

AG ISSUES UPDATE
Edited by Brad Hollabaugh
April, 2015

Current Immigration Bills Don't Address Farmers' Needs

A series of immigration bills under consideration in Congress will not address the needs of America's farm families and could cause even more harm. The House is considering legislative action that focuses only on enforcement, which could prove devastating to agriculture and rural economies, according to the American Farm Bureau Federation.

A report commissioned last year by Farm Bureau showed that immigration reform which focuses only on enforcement would cause agriculture production to fall by at least \$30 billion, causing a 5 percent spike in food prices. Recently, the House Judiciary Committee passed the Legal Workforce Act, which would require employers to use an E-Verify system to check the work eligibility of all future employees. E-Verify is an Internet-based system that lets employers check an applicant's identification with the Social Security Administration records to confirm employment eligibility.

Unless Congress develops provisions that give farmers access to a legal supply of workers, the E-Verify system will be detrimental to agriculture, said Kristi Boswell, a labor specialist for the American Farm Bureau Federation. Farmers need a system that provides a legal workforce, and in a time frame that works with the cyclical nature of agriculture.

"As employers, farmers understand the important role they play in the system, but they cannot support an approach that threatens to wipe out billions of dollars a year that is helping to sustain rural communities," Boswell said.

Any mandate for using E-Verify must be based on a system that is simple and timely, and provides a defense for employers acting in good faith. The system should also allow for the status adjustments of workers not authorized prior to the law's implementation and be proceeded by a full implementation of a workable agriculture immigration program. Congress is also poised to take action on several other bills related to the enforcement of immigration laws and the elimination of fraud and abuse.

Farm Bureau Keeps Up Federal Water Rule Fight

The vigilant outreach efforts of Farm Bureau members across the nation are making a difference, with two key votes in the U.S. Senate delivering a resounding message that the proposed Waters of the U.S. rule is flawed in both substance and process.

"Senators indicated they will not tolerate outlandish regulatory actions that disregard established law, and by their action put federal regulators on notice that the rule is simply unacceptable," said AFBF President Bob Stallman. "The Senate action amplifies the spirit our farmers have conveyed over the past year of the need to ditch the egregious WOTUS rule. We thank senators for their understanding that America's farm and ranch families

care deeply about clean water and their recognition that the ill-advised WOTUS rule is flawed to the core.”

Sen. Pat Toomey supported Farm Bureau’s position on both votes, while Sen. Bob Casey supported our position on one of the votes. AFBF is continuing a strong push in Congress to prevent the WOTUS rule from moving forward. The Environmental Protection Agency and Army Corps of Engineers have proposed a sweeping expansion of their authority under the Clean Water Act, which could require the need for permits for common agriculture practices.

“It is impossible to know how many farmers, ranchers and forest landowners will be visited by [EPA] enforcement staff or will be sued by citizen plaintiffs’ lawyers—and it is impossible to know when those inspections and lawsuits will happen,” Ellen Steen, chief counsel for Farm Bureau, told a House Agriculture subcommittee.

When the Clean Water Act was enacted, farmers were given some exemptions for normal agriculture practices. But, decisions by the EPA and the courts have narrowed those agriculture exemptions. A further expansion of authority by the two agencies would all but erode all of those exemptions.

“Much of the remaining benefit of those exemptions would be eliminated by an expansive interpretation of ‘waters of the United States’ to cover ditches and drainage paths that run across farm and pasture lands,” Steen testified.

Ditches and drainages are commonplace on farm land, frequently occurring next to crop lands—or even through growing lands—making it impossible for farmers to use fertilizers or crop protection without triggering a Clean Water Act “pollutant” discharge liability and need for a federal permit. That leaves farmers with few options, Steen said. They can either farm under a cloud of uncertainty and risk, or they can avoid farming near ditches, and drainage paths. That is a no-win situation for farmers,” she said.

Proposed State Budget Calls for Tax Overhaul in Pennsylvania

Gov. Tom Wolf set an ambitious first year agenda in his proposed state budget that calls for a mixture of tax cuts, including addressing property taxes, but also increases other levies. At the same time, Gov. Wolf’s budget calls for an overall increase in state spending for the Pennsylvania Department of Agriculture, but proposes flat funding for programs like Penn State Extension.

“Pennsylvania farmers appreciate the proposed \$3 million increase in funding for PDA’s General Government Operations, which should help maintain staffing and resources for important programs, but we are strongly concerned that the Governor failed to increase funding for Cooperative Extension and Agriculture Research programs administered by Penn State,” said PFB President Rick Ebert.

The \$29.9 billion budget is a roughly 3 percent increase from the state’s current spending plan, and also seeks an additional spending of \$2 billion on public education. The Governor

has proposed a severance tax on natural gas extraction to help fund education. Gov. Wolf has also called for a decrease in Pennsylvania's corporate income tax—currently one of the highest in the nation—but will seek to close loopholes that some companies' use to avoid some taxes.

