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Minnesota Crop Production Retailers

INPUTS

Executive Director's Report

MCPR Members,

You will notice in the insert the MN Department of Agriculture announcement of their actions and the next step in a rule making process to reduce the nitrogen/nitrate pollution in Minnesota waters. In this step the MDA is seeking public review and comment on a draft proposal for regulating the use of nitrogen fertilizer in Minnesota. The purpose of the draft **Nitrogen Fertilizer Rule** is to minimize the potential for nitrate-nitrogen contamination from fertilizer in the state's groundwater and drinking water because nitrate is one of the most common contaminants in Minnesota's groundwater and elevated levels of nitrate in drinking water can pose serious health concerns for humans. They are holding five public listening sessions throughout the state to discuss the proposed Nitrogen Fertilizer Rule at which time written comments can be submitted.

After consideration of comments received, the MDA expects to publish the final draft of the rule in the fall of 2017. The rule is expected to be adopted in the fall of 2018.

The draft **Nitrogen Fertilizer Rule** is based on the *Minnesota Nitrogen Fertilizer Management Plan* which recommends steps for minimizing impacts of nitrogen fertilizer on groundwater and emphasizes

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Capital Update

The regular legislative session ended with Governor Dayton's vetoing of a majority of the policy and spending bills passed by the legislature, but with hopes that he would engage more completely in the negotiations to enable a short special session. Constitutionally the legislature was required to end at midnight Monday evening May 22. However, the Governor immediately called a special session at midnight to keep the fun going. Ultimately a deal was made, bills were signed, and the legislators planned to go home...finally...with their work done. At the end of this report I will further comment about the end of session polemics.

Let's review the 2017 Legislative Session Outcome items of interest to MCPR members and your customers below.

Taxes - In the tax bill, key provisions included a 40-percent credit on farm property taxes levied for school district bonding projects which will save Minnesota farmers approximately \$30 million over the next biennium. The tax bill also increased the threshold for the state inheritance tax to \$3 million for estate planning, and enabling a portion of a person's Social Security income to be excluded from income for state tax purposes. A very disappointing development for MCPR members was the repeal of the ag chemical containment property tax exemption. In chatting with Rep. Drazkowski about the outcome which he tried to avoid in favor of providing tax exemption for at least a portion of your ag chemical containment facilities, he explained that, "1) The governor didn't want the compromise language and reportedly the Department of Revenue continued to oppose the language in the House/Senate Conference Committee report which they maintained was confusing which made it difficult to enforce, and 2) The House and Senate conferees were not unified in their support for the compromise, so it was more difficult to overcome the governor's opposition." A political pundit has said, "The making of hotdogs and legislation is an unappetizing process." In this case, the outcome for your tax exemption for chemical containment facilities is equally unappetizing. A very disappointing outcome to a contentious issue over several legislative sessions.

Buffers - The omnibus environmental and natural resources policy and finance bill will not delay implementation of the water buffer law, but farmers who file a compliance plan with their local soil and water conservation districts by the November 1, 2017 deadline can

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Capital Update

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receive a conditional compliance waiver until July 1, 2018. The bill also clarifies that all public ditches are subject to the 16.5-foot buffer requirement. It also enables local soil and water conservation boards to approve alternative practices, and mandates that seeds used for buffers be free of Palmer Amaranth or other noxious weeds.

Agriculture - Following an initial veto by the Governor, conference committee members agreed to add approximately \$5 million to the budget for the Minnesota Department of Agriculture's (MDA) operations. In total, the agreement would appropriate \$105.45 million for the Department of Agriculture, \$10.87 million for the Board of Animal Health and \$7.59 million for the Agricultural Utilization Research Institute. Legislators removed earmarks in the AGRI funds, which was a concern for the Governor and MDA. The bill also limits how far MDA can go with verification of need for pesticide given the executive order the Governor issued last summer.

The concept of Agriculture Led local Water Council's barely survived but is on "life support." They may be able to work to develop best management practices and prioritized lists of projects to help improve water quality with funding provided through the AGRE program. The MN Department of Ag Commissioner could use some financial resources which would primarily be used to hire coordinators for a local water council could be retained to work with the councils to help ag retailers and farmers identify and take advantage of all the state resources and private help available to improve water quality. The local councils could help farmers create more customized solutions for individual situations. MCPR's Executive Director and several MCPR members served in an advisory role to develop these ideas in the fall of 2016 at the Governor's request but the legislative negotiating process ground up the ideas such that it barely looks like

the ideas MCPR members advanced.

