

**AG ISSUES UPDATE**  
**Edited by Brad Hollabaugh**  
**July 2018**

**More Retaliatory Tariffs on U.S. Agricultural Goods Take Effect**

Pennsylvania agriculture could be hit hard as retaliatory tariffs take effect on a bevy of U.S. agricultural goods. China, Mexico, Canada and the European Union have each implemented tariffs on a wide-ranging list of U.S. imports in the response to a move by President Donald Trump's administration to tax steel and aluminum imports.

The dispute with China also relates to the administration's move to implement tariffs on a variety of Chinese imports. China's 25-percent tariffs on U.S. imports take effect July 6 and apply to numerous items including pork, soybeans, corn, beef, cotton, wheat, sorghum, tobacco, orange juice and cranberries. China is the second-largest recipient of U.S. agricultural goods, accounting for 15 percent of U.S. agricultural exports. And the levies on pork and soybeans would be especially damaging to Pennsylvania, which exports about \$413 million in agricultural products a year to China.

Meanwhile, trade with Canada and Mexico accounts for 60 percent of Pennsylvania agricultural exports. Canada imposed a 25-percent tax beginning July 1 on many U.S. imports including yogurt, maple syrup, prepared meats, chocolates, pizza, orange juice, whiskies and more. Mexico's 20-percent tariffs take effect July 5 and apply to U.S. pork legs and shoulders, sausages, potatoes, apples, cheeses and more. The European Union's 20-percent tariffs took effect in June and apply to U.S. rice, cranberries, orange juice, kidney beans, tobacco products, bourbon whiskey and more.

**House Rejects Goodlatte Immigration Bill**

**SUMMARY:** House of Representatives rejected the so-called Goodlatte immigration bill, which failed by a large margin garnering less Republican support than expected. A compromise immigration reform bill that included a simple fix for DACA/Dreamers and funding for a border wall, among other things, was also defeated.

**DETAILS:** Judiciary Committee Chairman Goodlatte's bill included the creation of a new H-2C guestworker program. The merits and concerns with the bill have been discussed and debated by USApple's Government Affairs Committee and Board of Directors. USApple staff and our leaders have worked with Chairman Goodlatte, his staff and key House members for more than a year with the goal of getting an agricultural labor bill that would work for our industry.

The H-2C program included positive improvements over the H-2A program but also included a hard cap on the number of visas in the program. In the end, USApple and many agricultural organizations concluded that the positive changes would be more than offset by the real possibility that it would result in severe agricultural workforce shortages.

The current H-2A program does not have a limit and, in fact, if the cap included in SAF Act were in place today, the H-2A program would not have kept up with the increased demand to the program over the past five years. In addition, the imposition of mandatory E-Verify without sufficient incentives for the current workforce to continue working in agriculture would likely have meant that those workers could not have been counted on to offset the new cap. The SAF Act failed by a vote of 193 to 231, with 41 Republicans joining all Democrats in voting against it.

It was expected the Goodlatte bill would not garner the votes to pass so the House leadership made a commitment to Representatives from agricultural districts that a separate bill addressing agricultural labor issues would be considered this summer. USApple is committed to working with key House members and the Leadership in crafting a solution that will work in both the long and short term. (*US Apple, June 28, 2018, Diane Kurrle*)

### **Farm Bill**

The House version of the Farm Bill narrowly passed on a partisan vote of 213 to 211 on June 21, 2018. This was excellent news as the legislation provides continued funding for USApple's priority programs including Specialty Crop Block Grants, Specialty Crop Research Initiative, Market Access Program and Federal Crop Insurance.

On June 28, the Senate passed its version of the farm bill by a strong, bipartisan vote of 86-11. The House and Senate are engaged in conference to work out differences between the two bills. USApple will continue to advocate for our priority programs and fight harmful amendments. (*US Apple, June 28, 2018*)

Key differences between the House and Senate bills, primarily in regard to the food stamp program, farm subsidy caps and conservation initiatives, set up potentially contentious negotiations between the lawmakers who will be tasked with melding the two versions into one.

"We know conference committee is going to be a wild and woolly debate as we go forward on a number of things," Senate Agriculture ranking member Debbie Stabenow (D-Mich.) said on the floor earlier on Thursday [June 28].

Stabenow and Senate Agriculture Chairman Pat Roberts (R-Kan.) had spent months crafting a bill that would avoid the kind of regional fights that have bedeviled past efforts to pass the farm bill, or the partisan strife that nearly derailed the House version. The result is legislation, S. 3042 (115), that mostly maintains the status quo — with the exception of a controversial amendment from Sen. Chuck Grassley (R-Iowa) that is aimed at cutting off commodity support payments to individuals who aren't actually working on a farm day to day. (*Politico, June 28, 2018*)

As of the date of this article, there was no conference committee action on the new farm bill. Sec of Ag Sonny Perdue remains hopeful a new bill will be ready by the end of September, "I don't think too many lawmakers will want to face the fall elections with no new Farm Bill in place."

