

# FCS MONDAY MORNING

## *Legislative Update*

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February 16, 2009

*George, Abe & Barack Wish You a Happy President's Day!*

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### **FARM CREDIT TO HOST LAWMAKERS AND AG LEADERS**

#### ***Tuesday – February 17<sup>th</sup> – An Evening to Share Ideas, Insights and Concerns***

The response to our invitation to the 2009 Farm Credit Services Legislative Reception and Dinner has been outstanding. Nearly two dozen lawmakers and Administration officials plan to join forty members from FCS Associations across the state to break bread and share perspectives on issues facing the Legislature, this year.

Given the state of the Nation's economy, Minnesota's huge budget shortfall and efforts afoot in Washington to restart the nation's industries, there will be plenty to discuss. As always, to meet the letter of Minnesota law, each public official present will be asked to address our group and be available to answer questions. This is one of the high lights of the evening and an opportunity for members to better understand what each other is thinking and planning for the Session.

Agriculture Commissioner Gene Hugoson has been asked to enlighten the group on "Ag21" – the department's new 21<sup>st</sup> Century Agricultural Reinvestment Program designed to provide long-term funding to stimulate livestock and agricultural energy development in the state.

In addition, we will be likely to talk about changes to the Green Acres program, improving health care coverage in rural areas, ethanol producer payments, farmer-lender mediation, puppy mills and ag-education, among other things. These are more are all on the list of priorities for rural lawmakers, this Session.

**The date: Tuesday, February 17<sup>th</sup>. The time: 5:30 pm. The place: University Club, 340 Cedar St., St. Paul. Your hosts: Farm Credit Services Associations members and directors from across Minnesota. If you want to join us and have not reserved a seat at the table, please RSVP to Gary Kintzi at 651-556-9211.**

### **GREEN ACRES UPDATE**

#### ***House & Senate Committee Work on Bills to Restore Program Protections***

(From *Senate Briefly*) The Agriculture and Veterans Committee, chaired by Sen. Jim Vickerman (DFL-Tracy), met Tues. (2/3) to hear two bills aimed at protecting farmland in urbanizing areas.

[S.F. 240](#), authored by Sen. James Metzen (DFL-South St. Paul), creates a Minnesota land conservation property program that is modeled on the Green Acres program. The bill provides for reduced property taxes on conservation land, and it provides that property made ineligible by the green acres program can be enrolled in the conservation property program without repayment of deferred taxes. The bill was approved and re-referred to the Environment and Natural Resources Committee.

[S.F. 386](#), authored by Sen. Rod Skoe (DFL-Clearbrook), modifies the recapture that applies to some property in the Green Acres program and provides for assessment of certain rural vacant land. The bill provides amnesty for the payback of deferred taxes for land that does not qualify for the green acres program after May 28, 2008, and before Jan. 1, 2010. Sen. Sharon Erickson Ropes (DFL-Winona) offered an amendment that would essentially reinstate the

Green Acres program to the same state it was prior to the 2008 changes. The amendment was adopted and the bill was sent on to the Environment & Natural Resources Committee.

In the House, [HF 217](#), authored by Rep. Tim Faust (DFL-Hinckley) awaits action in the House Finance Committee before moving on the Tax Committee. This bill was designated as the vehicle for House action on the Green Acres issue. Among other things, the bill allows any land enrolled in Green Acres prior to 2008 to remain in the program indefinitely regardless of ownership, as long as it continues to be in agricultural use under the old (pre-2008) definition.

In addition, HF 217 eliminates the seven-year payback for rural vacant land grandfathered-in to Green Acres (reverting back to the three-year payback under the old law) and, it expands the 2a agricultural classification by allowing more land and some new uses of land to be considered agricultural. It also provides that land enrolled in RIM or CRP or a similar government-sponsored conservation program may be enrolled in Green Acres (as had been the case prior to 2008). For a detailed summary of the bill link to [HF 217 Bill Summary](#).

