

AG ISSUES UPDATE
Edited by Brad Hollabaugh
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Agriculture Guestworker Act Clears House Committee

On October 25, the House Judiciary Committee passed the Agriculture Guestworker Act by a vote of 17 to 16. All the Democrats present voted against the bill as did two Republicans, five additional Republicans did not vote.

The legislation would replace the antiquated H2A program with a more modern and streamlined H2C program available for all of agriculture including year-round industries such as dairies. USApple and the other Steering Committee members of the Agriculture Workforce Coalition (AWC) worked with the Judiciary Committee staff over the past several months as the legislation was developed and drafted. We offered feedback and suggestions including concerns with the introduction of a cap, which is not a part of the current H-2A program.

The Committee passed the bill in tandem with the Legal Workforce Act (mandatory E-Verify). USApple and the AWC have a longstanding position that mandatory E-Verify must be paired with agricultural labor reforms that address both the current and future workforce. Committee Chairman Bob Goodlatte (R-VA) and the Republican leadership acknowledged this important link and held back action on the E-Verify bill until votes were secured for the AG Act.

In order to get the AG Act through the Judiciary Committee several changes were made to the initial draft both before and during the markup. USApple and the AWC have raised concerns with some of these changes and intend to work with key Members of the House including those in leadership to improve the legislation as the process moves forward.

Nonetheless, passing the Committee was a critical first step and USApple applauds Chairman Goodlatte for his dedication in seeing this through. USApple and the AWC issued this statement after the Committee vote. (*Apple Bites - 11.1.17, Staff Contact: Diane Kurrle*)

USApple Continues Strong Push for NAFTA

At the end of October, USApple Senior Vice President, Diane Kurrle, participated in a NAFTA lobbying day sponsored by the U.S. Chamber of Commerce. Agriculture and business groups visited nearly every Senate office with a strong message that NAFTA is good for the U.S. economy.

The next round of negotiations has been delayed but is scheduled for Mexico City in November. USApple continues to seek every opportunity to discuss the importance of these markets with the Administration and Members of Congress. (*Apple Bites - 11.1.17*)

Senate, House Tax Bills Differ in Key Ways

Two bills differ in important respects on some critical issues for agriculture.

WASHINGTON — K·Coe Isom, the nation’s leading agricultural accounting and business advisory firm, has discussed the House and Senate tax bills and outlined how the bills differ in key respects on some critical issues for agriculture.

“Overall, both bills contain many provisions that are positive for agriculture,” said Jeff Wald, CEO of K·Coe Isom. “They both move in the right direction on the estate tax, eliminate the Alternative Minimum Tax and allow for immediate expensing of capital purchases for the next five to six years. These elements of the bills would be beneficial to farmers and ranchers.”

Earlier versions of the House bill would have required farmers to pay self-employment taxes on rental income. After K·Coe Isom and others met with House Agriculture Committee Chairman Michael Conaway to express concerns that this would negatively impact farmers, this provision was removed from the House legislation. The Senate bill would not require payment of self-employment taxes on rental income.

While the two bills share provisions that would benefit agriculture, the bills do differ on some critical issues. On business interest deductions, Wald worries that the Senate bill could constrain certain ag businesses that are heavily reliant on credit financing.

“The House bill would limit interest deductions for businesses with more than \$25 million in gross receipts,” said Wald, “which could impact larger agricultural businesses. The Senate bill would use a \$15 million gross receipts test. It would sweep in many medium-sized operations and limit their ability to deduct interest expenses. We are optimistic that we can work with House and Senate ag leadership to maintain vital flexibility on this point.”

Both bills would eliminate the section 199 Domestic Production Activities Deduction used by many farmers and farm coops and would eliminate like-kind exchanges for personal property like agriculture equipment. Unlike the House bill, the Senate bill would eliminate the IC-DISC provisions of the tax code that provide incentives for export of agricultural products.

“We encourage the House and the Senate to work together to ensure that any final tax reform legislation does not negatively impact agriculture. Given the tight margins in agriculture and high volatility of ag markets, Congress needs to continue to focus on preserving financial flexibility for ag businesses,” added Wald. (*Morning Ag Clips, Pennsylvania Edition, November 14, 2017*)

Penn State Extension, Penn Vet Funding Approved

After months of uncertainty, state funding has finally been approved for Penn State Cooperative Extension and the University of Pennsylvania School of Veterinary Medicine. The Generally Assembly passed and Gov. Tom Wolf signed a pair of bills that allow the state to release funding for the two programs, which play a critical role in supporting Pennsylvania agriculture.

