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Minnesota Crop Production Retailers

INPUTS

News Notes

Will Water Works' Dismissed Lawsuit Lift Pressure on Iowa Farmers? No, officials say Farmer Mark Schleisman firmly believes that Des Moines Water Works' decision to sue over high nitrate levels in the Raccoon River was the wrong way to get more farmers to embrace conservation practices across Iowa's 26 million corn and soybean acres. But Schleisman hopes the dismissal of the utility's lawsuit doesn't lessen the pressure that farmers — or Iowa lawmakers — feel to implement more cover crops, grass waterways, wetlands and other practices to help prevent soil erosion and nitrogen and phosphorus losses. "I'm glad the lawsuit is nearly behind us. But at the same time, I hope people don't lose focus on the need to do better at what we do," said Schleisman, 52, whose family farm runs along about a mile of the North Raccoon River in Calhoun County. It's one of three counties the Des Moines utility targeted in its lawsuit, seeking federal oversight of underground drainage districts and, indirectly, farmers like Schleisman. (Des Moines Register)

Minnesota Soybean Growers Association CEO Tom Slunicka says the dramatic shift towards more soybeans is not a surprise. "What our farmers are telling me is that in the southern parts of

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Capital Update

Minnesota Legislative Committee deadlines have passed and little more than a month remains for the 2017 Minnesota Legislative session to adjourn in May. The most recent budget forecast predicting \$1.65 billion surplus is generating considerable debate and controversy. However, with the major spending bills passing in both the House and the Senate, both controlled by Republicans, a confrontation looms with Democratic Governor Mark Dayton.

The Minnesota House and Senate passed their respective tax bills recently. MCP R has been working on the Ag Chemical Containment Property Tax Exemption provisions which House of Representative members are still trying to change. The House of Representatives Tax bill contains this language which modifies current law as follows:

"Secondary liquid agricultural chemical containment facilities. Secondary containment tanks, cache basins, and that portion of the structure needed for the containment facility used to confine agricultural chemicals as defined in section 18D.01, subdivision 3, as required by the commissioner of agriculture under chapter 18B or 18C, berms used by a reseller to contain agricultural chemical spills from primary storage containers and prevent runoff or leaching of liquid agricultural chemicals as defined in section 18D.01, subdivision 3, are exempt. For purposes of this subdivision, "reseller" means a person licensed by the commissioner of agriculture under section 18B.316 or 18C.415. EFFECTIVE DATE. This section is effective beginning with taxes payable in 2016 provided that nothing in this section shall cause property that was classified as exempt property for taxes payable in 2016 to lose its exempt status for taxes payable in that year.

However, the Senate Tax bill has no such provision which means that the current property tax exemption would be in place if the Senate prevailed in the Tax Conference Committee. This will be worked out over the next few weeks. Of course, with so much in dispute with the Governor nothing is certain as of this writing.

Related to buffer modifications, the House would delay implementation by one year and the Senate would delay two years. Both bodies would remove the administrative penalty order authority of counties and watershed districts, would provide that soil loss ordinances and rules are the authority of local governments, would modify the definition of public waters for the purposes of the buffer law, modify buffer requirements by applying the 50-foot average

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buffer requirement to public waters that have a shoreland classification, and the 16.5-foot buffer to public drainage systems and public waters, would prohibit the enforcement of buffer requirements unless federal or state assistance is available to the landowner paying 100 percent of the cost to establish the buffers, and would establish an aid program for watershed districts and counties that have assumed jurisdiction for enforcing the buffer requirement. What is Governor Dayton's position on some of these items? "Not acceptable and not negotiable."

Related to environmental regulation, the House and the Senate provisions are: eliminate the Environmental Quality Board or provide for more rural, nonmetro focused Board members, would allow project proposers to prepare and submit their own draft Environmental Impact Statements rather than public agencies, prohibits the DNR from enforcing unadopted rules, loosens up the threshold for a mandatory Environmental Assessment Worksheet

(EAW), requires that, when public notice of a draft permit is required, the PCA and DNR publish public notice within 150 days of receiving a completed application; and provides that wetland replacement sites identified in an Environmental Impact Statement be deemed approved on final EIS approval.

