbett to reform the pension system and reduce the state's growing liability. Corbett has endorsed the legislation introduced by Ross and Brubaker, saying the state cannot afford to wait on pension reform.

Pennsylvania has two retirement plans, the State Employees' Retirement System (SERS) and the Public School Employees' Retirement System (PSERS). Those plans are considered *defined benefit* plans where the state or school district makes a contribution to the retirement system.

This type of plan guarantees the benefits distributed *regardless* of the rate of contribution. *Defined benefit* plans have contributed to the pension nightmare that threatens to bankrupt the entire public pension system. Pennsylvania's pension liability has grown due to lower than expected investment returns and benefit enhancements made more than 10 years ago.

Most private pension plans are set up under a *defined contribution* system which builds wealth, but can never pay more than the underlying account value. The reform measures would bring about more than \$1 billion in savings for school districts in the next five years, lawmakers said.

The legislation would:

- Move all new state employees, starting in 2015, to a *defined contribution* plan. State employees would contribute 6.25 percent of their salary to the plan; school employees would contribute 7.5 percent.
- Cap how much current employees' future wages and overtime can be used to calculate their pension income to prevent excessive retirements.
- Adjust the formula on how monthly pension benefits are paid out.
- Limit the amount the state employer contributions can be increased to provide short-term budgetary relief.

State Senate Committee Approves Transportation Funding Bill

The push to inject more money into the state transportation system took a step forward as a funding bill passed the Senate Transportation Committee. The bill now heads to the full Senate for its consideration.

The plan, introduced by Sen. John Rafferty (R-Montgomery), would call for an increase in fees for licenses and vehicle registration, along with lifting the Oil Franchise Tax. Rafferty's bill would bring an additional \$2.5 billion in funding for transportation infrastructure. Pennsylvania's aging highway system is in need of repair, particularly the backlog of structurally deficient bridges.

Under the proposal, Pennsylvania would implement a six-year driver's license with a new fee of \$50.50; move to a two-year registration with a new fee of \$104 and gradually uncap the Oil Franchise Tax, a levy paid by retailers on the wholesale price of gas.

Senate Passes Bill to Increase Waterway Funding

Members of the U.S. Senate have adopted a bipartisan bill that will authorize more spending on waterway infrastructure projects. The Water Resource Development Act would give new funding for flood protection, navigation and ecosystem restoration projects. The act would also change the way the Army Corps of Engineers approach projects. The bill now heads to the House of Representatives for their action.

Passage of the act has been a top legislative priority of the American Farm Bureau Federation, as the nation's waterways are used heavily by agriculture producers to access overseas markets. Western Pennsylvania growers utilized the Mississippi River system to ship grains to markets.

Much of the nation's waterway infrastructure is aging and in need of critical repairs. Shipping by barge continues to be one of the more cost-effective, and environmentally-friendly, forms of transportation.

"More than 60 percent of grain grown by our farmers for export is transported via inland waterways and 95 percent of agricultural exports and imports move through U.S. harbors. Considering those facts, new projects for flood protection, port improvements and upgrades to the nation's aging locks and dams infrastructure authorized under WRDA are long overdue," said Bob Stallman, AFBF president.

The bill calls for reform of the Harbor Maintenance Trust Fund in order to utilize more money for port improvement projects. Currently money collected for the fund is also used in the federal government's general fund. If the bill is passed by the full Congress, the U.S. Army Corps of Engineers will also be required to reform its approach to projects. This comes in the wake of problems with a lock and dam project on the Mississippi River that has resulted in overruns and delays.

Landowner Liability Bill Passes Senate

Members of the Pennsylvania Senate have unanimously passed a landowner liability bill that would protect landowners from being held responsible for hunters and trappers who commit a Game Code violation while on their property.

Under current law, if a landowner allows a hunter to take game on private property and that hunter violates the Game Code, such as taking an animal out of season, the property owner

can be held liable. Senate Bill 648, introduced by Sen. Richard Alloway (R-Adams), will remove the landowner's responsibility in those circumstances. The bill now heads to the House for its consideration.

