

# Gov. Ridge Announces '95-'96 Budget Proposal

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comes on line. Such a situation occurred several years ago, under the Casey administration, when the state legislature didn't approve a budget until late August.

According to newspaper reports and news releases from administration agencies and legislators, the proposal has received wide support. Deadline-pressing to pass the budget is apparently not in the outlook, according to several news releases from state legislators.

A Wednesday news release from the state Department of Agriculture (PDA) stated that Charles Brosius, Gov. Ridge's nominee and acting state secretary of agriculture, said that state farms and agribusinesses will profit from Gov. Tom Ridge's proposed tax cuts that go along with the budget.

In the release, Brosius said, "Every farm and agricultural processor in the commonwealth can realize a better bottom line under the governor's tax cuts. Lower taxes mean more money in farmers' pockets without higher consumer prices."

Of the proposed state budget, the Department of Agriculture is slated to receive a total of \$116,184,000 this year.

That spending includes all sources of funds and covers all projects.

The amount proposed to go to the state Department of Agriculture from the state General Fund is \$45,863,000 million, according to the agriculture department press office.

According to Gene Schenck, press secretary, there are five categories of funding identified in the budget — Special Funds, General Funds, Federal Funds, Augmentations, and Other Funds.

General Funds are those generated mainly through state income taxes, etc., while revenues included under Other Funds come from the sale of dog licenses, public weigh masters, the recovery of lost commodities, etc.

Augmentations are funds derived from fees for other licenses and registrations.

Of the types of spending, there is a basic distinction made between recurring and non-recurring expenditures.

Last year, for example, the state General Fund allocation to agriculture was \$45,243,000, which is slightly less than this year's proposal. That figure includes one-time spending and repeated spending.

However, this governor's proposed General Fund allocation of \$45,863,000 million to agriculture is all recurring funds, otherwise known as operational funds.

In terms of recurring funds, the amount allocated to agriculture under former Gov. Robert Casey's last budget was \$43,571,000.

According to an agriculture department spokesman, what this means is that proposed operational spending for agriculture represents an increase of 5.2 percent.

## Non-Recurring Funds

While included in the overall budget, non-recurring funds should be considered investment spending, extraneous to annual spending.

An example of non-recurring funds would be last year's \$800,000 spent to build an incinerator at the University of Pennsylvania's New Bolton Center. It is needed to allow Pennsylvania to destroy diseased carcasses, instead of paying some other state or facility to do it at a higher cost.

For example, two years ago during an interview about the state's effort to coordinate an effective and accredited animal diagnostic and disease control system, Dr. C.S. Card, executive director of the PDA Animal Health and Diagnostic Commission, talked about the cost of handling large numbers of condemned diseased animals.

At that time, Card had said that he was aware of a Pennsylvania shepherd whose flock had Scrapie disease, and that it had been estimated that the cost to incinerate the 120-head flock was from \$8,000 to \$9,000 through a private contractor.

With each of the laboratories within the state animal diagnostic system having an incinerator to handle diseased carcasses, it would reduce the cost of eliminating potential human health problems and also provide an accredited system within the state.

The incinerator at New Bolton was part of a project to completely revamp the state's ability to detect and control animal diseases which had suffered from negligence for many years.

And it is also part of a broader-scoped project to put the state in a better position not only to protect the health of its citizens and the health of domestic animals, but to give the state's livestock producers an ability to sell to a wider market.

According to Dr. Card, without an officially accredited laboratory diagnostic system, many producers are cut out of competition in selling to export markets.

Expanding export markets and the ability of Pennsylvanians to export goods has been part of the

governor's announced plan to revitalize the business environment of the state.

Included in this year's budget is money to move construction of a new state diagnostic laboratory adjacent to the PDA headquarters building in Harrisburg. The current laboratory, built in 1957, is in Summerdale, and because of it not being kept up to date, the state lost accreditation of its lab in 1988. The state was then forced to pay other state's to carry out certain work.