Ag Finance and Policy bill followed MCPR's suggestions by restricting the MDA's authority on verification of need requirements Governor Dayton proposed during the 2016 MN State Fair press conference. He had announced his Executive Order requiring the Minnesota Department of Agriculture (MDA) take immediate action to requiring a "verification of need" prior to the use of neonicotinoid pesticides, where appropriate. The legislature stopped the verification of need requirement MCPR members would have faced before applying a number of pesticides. The bill also extends the Minnesota Agricultural Fertilizer Research and Education Council until June 30, 2020. Another MCPR win was stopping the MDA request for authority to regulate treated seeds which was also directed by Gov. Dayton's executive order. Spending and policies possibly benefiting MCPR member interest included \$600,000 County noxious weed grants (Palmar Amaranth), \$500,00 MDA noxious weed program (Palmar Amaranth), \$250,00 MDA staffing noxious weed program, \$500,000 pollinator habitat and research for identifying best practices and establishing habitat beneficial to pollinators which also requires the Department of Agriculture to notify relevant media and post notice online when a weed on the state's eradicate list is confirmed for the first time in a county. Not included in the final bill was a pollinator protection account and no new fees were imposed on crop input agriculture products.

Transportation - The omnibus transportation finance bill relies on General Fund dollars to boost road and bridge spending. The \$5.9 billion, two-year transportation funding bill shifts \$300 million in auto-related sales tax revenues toward road and bridge construction funding. The bill also calls for \$940 million

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Minnesota Crop
Production Retailers

Executive Director's Report

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involving the local community in developing local solutions.

The NFMP went through an extensive development process with input provided by farmers, crop advisors, and others in the agricultural community. MCPR leaders including myself participated extensively as this process started several years ago.

Those paying attention will not be surprised by this the relentless march by MN government to respond to the finding that a significant amount of nitrates in MN water going into the Mississippi comes from ag.

I encourage you to attend one of the meetings below and provide information on the cost to you and your growers if this were to be adopted as proposed. We can make a difference if you estimate the costs to operate according to these proposals. Listening sessions on the draft rule will be held at the following locations:

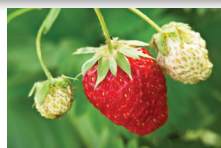
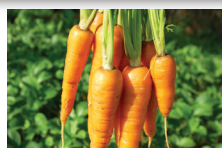
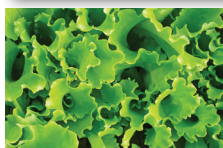
- Marshall on Thursday June 22nd at 5:00 pm: Marshall Public Library - 201 C Street, Marshall, MN 56258
- Chatfield on Wednesday June 28th at 6:00 pm: Chatfield Center for the Arts - 405 Main Street, Chatfield, MN 55932
- Farmington on Thursday, June 29th at 2:00 pm: University of MN Extension Office - 4100 220th St. W., Farmington, MN 55024
- St. Cloud on Thursday, July 6th at 3:00 pm: Great River Regional Library - 1300 W. St. Germain Street, St. Cloud, MN 56301
- Wadena on Tuesday, July 11th at 6:00 pm: Robertson Theatre Wadena-Deer Creek High School - 600 Colfax Ave. SW., Wadena, MN 56482

Until next time,

Bill Bond

Bill Bond





News Notes

U.S. Regulatory Reform for Agriculture

In a rare White House event for farmers, President Donald Trump signed an executive order providing regulatory reform for agriculture. "I'm directing Secretary Purdue to work with other members of my Cabinet. To identify and eliminate unnecessary regulations that hurt our nation's farmers and rural communities." The executive order also creates an inter-agency task force on agriculture and rural prosperity, which will be led by new Agriculture Secretary Sonny Perdue. During the roundtable discussion with 14 agriculture leaders, Trump also criticized Canada for its trade policies. *RRFN.*

Trump Won't Terminate NAFTA "At This Time"

