Farm Bureau Visits Harrisburg In Support Of Legislative Goals

CAMP HILL (Dauphin Co.) About 300 farmers from across the state traveled to Harrisburg recently to meet with their state legislators on issues affecting agriculture. The faceto-face meetings with lawmakers took place during the annual Harrisburg Legislative Tour conducted by the Pennsylvania Farm Bureau.

The day's visits were followed by a banquet for state legislators at the Harrisburg Hilton and Towers hosted by Pennsylvania Farm Bureau. Guy Donaldson, president of the Farm Bureau. addressed the banquet at the conclusion of the Harrisburg Tour.

"With prices for some farm commodities at their lowest level in over two decades, farmers are looking for assistance from many areas to help them survive economically," Donaldson said. "Coming off last year's devastating drought and having concerns about the growing season this year has added to the uncertainty farmers have about their future."

Here are the issues Pennsylvania Farm Bureau members discussed with legislators during the Harrisburg tour:

• State inheritance tax: State inheritance taxes harshly impact the financial ability of farm families to pass the business on to the next generation. Unlike federal estate taxes, which exempt a portion of a person's estate from taxation, state inheritance taxes are imposed on the first dollar of the estate's taxable value.

Payment of the tax, which is assessed at a rate of 6 percent for close relatives and 15 percent for others, is required to be made in cash. If the farm business does not have available cash, the farm family must sell off farm assets to pay the tax.

If land must be sold to pay estate taxes, succeeding generations will inherit farms that are less productive and less able to survive in the future. Farm Bureau policy calls for the elimination of the state inheritance tax.

• Regional planning and zoning: Implementation of land use planning and zoning on a countywide or regional basis can significantly impact agriculture.

On one hand, regional planning can effectively control residential development and prevent conflicts which may arise when developments intrude into areas that were traditionally agriculture.

On the other hand, unreasonably restrictive land use regulations can prevent farmers from adopting farming practices which may be unpopular with local residents but are needed to stay in business. Unrestricted regional land use planning can also prevent a farmer from developing a portion of the farm if he or she decides to do so.

Regional planning legislation, S.B. 300, has been amended in the Senate to address several concerns voiced by Farm Bureau. The amended bill is now in the House. Farm Bureau is asking representatives to oppose any effort to remove the amendments which protect agriculture's ability to make future changes needed to remain competitive.

• Local income taxes: Recent interpretations of state income tax laws would require farms to report as "business income" all income that is generated from interest on business assets, sales of farm livestock, and sales of farm machinery. Income from many of these assets is not required to be reported as business income under federal law.

Since many municipalities and school districts base "earned income" tax liability on state, rather than federal, 'business income," farmers will pay more local income taxes. If municipalities and school districts increase local income tax rates, which is allowed under the

'homestead" tax reform, farmers will be paying even more in local income taxes.

Farm Bureau is supporting S.B. 390 which would require local tax authorities to follow federal guidelines in computing income subject to local "earned income" taxes. The bill has passed the Senate; however, its support has been diluted by amendments relating to amusement taxes added in the House. Farm Bureau wants the Senate to pass a version of S.B. 390 that accomplishes its goals for changing local income tax laws.

• Tort reform: Our civil justice system has created the attitude that anyone who sues can make large sums of money. As a result, more and more people are bringing marginal, frivolous, and even fraudulent lawsuits in an effort to get rich.

Lawsuit abuse has clogged our courts, has skyrocketed insurance costs to farmers and businesses, has prevented farmers and others from obtaining insurance coverage, has caused taxpayers to pay more taxes to protect government from lawsuits, has discouraged manufacturers from marketing useful products, and has discouraged government and civic organizations from providing helpful public services and programs. Farm Bureau is a member of the Civil Justice Coalition which is proposing changes in law and court rules.

The coalition has introduced S.B. 5, the Lawsuit Abuse Reform package, which would

accomplish the following: give courts more authority to penalize those responsible for frivolous lawsuits, put limits on punitive damage amounts, eliminate the practice of searching for a rich defendant in a lawsuit, let juries hear evidence of substance or alcohol abuse leading to a plaintiff's injury, reduce awards for "future losses" to a reasonable present value, and let juries hear about compensation being received from other sources due to an injury suffered by a plaintiff. In addition, the coalition is urging senators to write the chief justice of the state supreme court in support of proposed changes in court rules to bring about tort reform.

• Drought relief assistance: The 1999 drought was one of the worst ever suffered by Pennsylvania farmers. Crop losses were estimated at between \$500 million and \$700 million. In response to inadequate federal assistance, Farm Bureau sought \$200 million in drought relief from the General Assembly last year.

While only \$65 million was committed for drought aid, during floor debate on the issue legislators said additional funding could be included in the new state budget if necessary. Outdated crop yield calculations have limited the amounts of crop loss that are eligible for federal relief which in turn reduces state assistance since Pennsylvania's aid is restricted to 75 percent of the federal aid a farmer receives.