“It’s a huge relief to farmers across the state that funding has been approved for Penn State Extension and Penn Vet,” said Pennsylvania Farm Bureau President Rick Ebert. “These programs play a crucial role in helping farmers produce safe, quality food and grow Pennsylvania’s rural economy. Thank you to all of the Farm Bureau members who, throughout this budget process, told their state legislators how important these programs are to both farmers and consumers.”

At issue in the stalemate was how to raise the more than \$2 billion needed to balance the 2017-2018 state budget that Pennsylvania adopted in June. Legislators ultimately agreed on a plan to borrow \$1.5 billion and generate the remaining revenue through a major expansion of casino gambling.

While approval of the funding bills marks a big victory for Pennsylvania agriculture, farmers should continue to impress upon their lawmakers the importance of Penn Vet, Penn State Extension and other vital agriculture programs.

The use of one-time maneuvers to fund the 2017-2018 budget means that Pennsylvania will likely face another deficit in the 2018-2019 budget. That means that agriculture programs could once again be in the crosshairs or held up in the event of another impasse.

Apprenticeship Program to Train Agriculture Equipment Technicians

A new state program aims to train a new generation of farm equipment mechanics and service technicians who will be needed to replace the nearly 1,000 skilled workers who are likely to retire over the next decade.

The apprenticeship program will include a combination of on-the-job training, mentorship and classroom learning and take at least one year to complete. Apprentices’ pay will increase as they reach certain milestones. At the end of the program, the graduates will receive U.S. Department of Labor certification as a journey person, without the time and debt of a formal college education.

The Northeast Equipment Dealers’ Association is sponsoring the program and five equipment companies— New Holland Agriculture, Binkley & Hurst, Deer Country Farm & Lawn, Hooper Inc., and Messick’s Farm Equipment—have agreed to hire and mentor apprentices.

High school students enrolled in FFA agriculture education programs that include agriculture mechanics and supervised agriculture experience can earn credits in high school that can be applied toward the apprenticeship requirements.

“The Agriculture Equipment Service Technician apprenticeship was created to fill a workforce need identified by local businesses,” said state Labor & Industry’s Deputy Secretary for Workforce Development Eileen Cipriani. “The apprenticeship program is the first of its kind in Pennsylvania and will be used as a pilot program for other states

experiencing a shortage of well-trained agriculture, industrial and outdoor power equipment technicians.”

Bill Easing Construction Rules for Roadside Stands Becomes Law

A bill that would exempt seasonal farm stands from the burden of complying with regulations that govern construction of permanent buildings is now law. House Bill 176, sponsored by Rep. Tina Pickett of Bradford County, passed the General Assembly and was signed recently by Gov. Tom Wolf.

Some municipalities have required that even seasonal farm stands meet the requirements of the Uniform Construction Code. The new law exempts from those rules farm stands that are 1,000 square feet or smaller and open on at least 25 percent of the perimeter when in use. A related bill that would exempt maple sugar houses from such codes cleared the House and awaits action by the Senate Labor and Industry Committee.

Noxious Weeds Law Update Becomes Law

An update to the state laws governing control of noxious weeds is now official. House Bill 790, by Rep. Eddie Day Pashinski of Luzerne County, cleared the General Assembly and was signed by Gov. Tom Wolf.

The measure adds to the list of noxious weeds to be controlled several new species that are adversely affecting agriculture. It also, by default, includes weeds that are on the federal list and allow the state Controlled Plant and Noxious Weed Committee to conduct studies to add or delete plants from the list. The bill allows beneficial weeds with the potential to become invasive — such as *Miscanthus*, which is used for biofuel — to be cultivated in a controlled environment with a permit for research.

Bill Easing Regulations on High Tunnels Passes House

A proposal to exempt certain high tunnel structures used to extend the growing season of locally grown produce from stormwater management planning has passed the state House. House Bill 1486, sponsored by Rep. David Zimmerman of Lancaster County, passed the House with bipartisan support and now heads to the state Senate for consideration.

The bill would prevent municipalities from requiring that farmers submit stormwater management plans on high tunnel structures that meet common sense guidelines clearly identified in the legislation. More and more farmers are using high tunnels to extend the growing season to meet increasing consumer demand for fresh, local fruits and vegetables and local regulation can be burdensome, increase costs and cause delays.