House Committee Passes Bill To Protect Landowners Who Allow Recreational Vehicle Use on Their Property

The House Tourism and Recreation Committee recently passed a bill that amends the Recreational Use of Land Act to protect landowners who allow their property to be used for recreational purposes.

The law would expand landowner protection to those who allow riders of snowmobiles and recreational vehicles to use their property. "Landowners who permit the free use of their property for recreational purposes should not have to worry that they will be sued for doing so," said Dan Moul (R-Adams), who introduced House Bill 544.

The bill would also award legal fees to property owners who are sued by recreational users but not found liable, which may encourage potential plaintiffs and their attorneys to think more carefully before moving ahead with a lawsuit. The bill now moves to the full House for its consideration.

Supreme Court Upholds New State House and Senate Districts

The Pennsylvania Supreme Court has upheld state lawmakers latest redistricting efforts, meaning new districts for state Senate and House members will go into effect for the 2014 election. Legislative redistricting has been delayed by court challenges.

Current members of the General Assembly are serving under district lines drawn up more than 10 years ago following the 2000 Census. In January 2012, previous redrawn legislative lines completed by the Legislative Reapportionment Commission were thrown out by the court.

At the time, justices ruled that district lines made too many unnecessary splits in counties and municipalities. Several groups have challenged the redrawn district lines adopted in June 2012 by the reapportionment committee. However, the Supreme Court ruling will allow those district lines to be applied in the 2014 General Assembly elections.

Senate Passes Bill Governing Taxes on High Tunnels

The Pennsylvania Senate unanimously passed a bill to ensure that high tunnel greenhouses are not classified as permanent structures for real estate tax purposes. The issue came to the attention of lawmakers after an Erie County nursery owner found their high tunnels were being taxed similar to other permanent structures. Appeals before the Erie County Assessment Board have been so far unsuccessful.

Senate Bill 638, introduced by Sen. Elder Vogel (R-Beaver), would exempt the structures from real estate taxes. High tunnels, also known as hoop houses, have become increasingly popular among horticulturists, and allow farmers to extend the growing season.

“Subjecting these structures to taxes may take away the financial benefit of using them,” Vogel said. The bill now heads to the House of Representatives for consideration.

Parts of Pennsylvania Can Expect to See Cicadas Emerge

Residents in several Pennsylvania counties can expect to see the emergence of cicadas in the coming weeks. The periodic cicadas emerge every 17 years. This particular brood is expected to emerge in 17 Pennsylvania counties, and in parts of New York, Maryland, Virginia and other Northeast states.

The insects are harmless to people, but can cause damage to shade and fruit trees and other high-value woody ornamental plants, said Gregory Hoover, an entomologist with Penn State Cooperative Extension.

The cicadas emerging this year are part of a group known as Brood II, which was last seen in 1996. They are expected to hit Berks, Bucks, Carbon, Chester, Dauphin, Delaware, Lancaster, Lebanon, Lehigh, Luzerne, Monroe, Montgomery, Northampton, Philadelphia, Pike, Schuylkill and Wyoming counties. The brood is expected to disappear back into the ground by early July.

Property owners may start to see small earthen turrets built over the exit holes of cicadas, built to protect their escape routes from too much moisture. Damage caused by periodical cicadas occurs when the insect lays their eggs. Females will cut small pockets in the bark of twigs before depositing her eggs.

This process can make trees susceptible to plant diseases. Adults live for a few weeks, but the damage they cause to trees can last for several years, Hoover said. “Periodical cicadas are sometimes called nature’s pruners,” he said.

Nursery owners or others with trees at risk may want to apply insecticides around the time mating starts—which is about 10 days after males emerge and starting making sounds, Hoover said. Field crops are not damaged by cicadas, he said.

Adults live for four weeks above ground. Around seven weeks after the eggs are laid, nymphs hatch and drop to the ground, where they enter the soil, not to emerge for 17 years.