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Minnesota Crop Production Retailers

INPUTS

UPCOMING EVENTS

The 2018 Annual MCPR Golf Outing will be held Thursday, August 23rd at the NEWLY RENOVATED Little Crow Country Club in Spicer, MN. See the insert for additional information and for a registration form. Online registration is also available at: mcpr-cca.org.

Don't Miss the 2018 CPM Short Course and MCPR Trade Show, December 11-13th at the Minneapolis Convention Center and hotel headquarters at the Minneapolis Hilton Hotel. More information coming soon!



Capital Update

This report would be very brief if I were to simply summarize the accomplishments of the 2018 legislative session. In the last report and in E News I reported on significant gains agricultural retailers and their grower customers would realize IF the legislation passed in the House and the Senate Omnibus Appropriations and Tax bills were signed into law. However, at end of the regular legislative session many threats and counter threats between the Governor and House/Senate leadership generated strong emotions which ended with Governor Dayton vetoing both bills and stating he would not call a special legislative session...period. Let's take a closer look at this.

In February legislators stated their intentions of conforming Minnesota's tax code with the recent federal tax reduction law and also fixing MNLARS, the state auto and drivers licensing system which had become a nightmare for many, and also promised to pass a bonding bill which was anticipated this year as it is every none budget year. Then good news for tight state budgets, the administration announced the state had a projected an extra \$329 million surplus. Much optimism was evidenced.

However, in the final weekend of the 2018 legislative session legislator leaders and the governor spent much of the time going back and forth at each other in the media. Finally that weekend, the legislature passed a massive omnibus supplemental spending package and also passed a tax conformity bill that included special education funding requested by Gov. Mark Dayton. With minutes remaining before the constitutional deadline, the legislature also passed the capital investment bill and sent it to the governor. The bonding bill included nearly \$1.57 billion for infrastructure, including \$825 million in general obligation bonding for \$416.6 million in trunk highway bonding, \$63 million in user financing, nearly \$45.83 million in Environment and Natural Resources Trust Fund appropriations and \$41.25 million in General Fund spending. The Governor did sign the bonding bill.

However, Dayton was against the tax bill the legislature passed even though his own Department of Revenue testified that Minnesota must pass a tax bill which conforms and addresses the recently passed federal tax legislation or it would be nearly impossible to for the Department to develop the complicated tax forms that must be created without a federal tax conformity bill passed in Minnesota. Governor Dayton, in spite of these warnings, vetoed

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the tax bill and also said he refused to call a special session.

Furthermore, legislators warned that Minnesota needed the tax cut and conformity bill which lowered income tax rates for the first two brackets while also de-linking Minnesota's tax code from the federal system without which massive tax increases were projected for many Minnesotans. The bill allowed the state to set its own deductions and exemptions after the massive federal tax overhaul passed late last year. Conforming Minnesota's tax code to the federal tax law was high on lawmakers' to-do list this session. Dayton said the proposal did not go far enough for middle-class Minnesotans and excluded enough new money for school districts facing layoffs. Legislative leaders indicated they were embarrassed for the Governor for his political grandstanding when the federal tax cuts seemed to spur a robust economy which the high Minnesota taxes are stifling.

Governor Dayton, in spite of these warnings, vetoed the tax bill and also said he refused to call a special session. He also vetoed the appropriations bill which MCPR indicated had a number of very good policies for our members reported in earlier newsletters.

The Dayton vetoes are breath taking political strategies with very bad

consequences for many in our state. At the end of the session, with much blame to go around, this author thinks that many Minnesotans are fed up with the whole process and particularly with Mark Dayton. As of this writing there appears to be no hint of a move to a special session. We may have to face the dire tax consequences after all.

If that weren't enough, the Minnesota political landscape became very complicated in June when the Democrat and Republican State Conventions convened to endorse their candidates for State and Federal offices. You almost need a score card to figure who is running for which office. Here are some of the results:

Democrats endorsed State Representative Erin Murphy for their gubernatorial candidate. But during the convention, current Attorney General (A.G.) DFLer Lori Swanson jumped from being endorsed for A.G. again to running for Governor in competition with Erin Murphy, but in the Primary election on August 14. Leaving an opening for a Democrat Attorney General candidate, DFL Congressman Keith Ellison immediately filed to run in the Attorney General primary election. But this opened up the Hennepin County Congressional race in which three Mpls politicians are now running in the Primary for Congress. The Mankato Congressman running for Governor, Tim Walz must now run against Erin Murphy and Lori



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Swanson in the DFL Primary.

