

**AG ISSUES UPDATE**  
**Edited by Brad Hollabaugh**  
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**Perdue Sworn in as Agriculture Secretary**

Sonny Perdue has been confirmed and sworn in as the next U.S. Secretary of Agriculture. Along with government experience serving two terms as Georgia's governor, Perdue has practical agriculture experience, having grown up on a farm, worked as a veterinarian and operated a grain and fertilizer business.

The USDA supervises a number of programs critical to farmers including Farm Service Agency, Risk Management Agency, Natural Resources Conservation Services and Rural Development.

**NAFTA**

There were shock waves in DC around the end of April when news outlets began reporting that President Trump would immediately withdraw the U.S. from NAFTA. The response was swift as agriculture groups, business groups, and Members of Congress issued statements urging the President to reconsider.

USApple is an active member of the U.S. Food and Agriculture Dialogue for Trade, a coalition that is working to educate the Administration and Congress on the importance of NAFTA to the agriculture sector. The coalition issued a statement in support of modernizing the agreement, pointing out that "our North American trading partners are our largest food and agriculture export markets. Food and agriculture support over 15 million American jobs and is the largest U.S. manufacturing jobs sector."

USApple is well represented in the coalition with Senior Vice President Diane Kurrle active in the legislative and lobbying efforts and Director of Consumer Health and Media Relations Korenna Wilson representing the industry on the Communications Committee. *Source: Diane Kurrle, Apple Bites - 5.2.17.*

**Making Headlines about Labor: USAPPLE Newsroom Chatter**

*(source: Apple Bites - 5.2.17)*

"It would be the same effect as a factory shuttered overnight," Diane Kurrle, Senior Vice President of the U.S. Apple Association, says, pointing out that without harvesters bringing in a crop, a lot more people on the farm are out of work as well. "On average, it's about three jobs that every harvest job supports."

*-USApple Senior Vice President, Diane Kurrle contributing to Growing Produce's cover story on the ripple effect of agriculture labor.*

While H-2A's use is growing, the new administration has been slow to fill auxiliary positions within departments, and a hiring freeze also makes those who use the H-2A program nervous. Mark Nicholson said that was one of the messages he and other growers brought to the attention of policymakers during USApple's annual fly-in.

"We're bringing the message that, absent comprehensive reform, the only way we're going to get our labor is through the H-2A program," he says. "They need to be acutely aware of what those problems are that we've faced in the past and be ready at a moment's notice to go to our aid."

"We're hopeful this administration would have a special understanding and interest in making the program work as effectively as it can," he says.

*-USApple Board Member, Mark Nicholson, explaining the need for an overhaul of the H2A program with Christina Herrick of Growing Produce.*

Many growers liken the H-2A program to having insurance - having the necessary labor to pick the crop when you need it. "You're insuring that you're going to have the amount of labor necessary to pick the crop on time," says Jon Wyss of Gebbers Farm in Brewster, WA. "It's a very good insurance program to have."

*-USApple Board Member, Jon Wyss, reinforcing the value of the H-2A program with Christina Herrick.*

### **Apple Growers Approve New Marketing Program**

Pennsylvania apple growers have voted on a replacement for the Pennsylvania Apple Marketing Program, which they opted last fall to discontinue.

Under the new referendum, growers will be assessed five cents per bushel for fresh apples and one cent per bushel for processed apples. That assessment will generate between \$200,000 to \$250,000 annually, which will be used for membership to the U.S. Apple Association, research, consumer education and the related administrative costs.

The change was approved by 68 percent of eligible growers, representing 78 percent of the state's apple production. Agriculture Secretary Russell Redding said his department is happy with the vote. "Pennsylvania's apple industry is ranked fourth in the nation and is a strong contributor to the state's agriculture economy," he said. "We look forward to working with the commonwealth's apple growers in charting the future of this industry."

The new program will be overseen by a seven-member board. Growers interested in serving or nominating a board member should contact Jen D'Angelo with the state at [jedangelo@pa.gov](mailto:jedangelo@pa.gov) or 717.783.9948. Growers with questions about the new program should contact Laura England, Bureau of Market Development Director, at [laengland@pa.gov](mailto:laengland@pa.gov) or 717.783.8462.

