## Farm Bureau: Agriculture Helped, Hurt In Budget

CAMP HILL (Cumberland Co.) — The Pennsylvania Farm Bureau this week announced its opinion on the governor's proposed budget — it has some "pluses and minuses" for agriculture, according to Guy F. Donaldson, Farm Bureau president.

"It was a plus to see a \$1.3 million increase in general operations for the Pennsylvania Department of Agriculture budget," Donaldson said, "because this increase means that vital regulatory programs and staff will not be cut."

He cited the \$2.5 million budgeted to carry out the nutrient management program as another plus, along with the half million dollar increase for ag research.

The farm spokesman praised the \$44 million allocated to preserve farmland in Pennsylvania, and the \$3 million to oversee diagnostic research facilities and to monitor animal health by the Animal Health Commission.

The Veterinary College at the University of Pennsylvania received a million-dollar increase to

ag·chem SALES CO. INC. help run the only veterinary school in the state.

An area of major concern to the Farm Bureau is that Pennsylvania State University Ag Extension and Research received a small increase, which was mostly offset by decreasing federal dollars for this vital program.

The PFB is seeking an increase of 8 percent versus the 3.5 percent provided by the Ridge budget.

The second area of concern was the lack of any increase going to conservation district programs.

Another big minus, according to Donaldson, is the failure to fund the ag loan forgiveness program.

Under the program, college graduates, who returned to the farm could apply to have a portion of their college loan forgiven.

Pennsylvania Farm Bureau is a non-government, voluntary organization which represents more than 25,000 farm and rural families. It has 54 county Farm Bureaus and is affiliated with the American Farm Bureau Federation.

## Farm Bureau Testifies For "Farmstead" Property Tax Relief

CAMP HILL (Cumberland Co.) — A statewide farm organization is urging that property tax relief for farmers be added to any tax reform measure enacted by the General Assembly to implement the "homestead" property tax exemption.

Pennsylvania Farm Bureau is urging lawmakers to add a "farm-stead" exemption to the property tax relief legislation they will be considering for taxpayers.

Pennsylvania voters approved an amendment to the state Constitution in a referendum last fall which cleared the way for passage of a "homestead" tax exemption. It would allow municipalities, school districts and counties to exempt part of the assessed value of a taxpayer's home from property taxes. The exemption would be limited to no more than one-half of the median assessed value of homes in a taxing district. Local governments would be able to replace the lost revenues through other sources such as local income or sales taxes approved by voters.

Pennsylvania Farm Bureau sup-

ported passage of the "homestead" referendum with the understanding that a "farmstead" exemption would be added to the final tax reform package.

In testimony today before the state House Finance Committee, a spokesman for the farm organization explained why farmers need additional tax relief measures. John Bell, counsel of Governmental Affairs for PFB, said farmers pay a disproportionate share of local property taxes under the present system because of the large amounts of land and buildings needed to operate their businesses. Limiting tax reform strictly to a "homestead" exemption on a taxpayer's home will not bring much relief to farmers, he said.

The value of a farm house often comprises only a small portion of the farm's total tax assessment. In addition, when compared to houses in residential neighborhoods, the value of a farm residence and its surrounding grounds is often very low. "If property eligible for tax relief is limited to the residence and accessory grounds, the

comparably low farm home values will prevent farm families from receiving tax relief that other residents will be able to receive," Bell testified, "even though those farm families pay more property taxes."

Tax relief on top of a "homestead" exemption for homes must be provided to farm families, Bell said. He made the following points in explaining how Farm Bureau would like to see a "farmstead" exemption operate:

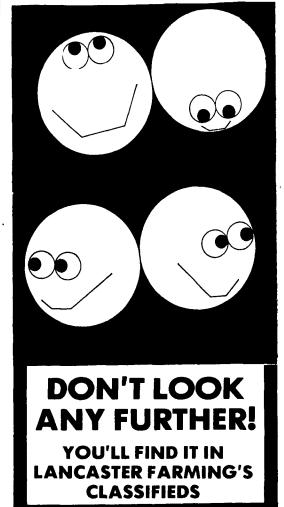
Farm Bureau does not recommend that all farms receive "farmstead property tax relief, "Only those farms which serve as the primary residence of the owner of the farm would be eligible for relief," Bell stated. "This limitation would direct relief to family farm operations, who deserve and need tax relief the most."

"Farmstead" property eligible for tax relief would include the buildings and structures which are primarily used to facilitate the farm operation. Examples would include buildings and structures used to produce commodities, house animals, store farm products or supplies, or to store farm machinery or equipment.

"Farmstead" tax relief should not be treated as merely an extension of the "homestead" exemption. "We believe that the 'farmstead' relief should be relief which is separate from and in addition to the relief that the resident farm family would otherwise receive for homestead property," Bell said. "To use an example, if a farm family has a farm with a house assessed at \$20,000 and farm buildings assessed at \$100,000 in a taxing district in which half the median value of homestead property is \$20,000, the farm family should not only receive homestead relief on the farm house, but additional tax relief on the farm buildings."

Pennsylvania Farm Bureau is a voluntary, non-governmental organization which represents 25,247 farm and rural families.





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