Perdue said farmers are in need of the certainty a new bill would provide, "With the uncertainty over trade, farmers would greatly appreciate the certainty that a new Farm Bill would provide." The bill has many critics. Environmental and activist groups have been critical of the crop insurance, conservation, and nutrition titles.

Perdue has some criticism for the critics, "The other side is communicating every day on how we are trying to harm them and damage them, and you take successful family farms and label them factory farms or corporate farms. In America, we should not punish people who are successful in any industry including agriculture." He urged farmers to speak up and be advocates for the farm bill and for agriculture.

Who will actually make up the conference committee from the House and from the Senate has not been decided yet, but staffers from both chambers have been meeting to work out details. While the

changes to the nutrition title represent some of the most glaring differences between the House and Senate versions, there are other areas where the bills are far apart.

The conference committee will also have to play the numbers game to bridge a wide funding gap between the two conservation titles. The House bill seeks to make \$800 million in cuts to conservation programs over a decade, according to CBO. Whereas the Senate measure makes no overall cuts to the conservation title, although some programs would see slight reductions as resources are reshuffled around. (*HoosierAgToday, July 12, 2018*)

### **H2-A workers eligible for Section 514 worker housing**

As reported in March, President Trump signed into law a government funding bill that included language to allow growers to utilize Section 514 housing for H2-A workers. USDA has just released guidance to implement that Congressional mandate.

USApple has long advocated for this important change. Last fall U.S. Representative Dan Newhouse (R-WA) successfully advanced the issue through the Agriculture Appropriations Subcommittee. We have him and his staff to thank for this win. Even if you are not from Washington, we encourage you to send a thank you email to his Chief of Staff Carrie Meadows and his agriculture assistant Travis Martinez.

The change will allow growers who built farmworker housing with 514 loans to house H2-A workers in it. It will also allow growers to build new H-2A housing with 514 loans. This is important for the apple industry as many growers took out 514 loans when they had sufficient domestic workers and did not foresee ever utilizing H-2A.

Now many of those same growers face worker shortages and other uncertainties and are turning to H-2A but have not been able to utilize their existing (514) housing for these new workers. Additionally, the cost of housing has long been an impediment for new entrants to the program. Access to the loan program should help alleviate some of that financial stress. (*US Apple Member Alert, July 11, 2018*)

### **Wheeler Nominated as EPA Chief**

President Donald Trump has nominated Andrew Wheeler to lead the U.S. Environmental Protection Agency following the resignation of former EPA Administrator Scott Pruitt last week. Wheeler, who was confirmed as the agency's deputy administrator in April, must be confirmed to the post by the Senate. He will serve as acting EPA administrator in the interim.

Wheeler began his career at the EPA as a special assistant during President George H.W. Bush's administration. He served as a staffer for Sen. Jim Inhofe of Oklahoma and in several staff leadership roles for the Senate Committee on Environment and Public Works. Prior to returning to EPA recently, Wheeler worked as an attorney and lobbyist specializing in the energy and natural resources industry.

### **Bills Would Lead to Clearer Product Labels**

A pair of bills in Congress aim to reduce the burden and confusion caused by arbitrary or misleading product-labeling rules.

The Accurate Labels Act, introduced in the Senate by Sen. Jerry Moran (R-Kan.) and in the House by Reps. Adam Kinzinger (R-Ill.) and Kurt Schrader (D-Ore.), would establish science-based criteria for state and local labeling requirements, allow state-mandated product information to be provided

through smartphone-enabled “smart labels” and online, and ensure that warning labels focus on legitimate risks.

The move comes as some states and localities have enacted restrictive or misleading labeling rules. Examples include warnings on drinks containing sugar and California law that requires products (from coffee to french fries) with even trace amounts of 900 different substances to be labeled as cancer causing.

“To fulfill their purpose of helping consumers make informed choices based on facts, food labels must be science-based,” American Farm Bureau Federation President Zippy Duvall said. “Congress should ensure that food labels are consistent, clear and credible. We support new legislation to make ‘smart labels’ the standard, uniform vehicle to accomplish that.”

### **State Budget a Win for Agriculture**

Pennsylvania’s recently adopted 2018-2019 state budget increases funding for several key programs important to agriculture and makes investments aimed at combatting several challenges faced by Pennsylvania farmers, including the spread of the invasive spotted lanternfly and the struggling dairy economy.

The spending plan increases funding for the Pennsylvania Department of Agriculture’s general operations by \$1 million, gives a \$500,000 boost to the department’s agriculture research programs, and restores funding for Agricultural Excellence programs, Food Marketing and Research, and Agricultural Promotion, Education and Exports. The budget also increases funding for Penn State Cooperative Extension by \$1.5 million and funding for University of Pennsylvania’s School of Veterinary Medicine by \$900,000.

