

FCS MONDAY MORNING

Legislative Update

April 13, 2009

The Minnesota Twins Edition



NICK & ZACH PASS THE 10-YEAR MARK The Duo Take on the World With Joy and Gusto!

Welcome to the annual “*Minnesota Twins*” edition the Minnesota Farm Credit Services legislative newsletter. This edition typically marks the annual half-way point in the Legislative Session and reminds us all to pause for a moment and reflect on things outside the state Capital that are important in our lives.

Regular readers of *FCS Monday Morning* have been following the exploits of Nicholas and Zachary Apitz for a decade. It has been a delight for their father, Farm Credit Service lobbyist and newsletter editor, John Apitz, to share news about the dynamic duo for the last ten years.

The past year has been filled with the sounds of music as Nick has taken up the piano and, Zach has begun to learn the rudiments of the trumpet. Both have proven a bit more challenging than either one of them expected but, they remain undaunted and have actually shown a bit of natural talent.

The guys have also taken up rock climbing and decided to celebrate their recent birthday repelling the walls at the local Vertical Endeavors with a gang of friends. These new found skills should serve them especially well at Cub Scout Camp, this summer.

Nick continues to excel in school and is showing potential as a writer. Zach demonstrates promise for becoming a lawyer – he’s got a special knack for argument. Both are full of joy and remain “best buddies” as the years pass. They wish you all a wonderful spring and many blessings in the coming months... including a few, if any, Special Sessions.

HOUSE & SENATE AG CHAIRS PRESENT FUNDING BILLS The Challenge of Budget Cutting Shows as Committees Face Tough Choices

House Ag Finance Committee Chair, Rep. Al Juhnke (DFL-Willmar) and Senate Ag Policy and Finance Committee Chair, Senator Jim Vickerman (DFL-Tracy) both laid out their budget proposals for the Department of Agriculture and related agencies, last week. Both committees oversee the budgets for agriculture as well as military and veterans affairs. While the Senate proposes deeper cuts to both groups, it was the House committee that saw greater debate when the proposed spending plans were rolled out on Tuesday (4/7).

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The Senate proposal projects a seven percent cut in funding at the Department of Agriculture which would be offset slightly by an increase in certain fees. In total, the department would be allowed to spend just over \$75 million in the next biennium. The Senate bill, [SF 1779](#), was approved and referred to the Finance Committee where it will be reviewed before being sent to the Senate floor.

At just over \$76 million, the House measure proposes a smaller reduction in funding for the Department of Ag but also called for a reduction in spending at the departments of veterans and military affairs. The cuts to veterans programs raised several concerns among Republicans on the House Committee who challenged Juhnke to restore the proposed reductions. While stating that they understood that Juhnke had to "play the hand that he was dealt," GOP members criticized House leadership for making cuts to veterans programs when the Governor had proposed holding them harmless.

In the end, some of the cuts to veterans' homes were restored to assure enough there would be money for increased food and pharmaceutical costs. In turn, some ethanol producer payments were postponed to make up the difference. That still was not enough to satisfy GOP members, however. The House ag and veterans appropriations bill, [HF 1122](#), which usually passes on a unanimous voice vote was approved, this year in committee, by on an 8-5 party-line vote with no Republican support. The friction in usually bipartisan committee bodes ill for later debate on the House floor.

On a high note, both bills contain \$35 million new funding for the Rural Finance Authority (RFA). The proceeds used by RFA come from revenue bonds sold by the state and paid back through loan repayments from RFA borrowers. Both bills increase the amounts that RFA can lend to producers, usually in participation with another lender such as FCS. Increasing RFA loan limits is a legislative priority for Farm Credit, this Session.

LEGISLATURE RECONVENES ON TUESDAY
Long Hours on Floor and in Conference Committees
Are on Legislators Schedule of Events for Next 5 Weeks

After a short seven-day recess for the Passover/Easter holidays, lawmakers return to the Capital tomorrow (4/14) for the long march to the end of the regular Legislative Session.

The state Constitution requires that legislators adjourn this year on May 18th. Over the next five weeks, lawmakers must work out a tax and spending compromise with Governor Pawlenty and address several policy matters from health care to clean water to transportation improvements. In addition, they will have to reach agreement on a bonding bill and convince the Governor to go along with it.

This is "crunch time" when the hours that legislators spend on the floors and in conference committee seem to go on endlessly... and, that is when there is money to spend and the economy is pumping tax dollars in to state coffers.

Expect the level of rhetoric to raise and the accusations to fly for the next few weeks. It's sausage making time in St. Paul.