Agriculture Funding

The proposed budget calls for 2 percent growth in state funding for agriculture. The Pennsylvania Department of Agriculture's General Operating Budget has been increased to \$28.2 million from its current \$25.2 million. However, some agriculture programs are facing cuts, such as agriculture research, promotion and some livestock and youth shows. Gov. Wolf has also suggested no increases in Extension and Research, a move opposed by Pennsylvania Farm Bureau. In recent years, Extension has either taken budget cuts, or seen flat funding, and has reduced programs as a result.

Taxes

Gov. Wolf's proposed budget calls for significant shifts and changes in personal, property and corporate taxes. According to the Governor, the budget will bring \$3.8 billion in property tax relief—about \$1,000 for the average homeowner. That would reduce property taxes by 50 percent, but the tax relief is targeted to homes and farmsteads and will not impact land used for farming. To fund the property tax relief, the state would increase income taxes to 3.7 percent from 3.07 percent—a move that will raise a projected \$2.4 billion. Sales tax would increase to 6.6 percent, from the current level of 6 percent and would expand taxes to certain services and items, which would generate an expected \$1.6 billion. Exemptions would remain for food and clothing. Pennsylvania Farm Bureau has long been a champion of property tax reform, and supports eliminating the levy and replacing it with a mixture of other sources. However, PFB has concerns about the property tax relief proposed in the budget.

"Pennsylvania farmers have been advocating for property tax relief for decades and have cited the need for the General Assembly to address the growing pension crisis as a top priority over the past few years. We are hoping that these issues can be addressed in a way that is fair for farmers, school districts, local governments and all Pennsylvanians," Ebert said.

Gov. Wolf also seeks to reduce the state's corporate tax rate to 5.99 percent from its current 9.99 percent, and cut it again by 50 percent by 2018. He also wants to eliminate the capital stock and franchise tax, but close the so-called Delaware loophole that some companies have used to shield assets from taxation. Finally, Gov. Wolf is calling for a 5 percent severance tax on natural gas, modeled on a tax system used by West Virginia. The Governor has earmarked most of that money for education spending, but will keep some funding for communities impacted by drilling. Members of the Pennsylvania General Assembly have begun budget hearings and the negotiation process to develop a final state budget by the June 30 deadline. Pennsylvania Farm Bureau will work with lawmakers throughout the process to achieve the necessary funding for agriculture.

Proposed Property Tax Reduction Offers Limited Relief to Farmers

In his proposed state budget, Gov. Tom Wolf called for cutting property taxes by around 50 percent. However, the reduction in property taxes is targeted to homesteads and farmsteads, meaning it would provide limited property tax relief to farms, and cropland would still be subject to property taxes. To make up for the revenue lost by property taxes, Gov. Wolf has proposed increasing income taxes to 3.7 percent from 3.07 percent and expanding sales taxes to 6.6 percent, from its current level of 6 percent. Sales tax would also expand to cover certain services and items—generating an expected \$1.6 billion—but exemptions on food, clothing and agriculture, would remain.

Pennsylvania Farm Bureau has long called for the elimination of property taxes and supports using a variety of sources like increases in sales and income taxes to make up the difference. While Gov. Wolf's proposal puts emphasis on the need to address onerous property taxes, it does not provide the relief that farm families need.

"In order for property tax relief to work, it needs to extend to every aspect of the farm, including land used to raise crops or tend livestock," said Joel Rotz, PFB's senior director of state government affairs.

Gov. Wolf's proposed property tax reduction plan will mimic the tax rebate created through the expansion of casino gaming in Pennsylvania. Homeowners are able to receive a tax rebate—based on a formula unique to every school district—for their primary residence. Farmers can also receive the rebate on their primary residence and farm buildings located there. Crop land is still subject to full property taxes. PFB is also concerned the governor's proposal does not call for a freeze in property taxes. Without a property tax freeze, school districts could continue to raise taxes, eventually eroding any savings made by the increase in sales and income taxes.

Two Farm Bureau Leaders Appointed As Deputy Secretaries

Two Pennsylvania Farm Bureau leaders have been named to executive positions within the Pennsylvania Department of Agriculture. Greg Hostetter, who served as vice president of Lebanon County Farm Bureau and Fred Strathmeyer Jr, a York County farmer who chaired PFB's Agriculture Labor and Safety Committee, were named Deputy Secretaries of Agriculture. Michael Smith, of Harrisburg, was named Executive Deputy and Hannah Smith-Brubaker will also serve as a deputy secretary.

"The strength of Pennsylvania agriculture is its diversity," said Redding. "And this team reflects that, with extensive experience in state and federal government and across the full range of agriculture. I look forward to working with Michael, Hannah, Greg and Fred to meet our core missions of public health and safety, building the agriculture workforce, and strengthening our food and agricultural economy."

Hostetter manages a grain and beef farm outside of Jonestown. He recently served on the U.S. Department of Agriculture's Farm Service Agency Pennsylvania state committee and several other state agriculture boards. At PDA, Hostetter will serve as deputy secretary for animal health and food safety, and will be responsible for the bureaus of Animal Health and Diagnostic Services, Food Safety and Laboratory Services and Dog Law Enforcement.