Measures in both the House and Senate are gaining additional authors as the bills move through the process. However, each faces an uncertain fate once they reach the tax committees. Tax Committee Chairs in both the House and Senate favor the reforms made to the Green Acres law, last year. Both the fact that the program is unevenly implemented across the state and that the taxpayers who do not hold property protected under Green Acres are forced to pay increased taxes for those who - by as much as 20% - were strong reasons for the changes made in 2008.

However, the outcry from landowners who could see significant increases in their property taxes has not gone unnoticed in St., Paul. The likely outcome will be to reinstate the pre-2008 provisions of the law and spend more time over the interim finding a less volatile solution.

### ***IS IT TIME TO TAKE BACK THE “AG SPECIALS?” House Ag Finance Committee Considers Putting New Parameters on UofM Ag Education***

House Ag Finance Committee Chair, Rep. Al Juhnke (DFL-Willmar), put the University of Minnesota on notice, last year, when he stated that his committee intended to review the funding and content of the University's agricultural education programs, known as “Ag Specials,” this Session. He got the ball rolling on February 4<sup>th</sup>, when the committee heard from University faculty and staff including Bev Durgan, PhD, dean of Extension Service and director of the Agriculture Experiment Station; Trevor Ames, Ph.D., dean of the College of Veterinary Medicine; and Allen Levine, Ph.D., dean of the College of Food, Agriculture, and Natural Resource Sciences.

University representatives opened by addressing criticisms that the institution had not been adequately communicating with agriculture industry stakeholders in recent years. An overview from the College of Veterinary Medicine focused on efforts to study disease transmission from animals to humans, collaboration with the College of Public Health, the strengths of the Veterinary Diagnostic Laboratory, and a new innovative partnership with Davis Family Dairies. Levine provided updated statistics and demographics about students and faculty in the College, adding details about efforts underway in production agriculture and energy. Durgan concluded with an overview on how the Experiment Station and Extension Service help “protect the state” and how the University helps the agriculture industry prepare for the future.

Some committee members raised issue with recently published faculty white paper that was critical of corn-based ethanol. The paper “Cellulosic ethanol may benefit human health and help slow climate change,” published in the journal *Proceedings of the National Academy of Sciences*, found cellulosic ethanol has fewer negative effects on human health because it emits smaller amounts of fine particulate matter. Panelists explained faculties are free to conduct any academically-sound research projects, and the study's authors were not predisposed to a negative outcome for corn-based ethanol.

Then, last Wednesday (2/11), Chairman Juhnke asked to hear from some of the University's critics. Witnesses included the Minnesota Milk Producers, Minnesota Soybean Growers, Minnesota Crop Production Retailers Association, Minnesota Farmers Union, Minnesota Corn Growers, Minnesota Ethanol Producers Association, and the Minnesota Wheat Growers Association. Most of the testimony consisted of comments about the important role of agriculture research performed by the University of Minnesota but said that the U could do more to communicate with the state's many agricultural interest groups.

Chairman Juhnke indicated that this committee planned to review a bill that to be authored by Rep. Andy Welti (DFL - Plainview) and would establish parameters for the University's agriculture research funding. Welti, as the only member of the House Agriculture Finance Committee who also serves on the House Higher Education Finance Committee, would then shepherd the bill through for final funding.

(Thanks to Cory Bennett and the Agri-Growth Council for portions)

***OPEN FEEDLOT DEADLINE LOOMS***  
***House Member Attempts to Protect Small Producers***  
***From Lack of Funding***

Small feedlot operators, state agency representatives and other interested parties met last week with to discuss the pending October 2010 deadline for livestock producers who signed "open lot agreements" but have yet to come into compliance due to the lack of cost-share funding to make the necessary changes to their operation. Producers with fewer than 300 animal units are not required to take action to improve their operations unless funding is made available from the state.

As one means of addressing the problem, Rep. Steve Drazkowski (R-Wabasha) has introduced [HF 437](#), that would extend the deadline for completing the required feedlot improvements to 2020.

Drazkowski's bill is in response to the concerns of some producers who are unsure as to what enforcement actions may be taken if the deadline arrives and they have not been able to make the required improvements for lack of funding. The Minnesota Pollution Control Agency (MPCA) is reviewing the matter and will offer recommendations in the future.

For more info on open feed lots link to: [Open Feedlot Agreement Program](#)