

Legislative Outcomes 2018

Minnesota Farm Bureau Federation (MFBF) is dedicated to representing our member's interest both at the local, state and federal levels. During the 2018 Minnesota Legislative Session, MFBF was present throughout the legislative process to advocate on behalf of Farm Bureau member families in accordance with member-developed and member-adopted Farm Bureau policy.

Through daily representation at the State Capitol, testimony in legislative hearing and working directly with legislators, Farm Bureau members were well represented.



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At the federal level, MFBF works closely with U.S. Congress to advance our member's grassroots policy issues and support provisions to help farm and ranch families. Farm Bureau is a well-respected voice on the Hill. While there are many accomplishments, there were many issues that MFBF advocated for but were ultimately vetoed by the Governor including the tax bill, agriculture policy bill and supplemental funding bill that all included priority issues for Farm Bureau.



STATE ISSUES

■ Ditch Mowing

The moratorium on enforcement of permits for mowing and haying on state highways was extended to April 30, 2019, a bill that MFBF supported. Farm Bureau will continue to work towards a permanent solution for this issue.

■ Hours of Service

Language was adopted to extend the federal 150-mile exemption for agricultural commodities to year-round by removing growing season date restrictions. This allows the 150-mile radius exemption for federal “hours of service” requirements to be in effect all year. Farm Bureau supported this exemption.

■ Data Privacy

A bill was signed into law by the Governor to ensure certain agricultural research data collected by the University of Minnesota remains private, but still allows for data to be released in aggregate. The legislation was in response to concerns from agricultural groups. MFBF supported the bill.

■ Bonding Bill

Governor Dayton approved a \$1.5 billion public works bill focused predominantly on state infrastructure like local roads and bridges, as well as state highway improvement projects. The bill contained \$35 million for the Rural Finance Authority (RFA). Without the funding, RFA was expected to be unable to finance Minnesota farmers due to a lack of capital. The assistance RFA provides to farmers has seen significant increases over the last few years, and the funding included in the 2018 bonding bill will ensure their ability to continue help.

■ Buffer Administrative Penalty Order

The Minnesota Board of Water and Soil Resources (BWSR) requested public review and comment on a proposed amendment to the Administrative Penalty Order (APO) Plan for buffer law implementation.

The APO Plan included enforcement responsibilities of the buffer requirements. Elements of the plan included a model county and watershed district administrative penalty order for counties that chose enforcement at the local level, and the APO plan BWSR will use when it is the enforcement authority. It also would have added an additional option for assessing penalties on buffer law implementation. MFBF believes the amendment would have established penalties that are extremely costly and unnecessary and worked closely with our members and the legislature to ensure the proposed amendment was not adopted. MFBF testified in legislative hearings and helped members submit comments expressing their concerns.

Ultimately, the proposed rule was withdrawn and did not go into effect.

FEDERAL ISSUES

■ WOTUS

Since the Waters of the U.S. (WOTUS) rule was submitted for public comment on April 21, 2014, Farm Bureau has been a leader in opposing the rule which expands federal jurisdiction far beyond what was authorized by Congress, resulting in the imposition of burdensome requirements and tremendous uncertainty for farmers and ranchers. In February 2017, President Trump directed EPA to reexamine the 2015 rule and consider whether to repeal or revise it. Farm Bureau has continued to work closely with the agencies to propose a rule to begin a two-step process to review and revise the definition of waters of the U.S in a way that takes into consideration the impact on farmers and ranchers. American Farm Bureau Federation (AFBF) also continues to be active in the courts to address this issue.

■ Tax Reform

Passage of the Tax Cuts and Jobs Act in 2017 benefits most farms and ranches and should allow them to expand their farms and stimulate the agricultural economy. Important provisions include reduced tax rates, the new business income deduction, provisions to allow the matching of income and expenses, immediate cost recovery and an increase in the estate tax exemption.

Tax provisions important to farmers and ranchers:

- Stepped-up Basis for Inherited Property
- Cash Accounting
- Deduction for Business Interest Expense (limited when gross receipts exceed \$25 million)
- Like-Kind Exchange for Land and Buildings (ends for equipment and livestock)
- Business Deduction for Real Estate and Personal Property Taxes
- The Tax Cuts and Jobs Act contains many permanent provisions that help farmers and ranchers.
- Sect. 179 Small Business Expensing Increased to \$1 million
- Indefinite Carry Forward of Deductions Indexed for Inflation
- Depreciation for Farm Equipment Shortened from 7 to 5 Years.
- New Flat 21 percent Corporate Tax Rate
- Repeal of the Corporate Alternative Minimum Tax (AMT)



■ Budget Deal

Congress passes H.R.1892, a continuing resolution, which includes the Bipartisan Budget Act.

Included in this legislation, the Margin Protection Program (MPP) for dairy farmers was modified to include lower premium rates, monthly margin calculations and would increase Tier 1 coverage to five million pounds of production history. Sign-up for the 2018 MPP coverage would be reopened for 90 days following the signing of the bill - which was ultimately extended until June 22. In addition, the \$20 million cap on livestock related expenditures under the Federal Crop Insurance program was removed – providing more risk management options for cattle, swine, lamb and dairy farmers.

This legislation also provided \$10 billion (FY18) and \$10 billion (FY19) for infrastructure projects including: surface transportation, energy and rural broadband, provided money to fight opioid dependency and included a fix for the unintended consequences of changes made to Section 199A that were made in the tax bill.

■ Dairy Revenue Protection

AFBF, in cooperation with AFB Insurance Services, developed a new risk-management insurance product approved by the U.S. Department of Agriculture's Federal Crop Insurance Corporation, Dairy Revenue Protection (Dairy-RP) insurance which will provide dairy farmers the opportunity to manage risk by focusing on revenue from milk sales.

As designed, Dairy-RP will provide several levels of insurance coverage based on the value of the farmer's milk. One option will use manufacturing milk futures prices, and the other option would be based on the value of milk components, such as milkfat, protein and other milk solids. A majority of dairy farmers selling milk in the U.S. are paid based on the amount of milkfat and protein in their milk. Other than those dairy pricing options, Dairy-RP coverage otherwise functions similarly to area-based crop revenue protection insurance policies. The coverage would offer revenue guarantees based on futures prices, expected production and market-implied risk. The premiums for coverage will be subsidized.

It is expected that Dairy-RP policies will be available in late summer 2018.



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