

AG ISSUES UPDATE
Edited by Brad Hollabaugh
April 2019

More Tariffs Could Be Coming

Earlier this week [2nd week of April], David MacNaughton, Canada's ambassador to the United States, announced plans to "refresh" their section 232 retaliation list likely next week. The current list did not include many agricultural products but MacNaughton told reporters he expects a "significant number" on the revised list. Though specific commodities have not officially been named, many observers predict apples will be targeted.

Canada has long been our number two market with apple exports averaging about \$170 million in sales per year. Canada is the only major export market not currently targeting apples with retaliatory tariffs. If apples are added to their list nearly 75% of our exports would face retaliatory tariffs.

The importance of removing Section 232 tariffs on steel and aluminum - particularly on Canada and Mexico - is a message that Jim [Bair] and I [Diane Kurrle] bring to every meeting we attend on the Hill and with the Trump Administration. Tracy is reinforcing this message with social media, op-eds and other opportunities with the media. Jim is also in close contact with his long-time contacts at the Canadian embassy and me with the Mexican embassy. Removing these tariffs and passing the new United States-Mexico-Canada Agreement (USMCA) was a focal point of our Capitol Hill Day and a message the USApple Board carried to the White House.

USApple staff will continue our active engagement on this issue and will send out further updates as more information becomes available. *USApple, Apple Bites - 4.10.19*

Progress on H-2A and Ag Labor

Last week [1st week April], Agriculture Secretary Sonny Perdue announced the launch of the first phase of a new portal designed to assist growers in navigating the H-2A application process (<https://www.farmers.gov/manage/h2a>). Phase 1 is especially targeted to smaller growers and those who are considering entry in the program with useful tools including an interactive checklist of the steps involved in the application process. Over the next several months, USDA will be collaborating further with the Department of Labor to further streamline the application process. USApple provided feedback and suggestions to USDA in their efforts to make broader reforms and streamline the program.

Also, last week, the House Immigration Subcommittee held a hearing titled "Securing the Future of American Agriculture" and included testimony from four witnesses - two from the agricultural employer perspective and two representatives from the United Farm Workers (UFW).

The overall tone of the hearing was positive, without the partisan divide that often accompanies immigration debates. Some of the subcommittee members focused on bringing certainty by stabilizing the current workforce bringing those without proper documentation out of the shadows. Several other subcommittee members engaged in discussions about how to improve the existing H-2A program from both a worker and an employer perspective.

The Subcommittee Chairwoman Congresswoman Zoe Lofgren (D-CA) noted her interest in passing a "bipartisan and balanced" solution to address the ag labor crisis. Lofgren has noted several times, including during the hearing, that her blue card bill addresses the current workforce but that reforms to the current H-2A program are critical to any agriculture guestworker legislation moving forward. USApple continues to work on our own and with our coalition partners to gain support for a bipartisan agriculture labor package. *USApple, Apple Bites - 4.10.19*

Farm Groups Urge Congress to Reject Proposed Agriculture Cuts

A coalition of agricultural organizations is urging Congress to protect funding for important farm programs, warning that cuts would "deliver a significant blow to U.S. agriculture at a time when farmers, ranchers, and rural America are already struggling."

President Donald Trump's 2020 budget proposal calls for cutting \$3.6 billion in U.S. Department of Agriculture funding, a 15 percent reduction. The plan would cut \$1.6 billion from farm bill programs over 10 years by imposing an income cap on crop insurance, reducing average crop insurance premium discounts for farmers, reducing subsidies to crop insurance companies, and eliminating several farm bill programs. It would also eliminate the Rural Energy for America and Rural Economic Development programs and establish user fees for Food Safety and Inspection Service, Animal and Plant Health Inspection Service, Grain Inspection, Packers and Stockyards Administration, and Agricultural Marketing Service.

In a letter to leaders on the House and Senate Budget and Appropriations committees, Farm Bureau and other organizations noted that spending on agriculture programs has already been reduced through the 2014 and 2018 farm bills but that farmers cannot withstand further cuts as they grapple with a struggling farm economy.

"There is no doubt that farm country and the economies of agricultural-based rural America are hurting," the groups wrote. "With the agriculture and rural economy struggling and as USDA begins implementation of the 2018 Farm Bill, we respectfully request you reject cuts to vital farm policy programs."

EPA Accepting Comments on New Clean Water Rule

The U.S. Environmental Protection Agency and Army Corps of Engineers are considering adopting a commonsense Clean Water Rule to replace the controversial Waters of the U.S. regulation. Farmers have an opportunity to weigh in on why this change is vital to the future of Pennsylvania's family farms.

The new Clean Water Rule more clearly defines what bodies of water are subject to federal regulation and which are left up to state governments to regulate. If the proposal is adopted, ephemeral streams, most ditches, isolated wetlands, prior converted cropland and stormwater controls constructed in uplands would not be federally regulated.

Farm Bureau has led the push to repeal and replace WOTUS, believing that the 2015 rule was too broad, attempted to regulate land well beyond what is allowed under federal law, and would have imposed hefty new costs and other burdens on farmers looking to make even minor land-use decisions.