As recently as early January, Dr. Card received notice from the chairman of the American Association of Veterinary Laboratory Diagnosticians Inc. Accreditation Committee that because of the work to develop a tripartite system involving state land grant university facilities and the agriculture department, the state regained temporary accreditation.

In a letter to Dr. Card dated Jan. 3, M.W. Vorhies, DVM, MS, at the Department of Veterinary Diagnosis, College of Veterinary Medicine, Kansas State University, stated, "Congratulations on the successful beginning. The committee has granted provisional accreditation for three years and has asked for annual progress reports related to committee recommendations."

In other words, the state has received accreditation again, though it is conditional — it depends on whether other things promised to be done, get done.

In the budget, Ridge has proposed spending an additional \$485,000 to speed up the movement of the Summerdale Laborat-

ory and open the PDA's \$6.7 million animal health laboratory.

"The budget includes the final funding component to actually move the animal health lab into a new facility," Brosius said. "We expect to break ground for the new lab in a few weeks."

## More For Ag

While the accreditation gives Pennsylvania a boost in providing services to help certain types of exporting business, it also provides a sense of security that a functional system is once again coming in place that can help protect people's life investments in livestock farming operations, as well as protect human health, among other non-direct benefits to quick detection and response to potentially devastating disease.

What Gov. Ridge's proposal may prove to do even more for farmers is through the proposed tax cuts.

According to the PDA press release, Brosius said that making taxation more in line with other states helps provide an incentive for processing businesses to locate here, thus providing additional markets for locally produced raw agriculture products.

"Pennsylvania has done a lot to promote and protect farms, but the best thing we can do for agriculture is to expand markets to make farming profitable," Brosius said.

Under Ridge's proposal, the state Corporate Net Income tax would drop to 9.99 percent this year, two years ahead of the scheduled reduction.

According to Brosius, another benefit to farming operations, which by nature experience fluctuating amounts of income, would be the governor's proposed expansion of a special allowance for calculating taxes.

According to the news release, the governor has proposed expanding the Net Operating Loss (NOL) "carryforward" provision. It is basically a tax break for those who, by the nature of their business, have to juggle regularly fluctuating income.

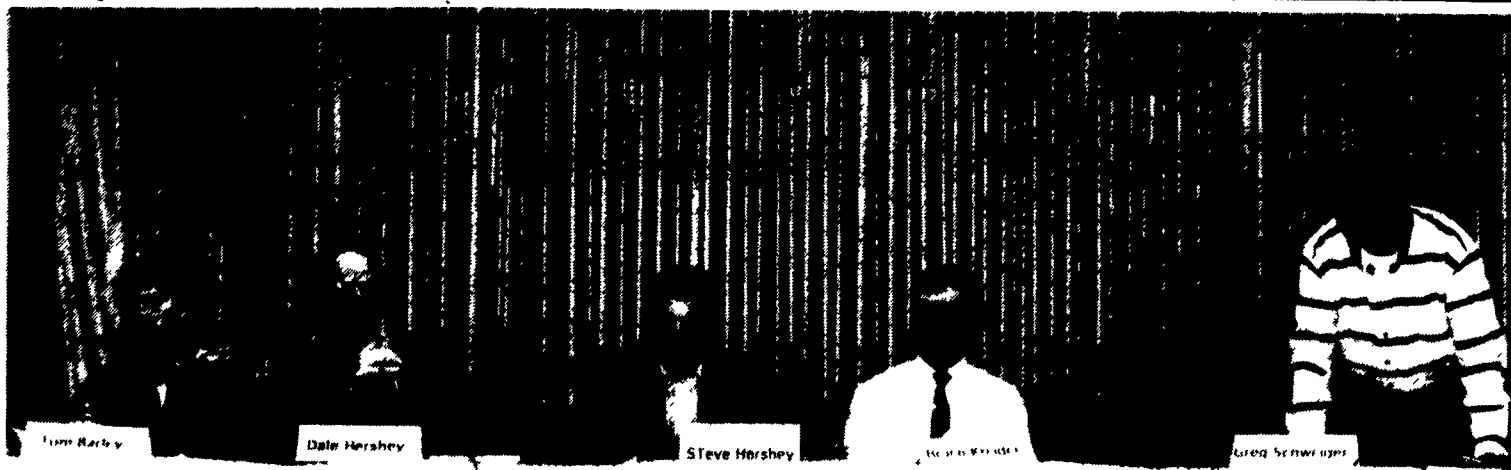
Under the NOL, certain businesses would be allowed to use prior year losses to cut back on the amount of tax they would otherwise have to pay during a profitable year. In other words, it allows those with businesses such as farming to be more fairly taxed because it allows the highs and lows to balance out for tax purposes.