The debate over the North American Free Trade Agreement took a new turn Wednesday night. President Donald Trump called his Canadian and Mexican counterparts, saying the U.S. would not terminate the trade agreement at this time. Trump still wants to renegotiate NAFTA. Trump's threat to withdraw from NAFTA was met with criticism by the business community and agriculture. Former American Farm Bureau Federation President Bob Stallman was part of a Farm Foundation Forum saying he supports NAFTA, but said it may need another look. "Agriculture has concerns about the existing agreement that needs addressed. It's time to take a look at it and maybe freshen up the agreement." National Association of Manufacturers vice president of international economics

Lindsay Dempsey reminded the audience that NAFTA was the first modern free trade agreement ever negotiated and that was 23 years ago. "It was completed before we could hold the Internet in our hands, before farmers could look at the dashboard of their tractors to determine their crop yield and before major technology and energy innovations helped change what and how we manufacture here and around the world." Dempsey said one-third of all products manufactured in the United States are exported to Canada and Mexico.

Seeking Common Ground Between Oil and Ethanol

Minnesota Congressman Collin Peterson says it is time to end the war between oil and ethanol. "The other side is telling people corn ethanol wants renewable fuel standard doubled. Part of it is educating people, all we want to do is to keep those people who are operating efficiently, to keep them in business. We shouldn't be fighting. It doesn't make any sense." Recently, Peterson hosted 20 of his Democratic colleagues in his office to establish a new caucus. "We just formed a Democratic oil and gas caucus. I support what these guys are doing in North Dakota and Texas. We formed together to exploit the oil and gas we have in the U.S. so we can become energy independent. We also support ethanol."

EPA Proposes WOTUS Repeal

The Environmental Protection Agency has launched a repeal of the Waters of the U.S. rule. A proposed revision of the rule has been sent to the Office of Management

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Mark your calendars for the 2017 MCPR Annual Golf Outing

Thursday, September 7th at the
Little Crow Country Club,
Spicer, MN.

See the insert for more details
and a registration form.

Dale's View

Hello MCPR Members,

Now that the majority of spring planting has been completed, retailers have a chance to take a hard look at what customers are buying. Continued consolidation is keeping GM's busy and staff members guessing about positions in this ever changing business environment. MCPR has a hard working Board who focus MCPR's energy and resources on anticipating new opportunities and threats to our economic vitality. You should look seriously into the new MN Department of Ag's proposed draft rule to regulate your use and application of nitrogen. MCPR has been on top of this three year MDA effort and will continue to advocate on your behalf as this rule moves forward. ✂

Dale Johnson

Dale Johnson
MCPR Board Chair



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Capital Update

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in borrowing over four years — \$640 million for general state road construction and \$300 million for the Corridors of Commerce program., \$70 Million Metro Transit and no Additional Gas Tax and No additional License/Tab Fees. It is estimated that the transportation package will fund 8,800 lane miles and 200 bridges to be repaired or replaced in the next 10 years.

Post Session Drama - After the legislature adjourned the special session, the Governor signed the state's \$46 billion budget but in a surprise move line item vetoed the appropriations to fund the legislature over the next two years. He was apparently hoping get additional concessions from the Republican-controlled Legislature, including ending tax freezes on cigarettes and business property, renegotiating provisions on teacher licensure, and attempting to remove the restrictions on granting noncitizen driver's licenses, items that he had previously accepted. The House and Senate are challenging the Dayton line item veto in a Minnesota Constitution separation of powers challenge—a decision the Minnesota Supreme Court may shortly have to make. ✂

News Notes

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and Budget. EPA Administrator Scott Pruitt began this review after a presidential executive order was signed to review and rescind WOTUS. This controversial rule is also in the courts with the U.S. Supreme Court expected to rule on a jurisdictional issue sometime this year. *RRFN*

EPA to Cancel WOTUS, But Promulgate New Rule

House Agriculture Committee Ranking Member Collin Peterson met with EPA Administrator Scott Pruitt Wednesday. Peterson said Waters of the United States dominated that conversation. "They're going to cancel the (WOTUS) regulation, but they believe they have to make another rule because of the Supreme Court case and so forth. They're trying to do it in a way that doesn't cause trouble. Given my history with this stuff, I'm worried that no matter what they do, if they come with a new situation, the Corps, NRCS, Fish and Wildlife will use that to interpret it however they want and cause trouble for people so I'm nervous." *RRFN* ✂

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