



2012 Kentucky Farm Bureau Agricultural Contact Team (FBACT)

AUGUST RECESS CONGRESSIONAL EVENTS

July 26, 2012

INFORMATIONAL ALERT:

ISSUE: Congress will soon begin their August Recess which gives Senators and Congressmen the opportunity to spend time in Kentucky working with constituents on issues important to Kentucky. They may be attending county Farm Bureau annual meetings, county fairs, holding town hall meetings, or attending other events where local Farm Bureau leaders will have the opportunity to promote our policy position on key issues impacting Kentucky agriculture. Kentucky Farm Bureau will be working with local leaders on August AG Issues events that will be conducted in many of the congressional districts with our Congressmen. As those dates and locations are established, notifications will be posted online at kyfb.com, and be coordinated through Area Program Directors.

As we near the end of the 112th Session of Congress, several national priority issues are pending and could receive attention by Congress before adjourning. These issues include farm bill reauthorization, taxes, environmental issues, and farm labor.

ACTION: Congress is scheduled to adjourn August 3 and reconvene shortly after Labor Day. With the November election looming, the remaining work session will be short and it is uncertain what issues Congress may try to complete before returning to the campaign trail in earnest. An active 'lame duck' session is also expected where Congress will most likely focus on tax issues. Key issues to address with Members of Congress are listed below with a brief description and action request:

FARM BILL

The current Farm Bill expires September 30, 2012 and while the Senate has passed their version of the farm bill at this point, the House has only passed their version out of committee where it awaits floor action. At issue is the federal budget and spending. Most of the changes being considered are in the Commodity, Conservation and Nutrition titles. Direct payments are eliminated in the Senate and House versions of the farm bill, dairy programs are reformed, risk management becomes the primary safety net, conservation programs are consolidated and focused on working lands programs and spending within nutrition programs is reduced. As Congress continues to work on farm bill reauthorization, leaders are encouraged to remind members of Congress for the need to maintain an effective safety net for agriculture. Also, conservation programs such as EQIP provide important tools that help many farmers meet requirements of expanded environmental regulatory oversight.

While farm revenues have been strong, history tells us this is a cyclical event that can be expected to turn downward in future years. Also, the current drought reminds us that farming is a risk-filled business and the lack of a strong and effective safety net would be detrimental to the agricultural industry. Congress should also be reminded that by 2050 the world population is expected to increase from the current 7 billion to over 9 billion people. Agricultural production would be expected to increase productivity on roughly the current land base to meet that increased demand, so maintaining a strong agriculture base is not only important to this country's security but also to meet increasing world demand.

Kentucky Farm Bureau national priority issue states we *"Support a consistent, long-term market-oriented farm policy that will provide an effective safety net for agriculture with emphasis on commodity, conservation, crop insurance, research & education and rural development programs."* Policy also supports *'working lands conservation programs,'* and that *"USDA programs focusing on production agriculture should not suffer disproportionate cuts in federal spending."*

TAXES

The two-year "fix" for the federal estate tax that established a \$5 million exemption and a 35 percent tax rate on amounts above the exemption, with full stepped up basis expires December 31, 2012. Congress has said they intend to address estate taxes along with other tax issues before the end of this session. However, it is likely when addressing estate tax levels they will not maintain the current exemption level and tax rate. One scenario being discussed is to adopt the House version that was considered two years ago that would set the exemption at \$3.5 million with a 45 percent rate. Should Congress fail to act by the end of this session, the rate reverts to "old" law with a \$1 million exemption and 55 percent rate.

The argument that elimination of the estate tax just favors the ultra-wealthy is one of the main reasons many members of Congress voice when opposing legislation that would either eliminate the federal estate tax, or significantly raise the level of exemption. Most of the net worth on farms is tied up in assets such as land, equipment, livestock and infrastructure, when estates enter into settlements it is much easier to transfer ownership to the next generation if the heirs do not have to consider the burden of a large estate tax liability. This issue really revolves around the issue of an orderly transfer of farm assets from one generation to the next.

