

Maryland Farm Bureau's Government Relations Bulletin



4 – June 24, 2011

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State Update

Maryland Farm Bureau to Host Symposium on Septic Systems and Future Growth in Maryland on Tuesday, August 16th at Chesapeake College

In order to explore the implications of the proposal to ban septic systems in Maryland and institute state-level growth control strategies, Maryland Farm Bureau and MACO are hosting a symposium on Tuesday, August 16, 2011 from 9am to 3pm at Chesapeake College on the Eastern Shore.

August 16, 2011 - Tentative Agenda – Invited Speakers

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| 9:00am | Welcome/Introduction - Pat Langenfelder, President, MD Farm Bureau, Inc. |
| 9:15am | The 2011 Septic Proposal – Secretary Rich Hall, MD Department of Planning |
| 9:45am | The Task Force, the MGA & Incentive Opportunities - Chairwoman Maggie McIntosh |
| 10:15am | The Case for Limiting Growth - 1000 Friends of Maryland |
| 10:45 am | Break |
| 11:00am | What's at Stake for Rural Communities in this Debate - Senator E.J. Pipkin |
| 11:30am | The Technology & Soil Conditions for Rural Waste Water Management
George Frigon, NewFields
TBA _____ (soil scientist) |
| 12:15pm | Lunch |
| 1:15pm | The Economic Impacts of the Septic & Other Environmental Proposals
Colby Ferguson, Frederick Co. Ag Marketing Specialist
Kenny Bounds, Mid Atlantic Farm Credit
Tom Farasy, Maryland State Builders Association |
| 2:00pm | County Government Perspective
TBA Local Elected Official (MACO)
Gail Webb-Owens, Director, Kent Department of Planning & Zoning
Greg Bowen, former Director, Calvert Department of Planning & Zoning |
| 3:00pm | Concluding Remarks by Pat Langenfelder |

Following each speaker or panel there will be time for participants to ask questions. We hope this will allow MFB members and others interested members of the community to better understand the science and politics of this issue. The event is open to all. The registration form for the Septic Symposium is attached. There is a \$15 registration fee to cover the cost of lunch. Maryland Farm Bureau is asking every county Farm Bureau to identify at least 5 farmers to participate in the symposium.

Black Bear Hunt Lottery Opens July 1st

The Department of Natural Resources will begin accepting applications for this year's black bear hunt lottery beginning July 1st with the hunt scheduled to take place October 24th - 29th. As an integral component of the Department's black bear management strategy, the hunt continues to slow the growth of the population within the hunt area.

In a recent DNR press release Harry Spiker, DNR's Game Mammal Section Leader said, "This year's lottery will follow the same successful model we've used for the recent bear hunting seasons, except we are expanding the application period by one month. We will continue to use the popular Preference Point System that gives applicants who were unsuccessful in the past an advantage this year."

The Department will issue 260 permits and has set the harvest quota at 55-80 bears with the hunt closing as soon the quota has been reached. According to the Maryland Agricultural Statistics Service, farmers in Western Maryland experienced an estimated \$75,000 in crop loss and damages directly attributable to black bears in 2010, up dramatically from 2009 estimates. Farmers and landowners experiencing crop and property damage will again have the opportunity to be paired with a permittee, by contacting DNR at 410-260-8540.

There is a \$15 nonrefundable application fee to participate in the lottery. Applications will be accepted online beginning 9am July 1st via the DNR Website (<http://www.dnr.state.md.us/index.asp>) until 11:59pm September 2nd. Applications will also be accepted via phone by calling 1-888-579-6768 between 9am – 5:30pm from August 22nd through August 26th only.

Maryland Department of Ag Proposes Changes to Nutrient Management Program

MDA is proposing to change the nutrient management plan requirements in the Manual and Guidelines issued to consultants. The changes include:

1. No fall application of commercial fertilizer to fall planted small grain crops unless a soil nitrate test shows less than 10ppm for wheat or 15ppm for barley. (This will allow all small grain crops to count as cover crops in the TMDL calculation.)
2. A uniform 35-foot setback from the edge of surface water for all broadcast fertilizer and vegetated buffers. (Effective January 1, 2014)
3. Stream fencing - A uniform 10-foot setback from water (including continual and intermittent streams) for pastures and hayfields. No nutrient can be applied mechanically or deposited by livestock within the setback. (Effective January 1, 2014)
4. From March 1st – September 9th all manures and other organic nutrient sources must be injected or incorporated within 72 hours.
5. Operators and generators of livestock manures must make plans to have "adequate" storage to eliminate the need for winter application by July 1, 2016.
6. Until July 1, 2016, winter application of manure due to lack of adequate storage must be injected only and applied only to existing vegetative cover or significant crop residue.
7. No application of any nutrient sources shall be made between November 16th and February 28th after July 1, 2016.
8. All soil conditioners, soil amendments, waste materials or effluent applied to agricultural land must be registered with the state chemist and applied using all restrictions contained in the nutrient management law. This means sewage sludge applications will not be allowed to be applied from November to March under the same conditions that apply to manures and other organic nutrients.

