

AG ISSUES UPDATE
Edited by Brad Hollabaugh
June, 2015

Flawed Water Rule Finalized

The Environmental Protection Agency and the U.S. Army Corps of Engineers approved their deeply flawed “waters of the U.S.” (WOTUS) rule, which significantly expands federal authority under the Clean Water Act. The move comes months after receiving thousands of comments from farmers and state and local governments expressing grave concern over the rule.

Now, miles of small creeks, streams, ditches and dry land could fall under federal jurisdiction—land features that were previously subject to state and local oversight. Farm Bureau is reviewing the WOTUS rule, but has little comfort that either agency addressed farmers’ significant concerns about the rule.

“The process used to produce this rule was flawed. The EPA’s proposal transgressed clear legal boundaries set for it by Congress and the Courts and dealt more with regulating land use than protecting our nation’s valuable water resources,” said American Farm Bureau Federation President Bob Stallman. “EPA’s decision to mount an aggressive advocacy campaign during the comment period has tainted what should have been an open and thoughtful deliberative process.”

Farm Bureau is also working with members on Congress on legislation that would thwart the agencies’ ability to enforce the rule. Recently, the House of Representatives passed the Regulatory Integrity Protection Act, sponsored by Rep. Bill Shuster, which would prevent the WOTUS rule from moving forward. The Senate is also considering similar legislation.

Redding Confirmed For Secretary Post

Russell Redding received unanimous confirmation from the Pennsylvania Senate to serve as the next Secretary of Agriculture. Redding, a Farm Bureau member from Adams County, was nominated for the post earlier this year by Gov. Tom Wolf. He previously served as secretary and deputy secretary during Gov. Ed Rendell’s administration.

“It’s an honor to again serve Pennsylvanians and the state’s agriculture industry as secretary,” said Redding. “I thank the members of the Senate not only for their vote of confidence in my guidance of this department, but also for their insightful conversations with me about how the department can best serve Pennsylvanians. That dialogue is important as we set out to meet the challenges and seize the opportunities present in agriculture today.”

Prior to returning to PDA, Redding was the dean of the School of Environmental Sciences at Delaware Valley College, now Delaware Valley University.

Property Tax Reform Takes Significant Step Forward

Attempts to reform how school districts fund public education won a significant victory this month as the Pennsylvania House of Representatives voted for a measure to reduce property taxes. House members voted 109 to 86 in a bipartisan show of support to shift some of the school funding burden away from property taxes and instead use a mixture of personal income and sales tax. The bill now heads to the Senate for consideration.

House members supported a provision, introduced by Rep. Stan Saylor, a York County Republican, which calls for a dollar-for-dollar shift in property taxes with other funding sources. The provision was attached as an amendment to House Bill 504, which calls for an increase in sales tax exemption for timber operations.

“The legislation is a fair and equitable way to finance Pennsylvania’s public schools, because every dollar raised by increases in personal income taxes and the state sales tax would be used to provide property tax relief for landowners,” said PFB President Rick Ebert.

House Bill 504 will bring \$5 billion for property tax relief, or a 20-30 percent reduction in taxes depending on the school district, according to lawmakers. To achieve the reduction, the bill calls for increasing personal income taxes to 3.7 percent from its current 3.07 percent and increasing sales taxes to 7 percent from 6 percent. Current sales tax exemptions would remain. Personal income taxes would be used to reduce school district millage rates while sales taxes would be put to the homestead/farmstead exemptions. Saylor said the legislation has a built in mechanism to curtail future property tax increases.

The issue of property taxes came into sharper focus this spring when Gov. Tom Wolf made reducing property taxes a foundation of his budget proposal. Gov. Wolf’s plan contains several key differences compared to the legislation passed by the House, chief among them that his plan would not address open land but only offer relief for homesteads and farmsteads.

Saylor, along with fellow Republicans from York and Adams County, said there was not sufficient support in the General Assembly for the total elimination of property taxes, but property owners could not afford further inaction. “At present, the votes do not exist to completely eliminate school property taxes. Doing nothing threatens to do more harm than good,” the lawmakers said in a joint statement. “Pennsylvania is now 26 Senate votes and one governor’s signature away from doing what has never been done before.”

Pennsylvania Farm Bureau continues to support and advocate for the total elimination of property taxes. Farmers, many of whom are the largest taxpayers in a given school district, pay a disproportionate share of taxes, because they need land to sustain their operations. That’s why House Bill 504 is a good step forward, Ebert said.

“The tax shift element of the bill is critically important to farmers, who face significant property tax bills because owning large amounts of land is necessary to having a viable farm operation, even though land ownership does not reflect wealth,” he said.

Pennsylvania Farm Bureau has created a new website detailing information about the property tax reform at www.pfb.com/propertytaxreform. At the site, visitors can find information supplied by the House Finance Committee on how taxpayers in each school district might benefit from the property tax relief proposed in the House bill.

Senators Pass Pension Reform Plan

The Pennsylvania Senate has passed a pension plan that will plug a growing shortfall in the system by shifting new employees to a 401k-style system and changing a formula for current workers. Senate Bill 1, introduced by Senate Majority Leader Jake Corman, passed the Republican controlled Senate, 28 to 19 on a vote that fell mostly on party lines. The bill now heads to the House for consideration. Pennsylvania Farm Bureau praised Senators for addressing the state's growing pension issue.

Pennsylvania's two public pension systems—one for school district and the other for state government employees—is underfunded by at least \$53 billion due to poor market performance and prior legislative action. SB 1 would seek to close the state's pension gap by moving new employees from a *defined benefit* plan to a *defined contribution* plan, and requiring employees to contribute 3 percent of earnings into a cash balance plan. All members of the Pennsylvania General Assembly, upon election or reelection, would be enrolled in a defined contribution plan.