### **Farmers Need Comprehensive Tax Reform**

Farm Bureau is calling on lawmakers in Washington to enact comprehensive tax reform that gives them the freedom to grow and recognizes the uncertain world they operate in.

"Running a farm or ranch business is challenging under the best of circumstances," said Patricia Wolff, Senior Director of Congressional Relations for the American Farm Bureau Federation. "Farmers and ranchers need a tax code that recognizes the unique financial challenges that impact them."

The good news is that both leaders in Congress and President Donald Trump have signaled that tax reform is among their priorities. Lawmakers have been refining their plan for months and the Trump administration recently outlined its proposal.

Wolff said the administration's proposal gives a broad outline but more details will need to be filled in. And as that happens, AFBF will be working to make sure farmers' needs are taken into consideration.

The plan calls for reducing taxes on all businesses to a flat rate of 15 percent. Lower tax rates would be a positive for farmers, Wolff said. But she said, the bill must spell out that the business rate applies to farms, 94 percent of which now pay individual tax rates.

Tax rates are a major factor in determining how much farmers pay. But Wolff said, even more important are the effective rates farms pay after deductions and credits are figured in. The benefits of a lower tax rate could be easily undone if farms can no longer take advantage of deductions that are designed to smooth out the cyclical highs and lows and capital costs that are a major part of agriculture.

The administration's plan also calls for the repeal of the estate tax, which farmers have long advocated for, Wolff said. But she said, it's important that the reforms also keep the stepped-up basis for capital gains taxes on inherited assets to ensure that farmers are not hit with extra taxes on inherited property that has increased in value.

The plan would maintain the capital gains tax. Wolff said farmers need that tax to be reduced and for land that remains in production to be exempted. That tax, assessed on the increase in value when property is sold, is especially damaging to farms because agriculture requires major investments in property.

### **Tax Reform Bills Pass State House Committee**

The state House Finance Committee has adopted three bills that bring state laws governing small business taxation more in line with federal standards. The bills are part of a tax reform package introduced by House lawmakers that will also help level the playing field between small businesses and corporations. They now head to the full House for consideration.

House Bill 331 would bring Pennsylvania tax laws in line with federal standards of "like-kind" exchanges. Federal law allows for a tax deferral when property is exchanged for similar property, but Pennsylvania does not have any provisions. House Bill 332 would allow small businesses to use the Net Operating Loss deduction.

House Bill 333 would bring state tax laws for Section 179 depreciation in line with federal standards. At the federal level, Section 179 allows small business owners to deduct the purchase of qualifying equipment up to \$500,000 during the tax year. Currently, Pennsylvania limits deductions for small businesses under Section 179 to \$25,000, while

allowing businesses registered as C-corporations to use the full \$500,000 deduction as allowed by IRS law.

### **Attorney General Launches ACRE Website**

The Pennsylvania Office of Attorney General has launched a new website that can be used to lodge and track complaints made through the Agriculture, Communities and Rural Environment (ACRE) law.

The 2005 law directs the attorney general to review local ordinances at the request of farmers and step in when the local rules prohibit or restrict agriculture operations that would otherwise be allowed by state law.

Attorney General Josh Shapiro announced the changes at Pennsylvania Farm Bureau's recent State Legislative Conference. He called ACRE an important tool for resolving conflicts between farms and communities. "I fundamentally believe that disputes between farmers and communities don't need to lead to bankruptcy and don't need to lead to increased angst in the farming community," Shapiro said.

The website includes a chart with the status of current ACRE cases and related documents. It can be accessed at: [www.attorneygeneral.gov/ACRE](http://www.attorneygeneral.gov/ACRE). The office can accept ordinance-review requests by mail, phone or a new email address: [ACRE@attorneygeneral.gov](mailto:ACRE@attorneygeneral.gov).

### **Penn State Makes Changes to Extension Operational Structure**

Penn State University is changing the operational structure of its Extension offices, with an effort at building customer relationships. The changes will allow Extension to evolve into the digital age and use technology to showcase services and research available.

Penn State Extension is moving away from the position of district directors and is instead splitting it into two positions: a customer relations manager and a business operations manager. Extension will be organized into 10, multi-county areas. Client relations managers will focus on building county-level support for Extension and its programs and finding ways to best serve communities. The business operations manager will focus on the day-to-day operations of county offices.