MDA has asked for preliminary comments by June 29th. Sometime after that date MDA will forward the proposal to the AELR Committee of the Legislature and publish it for public comment as required by law. Attached are the draft comments from Maryland Farm Bureau. MFB's comments will be finalized on Tuesday, June 28th and filed with MDA. If you would like to file comments of your own, please email them to MercerJA@mda.state.md.us. Please copy valeriec.mdfb@verizon.net so we can include your thoughts in our official comments as well.

Steep Toll Hikes to Increase Costs Across the Board

On June 2nd, the Maryland Transportation Authority, the independent agency that owns, finances, operates, and maintains the state's toll facilities, formally proposed the most extensive package of toll increases in its history with the first round of hikes to take effect October 1st of this year. A detailed breakdown of the toll increases as well as several other proposed changes to state commuter and *E-ZPass* programs is attached.

Do not think that just because you don't use the impacted toll facilities on a regular basis that your wallet will not be impacted. The food you buy at the local grocery store, the clothes you wear, the materials and inputs your farm requires to operate successfully – all these things must be transported from point A to point B and in between they are almost certainly going to pass through at least one (if not several) of the facilities impacted by this proposal. Make no mistake, this is not a commuter issue, this is an issue impacting all Marylanders, hitting particularly hard in the rural areas where the further goods must travel only increases the likelihood of using one of the impacted facilities. Although every type of vehicle is seeing similarly huge fee increases, consider this – by 2013 trips made by vehicles with 6 or more axles across all the impacted facilities (the harbor tunnels, the Bay Bridge, etc.) will cost **\$60!** That translates to an **increase of nearly 250%** for most facilities.

The announcement triggered a 60-day public comment period during which MDTA has been conducting public hearings across the state to present the plan and allow for public and private testimony. After a particularly large turnout for the lone meeting taking place on the Eastern Shore, MDTA officials decided to schedule one additional public hearing to take place Thursday, July 14, from 6 to 8 p.m. at Stephen Decatur Middle School in Berlin. The other remaining public hearing will take place June 27th, from 5:30pm – 8pm at the Havre de Grace Activity Center (address listed in the attached notice).

Considering the amount of over-the-road trucking that we rely on to deliver the raw materials and finished goods that we purchase every day, there is no plausible scenario in which any Marylander will not be impacted by the increased costs of doing business. It is imperative that you voice your concerns with MDTA and let them know this extreme hike in toll fees will hurt businesses that rely on the facilities to move goods and materials as well as the average Marylander – all in the midst of the worst economic times since the Great Depression. We strongly encourage members to attend a public hearing and/or submit comments for the official record by **5 p.m. on August 1, 2011** by visiting www.mdtamaryland.gov; writing to MDTA Toll Comment, 2310 Broening Highway, Baltimore, MD, 21224. The toll-free (no pun intended) phone number to call the Authority is (866)713-1596.

For more information please contact Kurt Fuchs via email at kurtf.mdfb@verizon.net or by calling 410-922-3426.

National Update

Congressman Andy Harris Reaches Out to Maryland Farm Bureau Members

Rep. Andy Harris and his staff have been in regular contact with Maryland Farm Bureau leadership and staff to better understand our position on issues pending before Congress. Rep. Harris also invites Maryland Farm Bureau members to contact him directly to relay thoughts on pending legislation or to seek help with any dealing with the federal government:

Dear Friends,

As it is my privilege to represent Maryland's 1st Congressional District, I am committed to protecting you from unnecessary regulations that make it difficult to do business and destroy our way of life. Hearing from you is the most rewarding part of my job, and I hope you will contact me on the issues that matter to you by calling (202) 225-5311 or by visiting harris.house.gov to send me an email or sign up for important legislative updates.

Sincerely,

Andy

Senate Ag Committee Passed EPA Permitting Bill

Senate Agriculture Committee Chairwoman Debbie Stabenow (D-Mich.) brought before her committee and passed by unanimous voice vote the Reducing Regulatory Burdens Act of 2011. Farm Bureau strongly supports the bill and is pushing the Senate for passage.

H.R. 872 would eliminate the burdensome and overlapping permit requirements resulting from the National Cotton Council v. EPA case. It would amend the Federal Insecticide, Fungicide and Rodenticide Act and the Clean Water Act to clarify that CWA permits are not needed when a pesticide is applied in accordance with a FIFRA-approved label.