State Funding Available for Agricultural Plans in Chesapeake Bay Watershed

Farmers in the Chesapeake Bay Watershed can get funding from the state to help cover the cost of developing water-quality-related plans for their farms. Farmers in the watershed are required to implement one or more plans for manure management, nutrient management, and agriculture erosion and sediment control. Enlisting technical experts to help develop those plans can cost \$500 to \$1,500 per plan depending on the size of the farm.

“We know it can be a challenge, especially for small operations, to afford fees for technical help on plans for pollutant reduction in local streams and rivers,” said state Environmental Protection Secretary Patrick McDonnell. “Through reimbursements to farmers, our Agricultural Plan Reimbursement Program will cover the cost of preparation of at least 800 and as many as 2,200 plans.”

Farmers can seek reimbursement for plans developed during 2017 or later. The deadline to register to participate is April 1, 2018.

“Farmers recognize the importance of conservation stewardship because they depend on clean water and healthy soil,” said state Agriculture Secretary Russell Redding. “Throughout the watershed—and throughout the state—there are countless farmers who want to do the right thing when it comes to protecting our natural resources.”

Farmers in Bradford, Cameron, Carbon, Centre, Clearfield, Clinton, Columbia, Elk, Jefferson, Lackawanna, Luzerne, Lycoming, McKean, Montour, Northumberland, Potter, Schuylkill, Snyder, Sullivan, Susquehanna, Union, Tioga, Wayne, and Wyoming counties should contact Sara Bolton of Larson Design Group at 570.374.5700 or sbolton@larsondesigngroup.com.

Farmers in Adams, Bedford, Berks, Blair, Cambria, Chester, Cumberland, Dauphin, Franklin, Fulton, Huntingdon, Indiana, Juniata, Lancaster, Lebanon, Mifflin, Perry, Somerset, and York counties should contact Jedd Moncavage of TeamAg at 717.721.6795 or jeddm@teamaginc.com.

Provision on Old Oil, Gas Leases Approved Despite Farmer Opposition

A measure included a state budget-related bill that cleared the General Assembly will make it harder for landowners to get better deals for oil and natural gas resources on their properties. Pennsylvania Farm Bureau opposed the measure, which was included in the Fiscal Code, a user manual of sorts that accompanies the budget.

The provision allows individuals or companies that hold leases for long-out-of-use oil or gas wells on private land to resume or begin new production without the landowners having a right to renegotiate the terms of the lease. That could result in companies buying old, unproductive leases and forcing landowners to accept payment under the terms of contracts that are decades (or even a century) old.

Amid opposition from farmers, lawmakers removed the provision during an earlier stage of budget-related negotiations. But the measure was put back in the legislation during the recent flurry of activity to end a nearly four-month impasse over how to pay for state spending. The version including the provision was ultimately approved.

“It’s disappointing that, despite objections from Pennsylvania farmers, this provision was ultimately approved by the General Assembly,” PFB President Rick Ebert. “Thank you to our members who made their opposition known to lawmakers.”

Penn State Extension to Offer Food Safety Training

Penn State Cooperative Extension is hosting a series of trainings around the state to help fruit and vegetable growers comply with new food safety regulations.

The Food Safety Modernization Act Produce Safety Rule requires that all farms that grow or process produce to be sold fresh have a manager or other responsible party undergo a food-safety training course. The Produce Safety Alliance Grower Training Course offered by Penn State Extension satisfies that requirement.

Classes will be offered: Nov. 3 in Bedford County, Dec. 5 in Erie County, Dec. 13 in Columbia County, Jan. 18 in Berks County, Jan. 29 in Dauphin County, Feb. 13 in Westmoreland County and Philadelphia, Feb. 20 in Lehigh County, Feb. 28 in Lancaster County, March 6 in Centre County, and March 8 in Adams County.

Registration costs \$150 per person; however, Pennsylvania commercial growers can receive a discounted price of \$20 (limited to one per farm) through support from the state Department of Agriculture. To learn more or register, visit <http://bit.ly/2zw8AOa> or contact Luke LaBorde at 814.863.2298 or lf15@psu.edu.

Volunteer Readers Sought for Ag Literacy Week

The Second Annual Pennsylvania Ag Literacy Week is March 19 to 23 and the Pennsylvania Friends of Agriculture Foundation, a charitable organization supported by Pennsylvania Farm Bureau, is looking for volunteer readers to help teach students about agriculture and where their food comes from.

The effort needs individuals involved in Pennsylvania agriculture who will donate \$10 to provide a book – “Tyler Makes Pancakes!” – to a kindergarten through second-grade class, then spend 30 minutes in the classroom to read the book and lead a hands-on activity. To learn more and become a reader, visit www.pfb.com/agliteracy.