Taxes are another area of major legislative and executive branch differences. The Senate Tax Plan provides for a \$900 million tax reductions. They whittle down taxes by making a first tier income tax cut, phasing out Social Security Income Tax, reducing commercial industrial tax, providing for a 40% reduction in agriculture property tax school bonds, and providing a college tuition tax credit. In slight contrast the House of Representatives Tax Plan provides \$1.4 billion tax reductions by phasing out Social Security Income Tax, providing a middle class income tax reduction, reducing Commercial Industrial Tax, and providing a 50% reduction Agriculture property tax school bonds. Meanwhile, Governor Dayton proposed a



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paltry \$280 million tax reduction package in his state budget.

In transportation, the Senate Transportation Plan includes \$3.6 billion over 10 years with no gas tax increase, \$570 million on going funding through taking from the general fund the auto related sales tax, mandating MNDOT efficiencies, providing from the general fund \$750 million one time spending. Meanwhile, the House Transportation Plan is a \$2 billion package with no gas tax. \$450 million road and bridge infrastructure spending comes from auto parts and repairs sales tax, auto rental sales tax, transfer of the motor vehicle lease sales tax out of the general fund, \$1.0 billion trunk highway bonds, \$300 million corridors of commerce funds, and \$200 million General Obligation Bonds.

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Executive Director's Report

Hello MCPR members,

As I engage in federal, state, and local government on your behalf, I am amazed at the impact the November 2016 election outcome had on MCPR public policy contests at every level of government.

On the state level, Metro-centric environmental extremist ideas of higher regulation of agriculture to protect bees and butterflies based upon pseudo science have been quashed by common sense state legislators who understand rural Minnesota. Politicians have been trying to figure out what happened in Minnesota's elections that moved us so far and so fast in the direction of sensible policies.

On the federal level, the 'new' leadership at the U.S. Environmental Protection Agency (EPA) denied an NGO petition to remove the crop protection product, chlorpyrifos, from the market. Claims in

the petition were based on unreliable information from epidemiological studies conducted by researchers at the Columbia Center for Children's Environmental Health (CCCEH) that reported outcomes that could not be replicated and are soundly contradicted by findings from other studies. EPA's decision to deny the chlorpyrifos petition is a hopeful indication that EPA is recommitting to adherence to established requirements and guidelines relating to transparency, public process and scientific integrity. The crop protection industry is encouraged by EPA's detailed rationale set forth in the denial order and supports EPA's commitment to a thorough registration-review of chlorpyrifos. On the local level, now that most of the legal issues seem to have been cleared up favorably for agriculture with the Des Moines Water Works lawsuit, I learned that the Des Moines city council supports Iowa state legislation currently working its way through the 2017 Iowa Legislative Session

which dismantles the water utility. The legislation would place the water utilities and its assets under the control of local city councils. This legislation has passed Iowa House and Senate committees and is eligible for floor debate. Given the hostility created by the General Manager of this utility, one is reminded that "what goes around comes around."

But, as quickly as one election changed things, we have other elections to face. Let's not rest on our laurels, MCPR members. Keep the coffee shop talk, meetings with legislators, and news reports focused on and advocating pro rural, pro ag policies. If we don't promote our own well being, who will?

Until next time,

Bill Bond

Bill Bond





News Notes *(continued from page 1)*

Minnesota we're going to see less corn-on-corn, so those added soybean acres are just going to bring them back to a more 50/50 rotation. And then as you move north, you will see less wheat planted." The USDA estimates a two percent reduction in spring wheat acres across Minnesota, and wheat acreage nationally is forecast to be the smallest in nearly a century at just over 46 million." (Fluence)