Kentucky Farm Bureau national priority issue states we *"Support permanent repeal of the Estate Tax."* While it is unlikely Congress will pass a total repeal of the estate tax, Farm Bureau leaders are asked to urge members of Congress to support maintaining the current levels that would exempt most small businesses such as farming operations from payment of the estate tax.

ENVIRONMENTAL ISSUES

A number of environmental issues are brewing on both the regulatory and legislative sides. Legislatively, the House passed earlier this year H.R. 872 that would prohibit EPA to require farmers to have a permit under the Clean Water Act for pesticide applications. This was in response to the 6th Circuit Court ruling a few years ago that said applications of pesticides to, over or near waters of the U.S. must be permitted prior to application. After a short stay of implementation, the permitting rule is now in place. The Senate Agriculture Committee has passed H.R. 872 out of committee and the bill is pending on the Senate floor. Leaders need to encourage Senators McConnell and Paul to push for passage of H.R. 872. While the Senate farm bill does not address this issue, the House bill does, so it is possible if a farm bill is passed to have this issue addressed in the farm bill.

Last year EPA and the Army Corps of Engineers released and accepted comments on proposed Clean Water Act guidance. The agencies acknowledged in the proposed guidance this action would significantly increase EPA and the Corps oversight. This is done by simply changing the way the agencies would consider various aspects of CWA oversight. Among the guidance is how nearby waters could be included in CWA oversight even when they have no physical connection and waters could be deemed navigable under the commercial application if the site could sustain canoe navigation as little as once during its existence. Congress is considering legislation to prevent the agencies from changing and implementing this guidance document. Farm Bureau leaders are asked to urge members of Congress to support legislation preventing EPA and the Corps from circumventing normal regulatory procedures.

Other environmental issues pending include the Floyd's Fork Watershed total maximum daily load rule and pending Mississippi River nutrient loading criteria. Specific information is available upon request on any of these two issues.

Kentucky Farm Bureau national priority issue states we *"Oppose EPA exceeding legislative authority in the implementation of the Clean Water Act and Clean Air Act programs. (CAFO permitting, TMDL, Hypoxia, Animal Waster, Pesticides NPDES permits, Air Quality & particulate matter, etc.)"* and *"all regulations should be based on sound, peer-reviewed scientific data that can be replicated"* and policy supports *"congressional oversight of federal agency regulatory actions to ensure rules and regulations do not exceed the intent and authority of federal law."*

FARM LABOR

Federal Wage and Hour has been conducting employer audits across Kentucky and the U.S. Department of Labor (DOL) continues to make it difficult for farmers wanting to utilize the H-2A program to apply for and get the workers they need. Congress has considered legislation requiring mandatory E-Verify for employers but it is unsure if it will be taken up again before the end of this session. If mandatory E-Verify is passed without meaningful reforms to temporary farm labor programs such as the H-2A program, farmers may find it increasingly difficult to secure the necessary labor they need simply because current programs would not be able to meet the much higher demand for workers. Currently the H-2A program struggles to supply the 60-80,000 workers that come through the program annually. Leaders are asked to stress the need for reforming current temporary worker programs or authorization of a new temporary farm labor program to meet the increasing need for farm workers.

Kentucky Farm Bureau national priority issue states we *"Support reform of the H-2A program to streamline the process making it more reliable, economical and simple for farmers to participate. Reforms should include moving from the Adverse Effect Wage Rate (AEWR) to Ag Prevailing Wage."* Policy also states *"Farm labor programs should be more reflective of the unique nature of agricultural production. Within the H-2A program we support U.S. Department of Labor approval of joint contracts among farmers, staggered dates of worker entry under a single contract, and the 50 percent rule requirement for hiring domestic workers be limited to the number of visas approved."*

Leaders needing more information on these, or any of the issues listed in this Alert are encouraged to contact Joe Cain, Director of National Affairs & Political Education at Kentucky Farm Bureau. For more information on the issues listed above, visit the Kentucky Farm Bureau website at kyfb.com.

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