Under the bill, current employee contributions would be increased to 3 percent for school district employees and to 2.5 percent for state government employees. If employees decided not to increase their contributions, their benefits would be rolled back to pre-2001 levels, when the General Assembly modified the pension plan for employees. The bill also calls for the creation of a public pension commission, comprised of investment professionals and retirement advisors to make recommendations on the performance of current investment strategies.

Farmers Can Still Receive State Sales Tax Exemption Without EIN Number

Pennsylvania Farm Bureau recently received clarification from the Pennsylvania Department of Revenue on whether a farmer must obtain and use a federal Employer Identification Number (EIN) to be exempt from state sales tax on purchases of farm supplies and equipment.

Farmers must present a completed Pennsylvania Exemption Certificate (REV-1220) or have one on file with the seller in order to be exempt from sales tax on farm purchases. However, recent versions of the form ask for an EIN, leading some sellers to believe the farmer must provide a taxpayer number, like an EIN or Social Security number, in order for the farmer's purchase to be exempt from sales tax.

According to Department of Revenue officials, the farmer **is not required** to have an EIN to qualify for the farming exemption. And the farmer without an EIN is not required to provide a Social Security number in place of the EIN on the form. Farmers without EINs need only check Box No. 1 of the form, write "farming" in the blank space on that line on the form, and write "N/A" in the space where the EIN would be indicated. If a farm has an EIN,

farm owners or employees must provide that number on the form. A version of the REV-1220 form that allows you to complete the form with your computer can be found at the Department's website, www.revenue.pa.gov. Click on FORMS AND PUBLICATIONS, then Sales, Use and Occupancy Tax to get to the web page where the link to the REV-1220 form appears.

Pennsylvania Farm Bureau Opposes Attempts to Downsize the General Assembly

The House of Representatives passed two bills that would call for significant reductions in the Pennsylvania General Assembly—a move opposed by Pennsylvania Farm Bureau. Both pieces of legislation would need approval from two consecutive sessions of the General Assembly and then approved by voters during a ballot referendum. Prior to the vote, PFB urged members of the House to vote against the legislation, saying the move would disenfranchise rural voters.

“Reduction in the number of legislative districts will have the practical effect of further eroding opportunities for access of rural constituents with their elected representatives and for the representatives to conduct and advocate for the special needs of rural Pennsylvania,” PFB said.

HB 153, introduced by Rep. Jerry Knowles, would reduce the number of house seats to 151 from its current 203. If approved, each state representative would represent 84,500 residents. Currently, House members represent 62,000 residents. HB 384, introduced by Rep. Fred Keller, would reduce the size of the state Senate to 37 districts from its current level of 50. If both bills are approved, the reduction would not take effect until the first legislative session after the 2020 reapportionment. Every 10 years, the boundaries of General Assembly districts are redrawn based on changes in population. Both bills head to the Senate for consideration.

RULE Recruiting New Class

The Pennsylvania Rural-Urban Leadership Program (RULE) is seeking candidates for its next class. RULE provides leadership opportunities for Pennsylvanians from all across the commonwealth. The program focuses on personal and professional growth and a greater understanding of the rural and urban issues affecting the state.

RULE is a program of the Pennsylvania State University's College of Agricultural Sciences. RULE is a two-year leadership training program that attracts candidates from across the state who are looking to broaden their understanding of issues impacting the state, and hone their own leadership skills.

RULE is seeking nominations for the next class of candidates. You can nominate yourself, or another applicant. Application material will be sent to prospective candidates this summer. Interviews will take place in the fall in State College. To learn more about RULE visit www.rule.psu.edu. Questions can be directed to Tara Homan at tstine@psu.edu or 814.863.4679.

**Penn State Fruit Research & Extension Center: Grower Field Day & Barbecue -
Thursday, July 9, 2015, 1:00-7:30 p.m.**

The bi-annual Penn State Fruit Research and Extension Center (FREC) Grower Field Day will be held Thursday, July 9, 2015. The Field Day program begins at 1:00 p.m. and concludes at 5:30 p.m. with dinner to follow. Arrive 12:15-1:00 p.m. to check in and view educational displays. To see pre-field day equipment demonstrations, arrive at 9:30 a.m. Concurrent research and educational sessions will be held throughout the afternoon. This event will occur rain or shine.

The cost of registration for the PSU FREC Grower Field Day is \$25/person and includes drinks during breaks and a BBQ dinner after the formal field day program. Registration deadline is July 2, 2015. Educational sessions will last 60 minutes, roughly 20 minutes per presented program; an additional 15 minutes for transfer to next session either by walking or bus. Sessions 1 and 2 will be outside at different locations on Penn State's farm, under a tent with drinks and restrooms available. Session 3 will be located in the FREC Auditorium. Visitors will be divided into 3 groups; each group will attend all three sessions:

Session 1

Managing Bacterial Diseases without Antibiotics
Management of Native and Invasive Insect Pests with Advanced IPM Practices
Best Practices for Minimizing Bitter Pit in Honeycrisp

Session 2

Managing High Density Apple and Peach Plantings with Advanced Horticultural Techniques
Protecting Orchard Pollinators from Pesticides
Updates on Viticulture Research: Cultivar Evaluation and Cold Temperature Injury

Session 3

Ecologically-based IPM: Conserving the Good Bugs and Reducing Pesticide Impacts
Bacterial Spot and Antibiotic Resistance in Pennsylvania Stone Fruit Orchards
Thinning Apples Early: Risks, Rewards, and Alternative Strategies

For more information, please contact Karen Weaver (ksw5@psu.edu) or 717.677.6116.

Source: Penn State