EPA and the Army Corps are seeking public comments on the proposal before drafting a final rule and it's a sure bet that they will hear from many opponents of the new rule who would rather see farms regulated under WOTUS. You can make your voice heard by responding to Pennsylvania Farm Bureau's Action Alert at <https://bit.ly/2NvB2XE>.

Funding Available to Expand Rural Broadband

The U.S. Department of Agriculture is making \$600 million in grants and low-interest loans available to help expand high-speed internet in underserved, rural communities through its ReConnect program.

The funding is available to states, local governments (including counties and municipalities), for-profit companies, electric cooperatives and non-profit organizations that are seeking to provide broadband access to underserved areas.

High-speed internet is becoming increasingly vital to agriculture, business and everyday life. Please encourage your local and county governments, utility companies or organizations in your community to consider expanding broadband services through this program. This funding is being offered nationwide. So, if Pennsylvania entities don't apply for it, it will not be used to expand high-speed internet access in our state.

Applications are being accepted in three waves. Applicants seeking grants must apply by **May 31**. Those seeking a mix of grants and low-interest loans must apply by **June 21**. And those applying only for loans must do so by **July 12**.

More information is available at <https://reconnect.usda.gov>.

Senate May Consider Sunday Hunting Legislation

A bill opposed that would effectively expand Sunday hunting in Pennsylvania recently cleared the state Senate Game and Fisheries Committee. The 8-3 vote sends Senate Bill 147 to the full Senate for consideration. The bill would give the Pennsylvania Game Commission full authority to allow for Sunday hunting in its establishment of seasons and bag limits.

Pennsylvania Farm Bureau members oppose Sunday hunting and believe the bill would exacerbate the issue of hunting-related trespass and disrupt the current arrangement that allows both hunters and other outdoor enthusiasts a day to enjoy our state's wilderness without coming into conflict with each other. While the bill would strengthen penalties for

hunting-related trespass, it does not address many other concerns and policy objectives farmers have related to Sunday hunting.

PFB is urging farmers across the state who oppose expanding Sunday hunting to contact their legislators to make their voices heard. That can be done by responding to PFB's Action Alert at <http://bit.ly/2NlvdGp>.

Hunting-Related Trespass Bill Advances

A bill that would strengthen Pennsylvania's hunting-related trespass laws to deter hunting on private land without permission passed the House Game and Fisheries Committee. House Bill 446, sponsored by Rep. Brett Miller of Lancaster County, now heads to the full chamber for consideration.

Currently, hunting-related trespass is a secondary offense, which means a hunter must be found in violation of another offense before a Game Warden or other law enforcement officer can cite him or her for it. This bill would make hunting-related trespass a primary offense, enabling officers to cite hunters who are caught hunting on private land without permission regardless of whether another violation occurred. In addition, repeat offenders would face the suspension of their hunting privileges.

Proposed Tax Credit Aims to Help Beginning Farmers

A new proposal aims to give landowners an incentive to help beginning farmers get established. Senate Bill 478—sponsored by state Sen. Elder Vogel, a Beaver County farmer and chair of the Senate Agriculture and Rural Affairs Committee—would establish an income tax credit for landowners who lease or sell land, buildings and/or equipment to beginning farmers.

The measure would allow for a one-time tax credit for property sold to a beginning farmer or a multi-year credit for property leased. The one-time credit would equal 5 percent of the sale price—which must be at fair market value—with a maximum credit of \$32,000. The multi-year credit would be for 10 percent of the gross rental price with a maximum credit of \$7,000 per year for up to three years.

The bill outlines criteria defining who is a beginning farmer, including excluding individuals who have been actively engaged in farming for more than 10 years.

The proposal, based on a similar program that has been successful in Minnesota, aims to help get the next generation started in an industry facing the challenge of an aging workforce. For every four farmers in Pennsylvania that are age 65 or older, there is only one farmer under the age of 35. And of the 7.7 million acres of farmland across the Keystone State, 41 percent is managed by a farmer 55 or older.

Disaster Designation Approved for Most of Pennsylvania

U.S. Secretary of Agriculture Sonny Perdue has approved a disaster designation for most of Pennsylvania, enabling farmers to seek assistance as they recoup from last year's excessive rain.

The designation covers all but six Pennsylvania counties: Butler, Delaware, Lawrence, Montgomery, Philadelphia and Pike. Farmers in all other counties will be eligible for aid related to losses suffered as a result of flooding and excessive rain that occurred July 21, 2018 and later.

Farmers in the designated counties now have up to eight months to apply for emergency loans through USDA and will be eligible to apply for any other ad hoc relief programs related to the disaster if any are established by USDA.

For more information, contact your local Farm Service Agency office or visit www.usda.gov/topics/disaster.

State House Approves Wind Power Bill

A bill that would allow construction of wind turbines on preserved farmland has passed the state House. Lawmakers approved House Bill 441, sponsored by Rep. Curtis Sonney of Erie County, with a 185-9 vote, sending the legislation to the state Senate for consideration.