As part of the change, all Extension educators will now be part of a unit that works in collaboration with the experts in the College of Agricultural Sciences. Educators will be able to draw on expertise from across the college's academic departments. Penn State is also working on ways to deliver training and information, including a number of digital products such as videos, webinars and online resources.

"These steps are designed to dramatically improve the relevancy, usability and reach of our programs and services," said Dennis Calvin, director of Penn State Extension. "The goals are to listen and learn, to match customer needs and priorities with a robust portfolio of science-based information and education."

## **Researching Honey Bee Health**

Researchers, including some from Penn State, have identified the core set of honey bee genes that are crucial to the insect's health response to diseases. That discovery could help scientists as they try to pinpoint causes in honey-bee declines, and develop breeds of bees that are more resilient to health stressors.

Honey bee populations have sustained losses due to a variety of factors, including diseases brought by fungus and viruses. Detecting genes responsible for disease response could help develop bees that are resistant to this pathogen, said Vincent Doublet, a researcher from the University of Exeter that was involved in the study.

Recent advances in the sequencing of DNA enabled researchers to better pinpoint the role specific genes play in honeybee health. Researchers were able to develop a new tool that allowed scientists to better compare genes and their overall role bee health.

"We have learned that honey bees rely on a core set of genes that they turn on or off in response to any major pathogenic challenge," said Robert Paxton, a professor of zoology at the German Centre for Integrative Biodiversity Research. "We can now explore the mechanisms by which pathogens overcome their honey-bee hosts, and how honey bees can fight back against those pathogens."

## **Controlled Plant and Noxious Weed Act Introduced into the General Assembly**

The Controlled Plant and Noxious Weed Act, designed to update the Pennsylvania's noxious weed law, has been introduced into the General Assembly. The new act will focus on invasive plant management with an emphasis on effectively containing or eradicating the species. A component of the act will build awareness of the invasive weed problem and the importance of being proactive in preventing the spread of the species from one farm to another.

Noxious seeds may be imported into the state through equipment and commodities. Preventing that will require additional attention to quality control from custom operators and seed, feed and forage producers. Custom farm equipment operators will need to identify invasive species where they operate and examine and clean equipment before moving to the next farm.

## **Help Us Spread the Word: Educator's Ag Institute**

The Pennsylvania Friends of Agriculture Foundation is committed to growing agriculture literacy. And one way the foundation achieves that goal is by helping educators develop lesson plans based on agriculture.

The foundation, a charitable organization supported by Pennsylvania Farm Bureau, is hosting the Educator's Ag Institute this summer at Penn State. This year's institute, planned for July 9-13, will give teachers an up close and personal look at farming practices, and how they can use agriculture as the basis for lesson plans.

While at the conference, educators will tour several Penn State's agriculture facilities, participate in hands-on lessons and leave with a host of materials for use in their classrooms.

The Educator's Ag Institute is open to new educators, along with those who have previously attended our Ag in the Classroom workshop. Participants will also tour several area farms and hear from farmers about how they grow food, care for and feed their animals, and how the farm is run. Educators will receive Act 48 credits and/or can register for continuing education credits through Penn State.

Please consider sharing information about this valuable workshop with educators in your area. For more information, contact the foundation at **717.731.3556** or [www.pfb.com/aginstitute](http://www.pfb.com/aginstitute).

### **More CWD Cases Found in Pennsylvania**

Additional surveillance by the Pennsylvania Game Commission and other agencies have uncovered an additional case of chronic wasting disease.

Game Commission officials, working in partnership with the Pennsylvania Department of Agriculture and the U.S. Department of Agriculture-Wildlife Services, took 30 wild deer for CWD testing. The targeted taking took place in Fulton County near where a captive deer was found to have CWD.

Out of the 30 wild deer killed, one was found to have CWD. There is a concern that more CWD-positive deer may be present in the area, said Wayne Laroche, director of the Game Commission's Bureau of Wildlife Management. As a result, the Game Commission will increase sampling of road-killed and hunter-harvested deer in the area.

CWD is a disease that affects deer and elk, and is spread by deer-to-deer contact. The disease is always fatal. The Game Commission is working with other agencies to mitigate the spread of the disease.