

**AG ISSUES UPDATE**  
**Edited by Brad Hollabaugh**  
**July, 2014**

**New Dean Hired At Penn State**

Dr. Richard Roush, currently a dean at the University of Melbourne's School of Land and Environment in Australia, has been named the dean of the college of Agricultural Services at Penn State. His appointment, pending approval by the University Board of Trustees, will start Oct. 1, 2014. Dr. Barbara Christ has been serving as interim dean since Bruce McPheron left Penn State in 2012, and she will continue in that position through the transition.

In his current position, Roush leads an academic staff of 95 that brings in \$22 million in research income. He received his doctorate in entomology from the University of California at Berkley.

"There are global challenges facing agriculture, including feeding a projected 9 billion people without further damaging the environment and opportunities for greater export income," said Roush. "The breadth and depth of Penn State puts us in a great place to help meet these challenges and opportunities, for the benefit of the state, nation and the planet. I very much look forward to joining the team."

**State Budget Update**

At the end of June, the Pennsylvania General Assembly delivered a \$29.1 billion budget to Gov. Tom Corbett that did not contain tax increases, and also largely addressed the needs of agriculture. But as of early July, Gov. Corbett had not signed the spending plan. The reason? Lawmakers failed to address pension reform.

However, after several days of deliberation, Gov. Corbett signed the PA budget on July 10 using his line item veto power to "spotlight what he called the legislature's failure to sacrifice with the rest of the government or to curb rising public sector pension costs that are fueling school tax increases".  
(*Gettysburg Times*, July 11, 2014)

The budget process has been plagued with political disputes among both major parties and the Governor's office. The pension reform issue has been at the center of the dispute and Corbett is drawing severe criticism from the Democrats as well as some Republicans in the Capitol. However, from both the short and long term perspective, reforming the public pension system is the single most critical factor in creating a stable economic future for both the state and public employees.

The budget does contain mostly positive news for agriculture. The Pennsylvania Department of Agriculture's general operating budget will see a \$2.5 million increase and Ag Excellence received a \$500,000 bump in spending. However, Penn State Extension and Research received flat funding.

**President Obama To Take Executive Action on Immigration**

At a press conference on Monday, June 30<sup>th</sup> President Obama indicated that he plans to take administration action in the coming months to address problems with the country's immigration problems. In the press conference, President Obama noted that Speaker John Boehner informed the President that he would not bring an immigration bill to the floor this year. This statement was confirmed by the Speaker's office.

The members of the Agriculture Workforce Coalition have been working with Members of Congress to pass immigration reform this year. However, the politics have become increasingly difficult as House

Republicans question the President's commitment to enforcing an immigration law while concerns over primary election politics have been heightened by the defeat of Majority Leader Eric Cantor (R-Va.).

President Obama is expected to take two key steps in his push to address immigration problems. First, he will direct Homeland Security Secretary Jeh Johnson and Attorney General Eric Holder to shift immigration enforcement resources from the interior section of the United States to the border. Second, Obama is asking administration officials to send him recommendations on additional actions he can pursue that do not require the approval of Congress by the end of the summer.

It is disappointing to receive confirmation that the Speaker does not intend to bring immigration legislation to the floor. Farmers continue to struggle with instability in their labor force, something that can only be fixed through Congressional action. While this is yet another hurdle in this process, members of the Agriculture Workforce Coalition and the broader business community groups will continue to pressure Congress and the administration to act on immigration legislation.

### **HUSH Lawsuit Hushed**

The group Hunters United for Sunday Hunting (HUSH) were shot down in their attempt to convince a judge to overturn Pennsylvania's longstanding prohibition of Sunday hunting. The group was attempting, through the courts, to expand the number of species that can be hunted on Sunday. HUSH tried to argue that Pennsylvania's Sunday hunting prohibition was unconstitutional.

Members of the Pennsylvania General Assembly, over the years, have repeatedly shot down attempts by activists to expand Sunday hunting, and have sided with Pennsylvania Farm Bureau on the issue. Pennsylvania farmers have long opposed Sunday hunting because they want to be able to enjoy their land without fear of interfering with hunters.

Many outdoor enthusiasts, and hunters, have also opposed attempts to expand Sunday hunting. More than 80 percent of all hunting in Pennsylvania takes place on private property, including farm fields.

### **PFB Continues to Push on "Waters of the U.S." Rule**

The Environmental Protection Agency and the Army Corps of Engineers are still looking to expand their authority under the Clean Water Act, which would result in federal jurisdiction over a number of water bodies, including small creeks, streams and rain-dependent ditches. Farm Bureau is continuing its push to have two federal agencies "Ditch the Rule" over their proposal to regulate nearly every drop of water.

Recently, Pennsylvania Farm Bureau member Andy Fabin testified before a House subcommittee that a proposed expansion of federal jurisdiction under the Clean Water Act will cause farmers to slow their adoption of conservation practices. Fabin, who testified before the House Agriculture Subcommittee on Conservation, Energy, Commerce and Forestry, said the proposed regulatory overreach by the Environmental Protection Agency and the Army Corps of Engineers is troubling.