The plan would allow the owner of preserved farmland with 50 or more acres to grant a right-of-way for the installation of a wind power generating system. Now, such landowners may grant rights-of-way for other utilities, such as water, sewage, electric, telephone, underground mining and gas- or oil-product lines. The bill would add wind power to that list. A similar bill was approved by the state House last session but was not voted on by the full Senate.

State House Passes Updates to Ag Security Law

A supported bill that would update the state's Agricultural Area Security Law to clarify how landowners may want to handle the need for additional farm residences when preserving their farm has cleared the state House.

Lawmakers voted unanimously to send House Bill 370 to the state Senate for consideration. The state Senate Agriculture and Rural Affairs Committee passed an identical bill earlier this month and that version is also awaiting action by the full Senate.

Currently, state law allows for the creation of one additional farmstead residence on preserved farms. The bill, sponsored by Rep. Kate Klunk of York County, would give farmers the option to waive this right for an additional farmstead in order to reduce the value of their land. Additionally, the legislation would clarify that preserved farm owners can subdivide their land for a second residence, whether it is standing or needs to be constructed. State law currently allows for subdivision only when another farmhouse is going to be constructed, not for one that is standing.

Spotted Lanternfly Quarantine Zone Expanded in Pennsylvania

The Spotted Lanternfly has been identified in Dauphin County, which was previously located outside of the quarantined zone. Dauphin County joins thirteen other southeast counties which have been quarantined by the Pennsylvania Department of Agriculture.

The quarantine restricts the movement of items that may contain egg masses, nymphs or adults of the SLF. Businesses are required to obtain a permit and take an online training course to help them to identify different life stages of the SLF and prevent its movement. Inspection of businesses will begin on May 1, 2019 by the Bureau of Plant Industry to verify that the required permits have been obtained and that employees have been educated on this destructive agricultural pest.

Bill to Help Fight Against Spotted Lanternfly Passes House

The state House unanimously approved a bill that aims to help the state's effort to combat the invasive spotted lanternfly by adding the plant known as Tree of Heaven to the state's noxious weeds list. The vote sends House Bill 404, sponsored by Rep. John Lawrence of Chester County, to the state Senate for consideration. Tree of Heaven, an invasive species itself, plays a key role in the lifecycle of the spotted lanternfly.

The spotted lanternfly was first sighted in the U.S. in Berks County in 2014. It has since spread throughout southeastern Pennsylvania and is a major threat to several agricultural crops, including hardwoods, grapes, fruit trees and hops.

Lyme Disease Bill Moves in State House

A bill that expands Lyme disease patients' access to treatment options has been primed for a vote by the state House. The House Health Committee advanced House Bill 629, referring it to the full chamber for consideration. The bill, sponsored by Rep. Kathy Rapp of Warren County, would require health insurance companies to cover longer courses of treatment for Lyme disease and other tick-borne illnesses.

Pennsylvania has the highest reported cases of Lyme disease in the nation and farmers are particularly at risk due to the amount of time they spend outside and near habitats favored by ticks.

Fresh Apple Holdings at 51.2 Million Bushels

USApple released the report on inventories of fresh and processing apples from the 2018 crop in the April edition of Market News. The report is a summary of inventory reports from more than 200 storage facilities in all major apple producing states as of April 1.

Highlights of the report include:

- U.S. fresh-market apple holdings of 51.2 million bushels on April 1, 2019, are 12 percent less than the April 1, 2018 holdings of 58.0 million bushels, and 4 percent less than the five-year average of 53.4 million bushels.
- Total processing apple holdings as of April 1, 2019, were 20.9 million bushels, 13 percent less than those on April 1, 2018, and 5 percent less than the five-year average for that date.
- The total number of apples in storage on April 1, 2019, was 72.1 million bushels, 12 percent less than last April's total of 82.1 million bushels and 4 percent below the 5-year average for that date. *USApple, Apple Bites - 4.10.19*

Ag Literacy Week Makes Farm-to-Plate Connections

Schools across Pennsylvania were once again host to farmers telling the story of how food makes the journey from farm to plate as part of the third annual Ag Literacy Week.

Spearheaded by the Pennsylvania Friends of Agriculture Foundation, a charitable organization supported by Pennsylvania Farm Bureau, Ag Literacy Week brought volunteer readers to more than 1,460 classrooms across the state, a greater than 20 percent increase over last year. More than 200 readers told the story of agriculture to approximately 36,000 students in 54 counties.

“Ag Literacy Week helps students make the connection between the foods they eat at home and the farms they come from,” said PFB President Rick Ebert, who also chairs the foundation. “It also gives farmers the opportunity to relay personal stories about what it is like to live on a farm and the type of work they do to put food on everyone’s tables.”

Farmers and other volunteers read the book “Right This Very Minute,” which tells the story of the hard work and dedication farm families put into producing the food we enjoy at every meal. During the visits, volunteers led the kids through an interactive game that invited students to review what they learned by matching meal times on a clock to the work farmers do to produce the foods in those meals.

“We think it is increasingly important for young people to gain a better understanding about the role farmers play in producing the food they eat,” Ebert said. “The future success of agriculture may depend upon a society that understands the value of farm families and how farm businesses positively impact local communities.”