Strathmeyer co-owns Strathmeyer Forests of York, which grows Christmas trees and nursery products. Strathmeyer will oversee the department's bureaus of Plant Industry and Ride Measurement Standards. He will also be responsible for the state Horse and Harness racing Commissions and the Hardwoods Development Council.

Smith will manage the day-to-day operations of the Pennsylvania Department of Agriculture and will coordinate issues involving other state agencies. He previously served as communications manager for Gov. Ed Rendell. Smith-Brubaker owns an organic produce and pasture poultry farm in Juniata County. She was previously president of Pennsylvania Farmers Union. She will oversee the bureaus of Market Development, Farmland Preservation, Food Distribution and Farm Show for PDA.

Bill Seeks to Clarify and Broaden Inheritance Tax Exemption for Family Farms

With the strong support of Pennsylvania Farm Bureau, the General Assembly took a major step in 2012 to pass legislation exempting farm families from onerous inheritance tax burdens when passing the farm business to succeeding family members. But technical interpretations by state agencies made since the law passed have limited the opportunity for farm families to benefit from the tax exemption. The family farm exemption only applies when the farm is passed from person to person, and not when the farm is passed by or through a legal entity, such as a corporation, limited liability company or trust that the family has created to manage family succession of the farm business.

Sen. John Gordner, who is the Senate majority whip, has introduced legislation to broaden the types of farms that are eligible for the exemption, including those operated as part of an LLC, or trust. Pennsylvania Farm Bureau played a key role in drafting the legislation.

"We believe the language proposed in the legislation will more clearly identify the broader scope of family farm inheritance tax exemption intended by legislature in 2012," said John Bell, PFB's Government Affairs Counsel. "Families who have made real plans for succession of the family farm business should not be excluded from the exemption, just because they use some legal means like a family corporation or trust to do it. The tax burdens and consequences these families face in passing their farms to the next generation are just as challenging."

Senate Bill 580 was assigned to the Senate Finance Committee. Pennsylvania Farm Bureau will work with lawmakers to achieve passage of the bill.

What can we do to encourage native bees?

Pollinators need a diverse, abundant food source and a place to build their nests and rear their young. As land managers, if we keep these two elements in mind we can encourage native bee populations.

Natural Areas

Diverse and abundant native bee populations are found in areas where there are many patches of natural habitat. Specifically, studies indicate fields 1,000 to 6,000 yards from the nearest natural patch will have the most pollination from native bees.

Provide Forage

Pollinator habitat should have a diversity of flowers that bloom at different times to sustain a diverse group of pollinators throughout the growing season. Flowering plants in your hedgerows, riparian buffers, set-aside areas and gardens can all provide essential food. Not all flowering plants are equal! Some species provide lots of nectar, others provide lots of pollen, and pollen nutrients of different plants vary. It is important to encourage the growth of a wide variety of flowering plant species to best feed your bees, especially generalists like bumble bees. For specialists, like the squash bee, the specific host (squash or pumpkin) must be in the landscape.

Nesting Sites

Nearly 70 percent of bee species nest underground. Most other bees choose to nest in wood tunnels, occupying existing holes in snags or chewing into the pithy center of stems. Because many ground dwelling bees only range a few hundred yards from their nest, it can be even more important for land managers to provide nesting habitats directly on the farm. Bumble bees often prefer undisturbed areas such as hay fields and pasture. Many bees prefer to nest in sunny, bare patches of soil. When you excavate a pond or ditch leave the piles of excavated earth. Ground dwelling bees may nest in bare areas of mounded earth. Consider keeping some dead snags. Some solitary bees nest in abandoned beetle tunnels in snags.

Cover Crops

Include flowering plants in your cover crop mixtures and give them time to flower to provide additional bee forage. Penn State's Dr. Shelby Fleischer is working on building summer and fall cover crop mixtures that flower successively providing continuous forage for bumble bees and honey bees. The current summer mix trial includes buckwheat, mustard, sunflower, sunhemp and cowpea. The fall planted mix includes peas, vetch, clover and an oat nurse crop. We are still learning about cover crops for bee forage.

Reduced Tillage

Many native bees nest in the ground. Sometimes they nest right in the area where the crop is grown and other times in attractive areas in field edges. Think about ways to avoid disrupting this nesting habitat in some areas of the farmscape. For example in one study farms that practiced no-till had triple the rate of squash bee visitation rates. In other studies farms with pastures or hayfields had more bumble bees.

Irrigation

During times of drought, irrigation may also encourage native bee pollinators. In one of two years (a dry year) of a study of pumpkin pollinators in Virginia, fields with irrigation had significantly more squash bees than those that did not. Researchers don't know why irrigation might increase ground dwelling native bees, but they speculate it might be differences in soil temperature or ease of making a nest.

Source: Penn State