"As a farmer, my willingness to implement voluntary conservation practices has been greatly diminished, despite my desire to improve and protect the waters on my farm," said Fabin, who lives in Indiana County and serves on PFB's Young Farmer and Rancher Committee. "If the interpretive rule remains in place, farmers and ranchers across the country will slow their adoption of conservation practices."

The EPA and Army Corps have released a proposed rule that would expand their authority under the Clean Water Act. If left unchanged, the agencies could regulate dry land as if it were "navigable water," a power grab that Congress has flatly rejected and which two U.S. Supreme Court decisions have prevented. This proposal would give the EPA and Army Corps extensive regulatory authority, beyond what the Clean

Water Act allows. That could include the need for farmers to obtain federal permits to farm major portions of their land. It could also provide new avenues for activist groups to take farmers to court.

Agriculture's voice needs to be heard on this issue. Visit [www.pfb.com](http://www.pfb.com) and click on the 'Act Now' link to send a message to the EPA and Army Corps telling them to "Ditch the Rule!"

### **Another Vehicle Code Bill Advances**

The state House of Representatives has given approval to a bill that would exempt drivers of farm-registered trucks from federal commercial driver's license requirements. House Bill 2092, introduced by Rep. Mark Keller, would apply to farm-registered trucks that are driven anywhere in Pennsylvania, or within a 150-mile radius of the farm when crossing state lines. That would make state law consistent with federal law. House Bill 2092 is now facing action in the Senate.

"Under my bill, farm drivers will be relieved of the excessive regulatory burdens that were primarily developed for commercial truck drivers," said Keller. "It expands the farm vehicle driver CDL exemption to be consistent with federal law and minimizes the potential for confusion among law enforcement officers."

Recently, the Senate passed a bill that would restore exemptions to registration-exempt farm trucks and drivers that were in place prior to 2010. Senate Bill 1301 is now facing action in the House. Farm Bureau is also working with state lawmakers on a third bill that would exempt the transportation of products during harvest from the Vehicle Code's strict rules that prohibit any materials from escaping the vehicle as long as the load is not higher than the side of the truck, and the vehicle is kept at speeds below 45 mph.

### **Looking For Congressional Action on Taxes**

Members of the House Ways and Means Committee have approved several pieces of legislation that would address tax provisions that expired in 2013. Among them is legislation that would permanently extend an increase in Section 179, which farmers use to deduct the purchase of equipment. Under H.R. 4457, the maximum Section 179 deduction would be set at \$500,000. The current maximum deduction is \$25,000.

A priority focus is on tax code provisions that give farmers the ability to deduct expenses immediately instead of having to depreciate them over time so they can improve cash flow and better match income and expenses, said AFBF President Bob Stallman. The current practice of having Congress extend small business tax provisions for a year or two makes it difficult for farmers to make long term business planning, he said.

"Because farming requires large investments in machinery, equipment and other depreciable capital, farmers and ranchers place great value on tax code provisions that allow them to write off capital expenditures in the year that purchases are made," American Farm Bureau Federation President Bob Stallman wrote in a letter to the committee, urging members to pass the bills. "Tax provisions that accelerate expensing and depreciation allow farmers and ranchers to better manage cash flow, minimize tax liabilities and reduce borrowing. The ability to immediately expense capital purchases also offers the benefit of reducing the record keeping burden associated with the depreciation."

Along with addressing Section 179, the House Ways and Means Committee also approved several bills to make permanent several expired tax codes. They include: H.R. 4718 would make 50 percent bonus depreciation permanent. H.R. 2807, which would make permanent the expanded deduction for donated

conservation easements. Through 2013, farmers could receive an enhanced deduction of up to 100 percent of income, and the deduction could be carried forward for 16 years. That deduction is now limited to 30 percent and can only be carried forward for six years. H.R. 4719 which would extend and expand the charitable deduction for food contributions.

Farmers who used the accrual accounting method were able to take advantage of tax incentives for charitable donations of food. The expanded deduction would allow all farmers, not just those using accrual accounting, to use the provision.

In the Senate, members of the Finance Committee has already approved the EXPIRE Act, to expand all expired provisions for two years. However, this piecemeal approach with the tax code, and uncertainty over whether expired provisions will be made permanent, makes business planning difficult, said Pat Wolff, tax specialist at the American Farm Bureau Federation.

“It’s just really difficult to deal with a tax code that changes every year or every two years, but the Senate is dug in on their two-year extension, and how they’re going to figure it out, no one knows,” she said. “They need to get together and work out the differences so that we can have these important tax provisions now rather than later.”