In addition to being able to use the NOL, in his budget proposal, Ridge has requested that the limit on how much loss can be deducted to be doubled from \$500,000 to \$1 million.

Furthermore, according to the PDA news release, Ridge has proposed double-weighting of tax deductions for those businesses which create jobs in Pennsylvania.

In his budget announcement, Ridge said he wanted to eliminate the state's "Widow Tax" which taxes at 3 percent the inheritance from a spouse. The tax is currently set to be eliminated in 1998, but Gov. Ridge has requested that it be done with immediately.

"Elimination of the Widow's Tax will get rid of one of Pennsylvania's most unfair taxes and make it easier to keep a farm within a family," Brosius said.



A panel of dairy producers share their strategies and experiences during Lancaster Dairy Days II. From the left is

Tom Barley, Dale Hershey, Steve Hershey, Bruce Kreider, and moderator Greg Schwiager.

## Dairy Day II Features Real Experiences

**VERNON ACHENBACH JR.**  
Lancaster Farming Staff

**LANCASTER** (Lancaster Co.) — Discussions of real experiences with adopting new ideas into dairying, and straight talk about what considerations go into considerations of investments into nontypical dairy management were among the topics shared by a panel of dairy producers and consultants during Lancaster County Extension Service's Dairy Day II, held Tuesday at the Lancaster Farm and Home Center.

The top dairy county in the state, Lancaster County holds two different dairy day events, while other counties hold at most one. The events are normally scheduled to occur a week apart.

Last week's dairy day event focused on cow comfort and mastitis. This week's event primarily

with opinions of technologies and business objectives.

The day started off humorously with Robert Anderson, county agronomic extension agent, setting the record straight about a typographical error in the announcement of topics to be covered. It listed a pest as "spring redroot."

Anderson said he had never heard of such a pest, but that he would talk about "spiny" redroot. He also said that while the error in the program announcement was a mistake, that there are new weeds and pests showing up every year, more so in recent years.

According to Anderson, in the past year he saw several incidence of a wild millet showing up in Lancaster County as a weed. It is a major pest in the West, he said. But Anderson said that with the

anticipated opening up of world trade, that an increase in the introduction of exotic pests should be expected.

Anderson spent most of his talk discussing the standards imposed on farmers by the federal Worker Protection Standards which require such things as specific signs being posted around fields sprayed with pesticides to warn farm workers (non-immediate family employees only) in both English and Spanish to stay out of the fields.

He reviewed the rules which were formed primarily to benefit a select group of people.

He also reviewed several pests and treatments for control. His talk was worth a credit toward pesticide certification.

The bulk of the event was spent in discussions by several produc-

ers. On the panel were Dale Hershey, of Hershey Brothers, in Manheim; Steve Hershey (not directly related), a producer in the Elizabethtown area; Tom Barley, of Elizabethtown; Bruce Kreider, a Bainbridge area producer and former extension agent; and Greg Schwiager, a dairy consultant with Lancaster Veterinary Associates.

The panel discussions were broken into morning and afternoon sessions with James Fry, of Brandt's Farm Supply, in Elizabethtown, and Darryl Gross, of Keystone Farm Credit, joining the panel during the afternoon.

The format was for the moderator — Schwiager in the morning, Gross in the afternoon — asking the panel questions. Questions from the audience were saved until the end