Action Request – Maryland Farm Bureau members are asked to call Senator Barbara Mikulski at (202) 224-4654 and Senator Ben Cardin at (202) 224-4524 and leave a message urging both Senators to help bring H.R. 872 to the floor and vote for its passage.

USDA Continues Efforts to Inform Hispanic and Women Farmers and Ranchers of Process for Resolving Discrimination Claims

Dover, Del. June 15, 2011 - As part of continued efforts to close the chapter on allegations of past discrimination at USDA, a series of outreach meetings is being held throughout the country with farmers and ranchers to talk about the process that has been put in place to resolve the claims of Hispanic and women farmers and ranchers who assert that they were discriminated against when seeking USDA farm loans. Most recently, Deputy Assistant Secretary for Civil Rights Fred Pfaeffle held a series of outreach meetings in California.

"The Obama Administration is committed to resolving all claims of past discrimination at USDA, so we can close this sad chapter in the department's history," said Pfaeffle. "We want to make sure that any Hispanic or women farmer or rancher who alleges discrimination is aware of this option to come forward, to have his or her claims heard and to participate in a process to receive compensation."

According to Jack Tarburton, Delaware and Maryland Rural Development State Director, throughout the summer he will be talking with individuals, as well as farmer and community organizations to underscore USDA's commitment to resolving allegations of past discrimination and ushering in "a new era of civil rights".

"If you believe that the United States Department of Agriculture (USDA) improperly denied farm loan benefits to you between 1981 and 2000 because you are Hispanic, or because you are female, you may be eligible to apply for compensation," said Tarburton. "Potential claimants can register to receive a claims package by calling the Farmer and Rancher Call Center at 1-888-508-4429 or visiting www.farmerclaims.gov." (A link to this site can also be found at the MFB website www.mdfarmbureau.com.)

The program [USDA announced earlier this year](#) with the Department of Justice provides up to \$50,000 for each Hispanic or woman farmer who can show that USDA denied them a loan or loan servicing for discriminatory reasons for certain time periods between 1981 and 2000. This claims process offers a streamlined alternative to litigation and provides at least \$1.33 billion in compensation, plus up to \$160 million in farm debt relief to eligible Hispanic and women farmers and ranchers. Hispanic or women farmers who provide additional proof and meet other requirements can receive a \$50,000 reward. Successful claimants are also eligible for funds to pay the taxes on their awards and for forgiveness of certain existing USDA loans. There is no filing fees or other costs to claimants to participate in the program. Participation is voluntary, and individuals who decide not to participate may choose to file a complaint in court. However, USDA cannot provide legal advice to potential claimants, and persons seeking legal advice may contact a lawyer or other legal services provider.

Under the leadership of Secretary Vilsack, USDA is addressing civil rights complaints that go back decades and through these outreach meetings, we are taking steps towards achieving that goal. USDA is committed to resolving allegations of past discrimination and ushering in "a new era of civil rights" for the Department. In February 2010, the Secretary announced the Pigford II settlement with African American farmers, and in October 2010, he announced the Keepseagle settlement with Native American farmers.

USDA Undersecretaries Assure Efforts Reduce Waste

Four Agriculture Department undersecretaries assured members of the Senate Agriculture Committee on Thursday they are taking steps to measure performance and eliminate duplication and waste in the areas they oversee.

Michael Scuse, undersecretary for farm and foreign agricultural services, outlined efforts the Farm Service Agency is taking to modernize farm program delivery and administration. He said USDA's record \$135.5 billion forecast for farm exports in fiscal 2011 indicate that a "leaner" Foreign Agricultural Service presence overseas remains as "effective as ever."

Kevin Concannon, undersecretary for food, nutrition and consumer services, said efforts are working to stop abuse of the Supplemental Nutrition Assistance Program. He said the switch to plastic electronic

benefit cards from paper coupons has had a “dramatic effect on reducing trafficking.” “All available resources, from state of the art data-mining technology to undercover investigations to criminal prosecutions, are used to ensure that recipients and retailers alike who misuse Supplemental Nutrition Assistance Program benefits are held accountable,” he said.

[Agri-Pulse article](#)

[Delta Farm Press article](#)

Policy Development for 2012

In the previous editions of GRB we published two Policy Development issue for discussion. The topics were Funding Infrastructure Projects and Rural Health Care. This week’s topic is Tax Reform. Please take some time to discuss both of these topics with your family, friends and your county Farm Bureau. Your suggestions for policy positions will be valuable as your county Farm Bureau drafts its policy resolutions over the next few months.