The Pennsylvania Agricultural Surplus System, which helps food banks access surplus agricultural goods produced by Pennsylvania farms and processors, will also get a \$500,000 funding increase. The budget includes a new \$3 million investment aimed at controlling the spread of the spotted lanternfly and \$5 million in grants for dairy farmers and processors to create value-added products or conduct market studies.

### **New Law Adds Checks and Balances in Taking Preserved Farms Through Eminent Domain**

A bid to add more scrutiny of local governments seeking to take preserved farmland through eminent domain is now law. Gov. Tom Wolf recently signed House Bill 2468.

The bill, sponsored by Rep. Warren Kampf of Chester County, would require local government agencies, such as municipalities and school districts, to make their case in Orphans’ Court before taking preserved land for building projects. That means that governments would have to prove in court that they have no viable alternative to taking preserved land. The requirement would not apply to state agencies, public utilities or projects governed by federal laws.

The legislation came in response to the recent cases of two school districts, Cumberland Valley School District in Cumberland County and Lower Merion School District in Montgomery County, seeking to take preserved land for building projects. The law was made retroactive to apply to both cases, meaning the districts will now have to gain Orphans’ Court approval before taking the land.

Pennsylvania Farm Bureau supports farmland preservation and the role it plays in keeping land available for agricultural uses. PFB believes the new law provides important checks and balances to protect the wishes of farmers and other landowners who made the choice to preserve their land.

### **Bill Limiting Liability for Agritourism Operators Advances**

A bill that would help protect farmers who engage in agritourism from frivolous lawsuits has cleared its first hurdle in the General Assembly. Senate Bill 820, sponsored by Sen. Ryan Aument of Lancaster County, passed the Senate Judiciary Committee unanimously in June and now heads to the full Senate for consideration.

The legislation would protect farmers from lawsuits over injuries that can occur from participating in agritourism activities while requiring that farmers post multiple signs around their businesses warning visitors of the inherent risks. Many other states already have similar laws on the books.

This common sense reform is needed to protect farm families and ensure that agritourism remains a viable option for diversification. Farmers cannot take away every potential hazard, such as trips and falls in fields, or the fact that animals can be unpredictable. However, under current law, those circumstances open farmers up to frivolous lawsuits.

### **Senate Passes Bill Clarifying Agritourism on Preserved Farmland**

A bill that seeks to add more certainty for farmers who are looking to supplement their income by establishing agritourism operations on preserved farms has cleared the state Senate.

Senators voted 48-0 in favor of Senate Bill 819, sending it to the House for consideration. The legislation, sponsored by Sen. Ryan Aument of Lancaster County, would establish a uniform definition of agritourism and clarify that such activities are permissible on preserved farms.

Currently, county farmland preservation boards may approve incidental businesses, including agritourism, on preserved farms. However, the definition of what constitutes agritourism can vary between counties. The bill would maintain county boards' roles in approving agritourism on preserved farms but establish common definitions that landowners and farmland preservation boards can rely on to make decisions.

### **PDA Issues Spotted Lanternfly Quarantine Order**

The Pennsylvania Department of Agriculture recently posted an "Order of Quarantine and Treatment" for the spotted lanternfly, an invasive plant pest dangerous to forests, ornamental trees, orchards, grapes, and other plant, stone and wood products.

The spotted lanternfly is not yet widely prevalent or distributed within or throughout Pennsylvania, but has been found in several primarily southeastern Pennsylvania counties. The quarantine order supersedes all previous orders by PDA and presently applies to Berks, Bucks, Carbon, Chester, Delaware, Lancaster, Lebanon, Lehigh, Monroe, Montgomery, Northampton, Philadelphia, and Schuylkill Counties. Intentional movement of the spotted lanternfly is expressly prohibited and is a serious offense.

Violations could result in criminal or civil penalties and/or fines. The quarantine also restricts the movement of certain articles.

If you are seeking to enter into a compliance agreement to be able to move these articles you can request a permit by contacting Dana Rhodes at PDA at **717.772.5205** or at [danrhodes@pa.gov](mailto:danrhodes@pa.gov).

### **House Takes No Action on Reducing the General Assembly**

An effort to reduce the size of the General Assembly appears unlikely to move forward this year. Lawmakers left Harrisburg for summer recess without taking the action needed to put the measure to a public referendum this year, a necessary step because cutting legislative seats would require amending the state Constitution.

House Bill 153, which calls for cutting the number of seats in the state House to 151 from the current 203, cleared the Senate last week. The House approved an earlier version of the bill but, because changes were made by the Senate, must vote again before Aug. 6 to put the measure to a public vote this November's election. It's unlikely that the House will return to session before that deadline.

If no action is taken this year, the process would reset and the earliest a referendum on reducing the General Assembly could occur would be 2021 because lawmakers would have to approve the measure in back-to-back sessions first.

Pennsylvania Farm Bureau opposes reducing the number of seats in the General Assembly and believes doing so would weaken rural Pennsylvanians' representation in state government. With fewer seats, districts would likely be concentrated in suburban and urban areas, diluting the voice of rural Pennsylvania.