### **Australian Official Tours Pennsylvania Farms**

Kyam Maher, who is the parliamentary secretary to the South Australia State Minister for Agriculture, toured two Pennsylvania farms during a visit. Maher, who serves as an elected official in Australian government, toured Brubaker Farms in Lancaster County along with Flinchbaugh’s Farm Market and Orchard in York County. The visit was organized by Pennsylvania Farm Bureau.

Maher was interested in learning about several aspects of Pennsylvania agriculture, including how farms are utilizing clean energy, marketing programs including the PA Preferred program and state and federal farm loan programs. During his visit, Maher also had the chance to interact with Department of Agriculture Secretary George Greig.

### **Penn State Partners With Other College for Farm Bill Education**

Penn State is one of more than a dozen land grant institutions that will use federal dollars to develop education tools for new Farm Bill programs. The U.S. Department of Agriculture recently awarded \$6 million to the colleges and related extension services to develop online decision tools that can help educate producers about Farm Bill programs.

“Helping farmers and ranchers understand new Farm Bill programs and what the programs mean for their families is one of USDA’s top priorities,” said USDA Secretary Tom Vilsack. “With the resources we’re providing, university experts will help ensure farmers and ranchers are highly educated as they make critical decisions about new programs that impact their livelihoods. The new tools that will be developed will empower farmers and ranchers to select the plan that best fits their unique needs.”

Penn State will work with several other land grant institutions to develop new online tools to train extension agents, who will in turn help educate farmers. The USDA is also providing funding directly to cooperative extension services to conduct outreach on Farm Bill programs. Money will be used for public education meetings, where producers can meet with Farm Service Agency staff. Those meetings are expected to start later this summer.

Producers will be given information that will help them make choices between the new Agriculture Risk Coverage (ARC) program and the Price Loss Coverage (PLC) program. Online tools will also be developed

that farmers can use that will help them look at a host of local factors, such as soil and weather, to help them choose between the two programs. Once a producer enrolls in a particular program, they must remain in that program through the 2018 crop year.

### **Pennsylvania Congressmen Support PFB's Lawsuit**

Several members of Pennsylvania's Congressional delegation have joined 35 members of Congress in filing a brief in support of Farm Bureau's lawsuit against the Environmental Protection Agency.

Senator Pat Toomey, along with Reps. Glenn "GT" Thompson, Scott Perry, Lou Barletta and Bill Shuster, have filed the court brief in support of Pennsylvania Farm Bureau's lawsuit against the agency's Chesapeake Bay Cleanup plan.

PFB's lawsuit, which is supported by the American Farm Bureau Federation and several outside organizations, contends the EPA overstepped its authority when developing its Chesapeake Bay Cleanup plan. The EPA's plan goes far beyond its authority contained in the Clean Water Act and has taken away the ability of state governments to determine their own solutions for clean water milestones.

PFB also believes the EPA used incomplete data to craft their bay cleanup plan and did not accurately count the number of best management practices used by Pennsylvania farmers to reduce nutrient and sediment loss. In their brief, the Senator and Congressmen are asking the federal appeals court to reject the EPA's and the lower court's interpretation of the Clean Water Act, which gives blind deference to EPA in restricting land use activities of local communities and landowners under claim of water quality.

### **Farm Bureau Opposes EPA Natural Gas Plan**

Farm Bureau is concerned that new regulations by the Environmental Protection Agency to reduce carbon emissions will harm farm families. The EPA has proposed that the United States reduce carbon dioxide from the nation's power plants by 30 percent. However there are concerns the EPA will look to other sectors, including agriculture, to impose new greenhouse gas regulations.

States will be required to find their own solutions to reach greenhouse gas reductions. Under the EPA plan, Pennsylvania would be required to reduce emissions by 31 percent by 2030. Much of the reduction in emissions will come by targeting coal-fired power plants. Many rural electrical cooperatives rely heavily on coal plants for power generation. The result is that families will likely pay more for electricity generation at their homes and farm.

The EPA has already made a budgetary request to perform an analysis as to whether regulations of animal feeding operations is necessary in order to curb greenhouse gas emissions. "The greenhouse gas proposal is yet another expensive and expansive overreach by EPA into the daily lives of America's farmers and ranchers," said AFBF President Bob Stallman. "Our farmers and ranchers need a climate that fosters innovation, not unilateral regulations that cap our future."

Farm Bureau argues the EPA's regulations will result in the closure of more power plants. Also, the greenhouse gas regulations effectively ban the construction of new coal-fired power plants because new plants must be equipped with a technology known as carbon capture. However, no commercial-scale power plant is currently using that technology.

The resulting shutdown of existing plants, and effective ban on new coal power plants, will drive up the cost of electricity for every American, the Partnership for a Better Energy Future said. It's also likely there will not be enough power to meet current electricity demands.

“U.S. agriculture will pay more for energy and fertilizer under this plan, but the harm won’t stop there,” Stallman said. “Effects will especially hit home in rural America.” Farm Bureau is reviewing the regulations and will submit comments on the proposed regulations.