Tax Reform

Issue:

Congressional fact-finding hearings are underway that could lead to an overhaul of the federal tax code. As in 1986, when the tax code was last rewritten, Congress will most likely opt to modify the tax code instead of doing a full rewrite. Farm Bureau is on record in support of repealing the estate tax, the alternative minimum tax (AMT) and capital gains taxes. Individuals, family partnerships and family corporations own 98 percent of our nation’s two million farms and ranches. It is important that tax reform policy is handled responsibly as potential policies could not only cripple agricultural operations, but could also hurt the rural communities and businesses that agriculture supports.

Background:

Farm Bureau supports replacing the current federal income tax system and believes that when temporary tax provisions end in 2012, the modified tax code should encourage, not penalize, success, savings, investment and entrepreneurship. Furthermore, the modified tax code needs to be transparent and simple and require collection of a minimum amount of personal information. However, are there tax code provisions so important to farmers and ranchers that they should be off the tax reform table? Are cash accounting, deferring income, prepaid expenses and Section 179 important tax code provisions that farmers and ranchers need in order to operate a profitable business?

Cash accounting is advantageous to farmers and ranchers because it allows for the deferral of income and an acceleration of expenses. The cash accounting method provides the flexibility to farmers and ranchers to manage their tax burden on an annual basis by allowing them to target an optimum level of taxable income. This is important to farmers and ranchers because of the relatively long time period between the purchase of inputs and the sale of their commodity. Cash accounting allows for simplicity of record keeping and a reduction in taxes, especially given that projected 2011 production expenses are forecasted to be seven percent higher than 2010, exceeding \$300 billion for the first time.

Deferral of income is an important tax provision to farmers and ranchers because agricultural products are often sold under deferred arrangements. Deferred arrangements allow for the payment for the commodity or product to be made in the year after the sale takes place. One benefit of deferring income is that progressive rates cause more total tax to be paid when high incomes are reported in some years and low incomes in other years.

Prepaid expenses are the amounts paid by farmers and ranchers for fertilizer, seed, feed or other input costs, to the extent that the input item has not been used or consumed during the most current tax year. However, prepaid expenses can only be used under the cash accounting method. Farmers and ranchers have the opportunity to deduct prepaid expenses of up to 50 percent of all other deductible farm costs for that current tax year. Prepaid expenses over 50 percent in the current tax year must be deferred to the next year in which the item is used. Given projected record production expenses for 2011, deducting prepaid expenses will reduce taxes and provide farmers and ranchers flexibility in an industry where "change of plans" occur frequently due to uncontrollable circumstances.

Section 179 is important to farmers and ranchers because agriculture is an equipment-intensive industry in order to operate in the most efficient manner. In 2010, nearly \$130 billion was used for agricultural equipment and machinery. The share of farm assets attributable to machinery and farm-use motor vehicles makes up six percent of total assets owned by farmers and ranchers. The Tax Relief Act of 2010 and the Jobs Act of 2010 impacted Section 179 by temporarily increasing the deduction limit to \$500,000 for both old and new equipment, and increasing the total amount of equipment that can be purchased up to \$2 million.

Questions:

Current policy is written to support replacing the current income tax with a national sales tax. With Congress moving forward with plans to overhaul, not replace, the tax code, should changes be made to Farm Bureau policy?

Are there tax code provisions so important to farmers and ranchers that they should be off the tax reform table? What are they?

How do provisions such as cash accounting, deferring income, prepaid expenses and Section 179 expensing and other depreciation rules compare in importance to other tax code provisions?

Are there tax code provisions that would be worth giving up in exchange for lower rates?

Farm Bureau National Policy:

438 -Tax Reform

Lines 1-18 (paraphrased)

We support replacing the current federal income tax system. The new tax code should encourage, not penalize, success and encourage savings, investment and entrepreneurship. It should be transparent, simple and require a minimum of personal information. Any replacement tax system should meet these guidelines:

- Revenue neutral (not increase tax revenue to the federal government)
- Eliminate payroll taxes, the Alternative Minimum Tax, capital gains taxes, and personal and corporate income taxes
- Repeal the 16th amendment (which would prevent the federal government from levying an income tax)
- Based on net, not gross, income
- Not tax business-to-business transactions or services except for final consumption
- Require a two-thirds majority to impose new taxes or increase tax rates

Please submit your thoughts on this policy development issue to your county Farm Bureau. If you would like to share your thoughts with us too, we will be happy to send them with your county Farm Bureau President and our Legislative Affairs Committee. You may review Maryland Farm Bureau's current policy by logging on to our website at www.mdfarmbureau.com. The policy can be found on the homepage and under the Government Affairs tab.