On the Republican side, former Governor and candidate for US President Tim Pawlenty, is running in the Republican Primary for Governor against Republican endorsed gubernatorial candidate Jeff Johnson, a Hennepin County Commissioner, former state representative and Republican Nominee for governor in 2014. Meanwhile, Tim Pawlenty announced that his running mate for Lt. Governor is current Minnesota Lt. Governor Michelle Fischbach who the MN Constitution installed in that position in addition to being a Minnesota Senator. The vacancy occurred when former Lt. Governor Tina Smith was appointed by Dayton to fill Al Franken's seat when he resigned from the Senate. Then there is former MN Attorney General Mike Hatch who filed for the Attorney General Primary race to run against Ellison and then withdrew his name within a couple of days.

There is much more, but you see what I mean.

Complicated.

Stay tuned, it is about to get really interesting.

Executive Director's Report

Hello MCPR members,

Now that the 2018 legislative session is over, I took a few minutes to reflect on some of the public policy challenges our industry has faced these last months. Blend these fights with the fragile Ag economy and

environmental stridency by Ag opponents... wow. Frankly, it was overwhelming.

The "Capitol Report" in this issue summarizes some of the policy gridlock and political posturing which resulted in the disappointing outcome. My suggestion in

that article that we are all "fed up" has been expressed by a number of you as we discuss what good could have been done in tax and regulatory relief. Let's hope Minnesotans elect politicians this fall who both understand rural and agriculture issues and also know how to get through the





Executive Director's Report *(continued from page 2)*

battles to good laws and rules for us.

The start of the campaign season was sobering as we try to sort out who are the front runners and who understands agribusiness and growers as they campaign for our votes. As a 35 year lobbyist in Minnesota, I have observed the most important vote the legislature takes every two years after the election is the vote to organize the House and the Senate. The political party with the majority decides who will be the committee chairs and members. The majority controls almost everything for the next two years. The other lesson I have learned is that the Governor's most important duty is the power to appoint his cabinet and court judge vacancies; for instance, the Commissioners of Agriculture, D.N.R., and Pollution Control Agency. Keep that in mind when considering who you will help elect.

This brings me to the draft nitrogen rule summarized in this newsletter. The MDA substantially changed the draft nitrogen ground water rule and published it to start the administrative hearing process.

Public hearings administered by the administrative law judge will occur in July at five Minnesota locations. The MDA web site has extensive information on the rule changes and the hearings. MCPR will submit comments on your behalf but I also encourage you to attend these hearings in your area. This formal rule making process is substantially different than the hearings you may have attended last year on the rule. I want to commend all MCPR members who engaged in the process in 2017 and also informed your growers. Frankly, you made a tremendous difference, particularly in the Red River Valley. The rule has been changed to the point several growers groups no longer have raised opposition to it.

What about Waters of the State issue which has been with us for several years better known as WOTUS? The EPA Administrator has substantially improved agricultures' fortunes by signing a final rule postponing the effective date of the Waters of the US Rule (WOTUS Rule) for two years. Upon formal publication, the rule will delay applicability of the 2015 WOTUS rule until

well after an expected final order from the Sixth Circuit vacating its prior nationwide stay of the rule. EPA expects that the two-year delay will allow it and the Army Corps of Engineers time to rescind the 2015 WOTUS rule and later issue a new definition of WOTUS. Several environmental groups have stated their intent to challenge this latest action by EPA, which may also encounter opposition from various states who previously voiced opposition to the delay rule. By in large, we are largely out of trouble on this very negative rule.

Lesson learned? What a difference an election makes! MCPR will keep fighting for you, members. Do what you can to make sure you and your customers vote smart in the Minnesota Primary August 14 and the General November 6 election!

Until next time,

Bill Bond

Bill Bond





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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. Related to the MN Department of Ag's proposed draft rule to regulate your use and application of nitrogen, MCPR has engaged with you as our members and other agricultural associations to defend our interests. The outcome has been a draft rule which has much less impact on us. But we still need to pay attention as the administrative law judge takes the hearings around the state in July. Go to the MDA web site to learn more. 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

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