No Barley, No Beer — Fewer contracts are available for malt barley this year. Steep discounts for feed barley also means planting barley for the malting market is a high risk venture. National Barley Growers Association President Peter Friederichs, who farms at Foxhome, Minnesota, testified before a House agriculture subcommittee. Friederichs said it has been difficult for barley growers to present a positive cash flow this year without the expected farm program support payment included. If realized, that payment won't be made until the fall of 2018. Due to federal banking rules, banks are not allowed to include those payments in the cash flow because they are considered to be too far in the future. "The worst-case scenario is farmers without adequate working capital may be denied operating loans and forced out of business. If low crop prices continue as predicted and

costs don't go down, the situation will only get worse as more farmers deplete their working capital." Friederichs also said his industry is concerned about what is happening in agricultural trade. "Recent efforts to increase sales to our customers south of the border have been put on hold indefinitely, due to the current uncertainty surrounding our nation's trade policy with Mexico. If this export market is lost, ag prices could fall further and result in even higher commodity title payments than expected." Mexico is the number one export market for U.S. barley. (RRFN)

EPA Reverses Ban on Chlorpyrifos — EPA Administrator Scott Pruitt has denied a petition filed by environmental groups to ban the use of chlorpyrifos. That's the main ingredient in Lorsban, an insecticide produced by Dow AgroSciences that targets soybean aphids, spider mites and corn rootworm. In a statement, Pruitt said farmers need regulatory certainty and the agency was using "sound science in decision making, rather than predetermined results." CropLife America executive vice president of science and regulatory affairs Janet Collins says agriculture is breathing a collective sigh of relief as the Environmental Protection Agency dismissed a petition by environmental activist groups to ban the use of chlorpyrifos, the active ingredient

in Lorsban and other insecticides. "I think the reason everyone is sighing in unison is because the future of many ag chemicals put at risk by this petition and the concern EPA's move to revoke or withdrawal would mean a tool lost to farmers. Not only are farmers positively impacted by this, but from a regulatory perspective, we're pleased the EPA has gone back to their process for appropriate review and re-review when appropriate for these active ingredients." Collins says this decision puts sound science back in the equation at EPA. (RRFN)

Congressional Races

In Minnesota's first Congressional Seat three DFLers are currently considering a run in CD1 to replace Rep. Tim Walz, who announced last week he is running for Governor. Among those are former state Rep. Terry Morrow who ran Walz last campaign. For the GOP, the candidate the last two cycles Jim Hagedorn is expected to show a strong first quarter fundraising. However, other Republicans considering a run include former Gutknecht staffer state Rep. Nels Pierson and state Rep. Joe Schomacker. In Congressional Seat 7 State Rep. Tim Miller (R) made the rounds in DC and told nearly everyone he was in the race to challenge Rep. Collin Peterson. (Fluence)





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Meanwhile, Governor Dayton wants to raise the gas tax and also fund the SW Light rail project with which the House and Senate disagree.

In Agricultural Policy and Spending bills, the legislature passed legislation which extends the Minnesota Agricultural Fertilizer Research and Education Council until June 30, 2020, increases the threshold for Farmer-Lender Mediation Act from \$5000 to \$15,000, and refused to include an MDA request for authority to regulate treated seeds as directed by Gov. Dayton's executive

order and placed a restriction on verification of need for neonicotinoids in the Senate language. For the agriculture departmental budget, the legislature funds many current programs and also provides no new fees, adds \$600,000 for noxious weed grants to address the palmer amaranth, \$500,000 pollinator habitat and research from the Ag Fund and adds Farmer Led Councils to be eligible to receive AGRI funds. Many of these items were not in the Governor's original budget requests, so some real bargaining is ahead if the legislative session is to finish on time.

Dale's View

MCPR has been very active at the legislature and in taking the lead relating to environmental impact. We all are aware of the focus the public has taken on agriculture. We know many growers are careful about the impact their operations have on our lakes and streams. Let's keep up the good work and remember to keep focused on our goal which is to serve our customers well and not waste our nutrient and chemical resources. Spring is here and everyone is focusing on meeting customer needs and expectations. When we are rushed, it is easy to overlook the basic safety precautions that protect us from injury and damages. Please take care out there.

Dale Johnson

MCPR Board

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