

Pa. Farmers To Meet With Representatives On Farm Issues

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Dairy Compact operating in New England is a top priority. In addition, Farm Bureau's recommendations for the next Farm Bill will be discussed with lawmakers.

Congressman Tim Holden (D-6th Dist.) will be guest speaker at the Washington Tour banquet Wednesday evening, March 14. PFB President Donaldson will discuss PFB's priority issues during a breakfast meeting for Pennsylvania's congressional delegation the following morning.

Here's more about the issues Farm Bureau members will be discussing with their representatives during PFB's Washington Tour:

- **Death taxes.** The federal estate tax, which can be as high as 55 percent, can destroy a family farm when survivors are forced to sell off property or equipment to pay the taxes. Congress passed legislation to eliminate the so-called "death tax" last summer, but it was vetoed by President Clinton. Farm Bureau is supporting a bill to be introduced this session by Reps. Dunn (R-Wash.) and Tanner (D-Tenn.). The Dunn/Tanner proposal nearly doubles the death tax exemption to \$1.3 million and cuts tax rates by five percent per year until the estate tax is completely eliminated.

- **Farm Bureau also supports the Dunn/Tanner provision preserving the stepped-up basis for tax calculations.** Farmers keep farmland an average of 30 years,

during which time inflation can increase its value dramatically. If stepped-up basis is not maintained, farmers would be subject to a potentially huge capital gains tax if they sell inherited property. Using carryover basis instead of stepped-up basis would subject a person to taxes on capital gains during both his or her's and the previous owner's ownership.

- **FARRM accounts.** Farm Bureau supports creation of tax-deferred savings accounts, known as Farm and Ranch Risk Management (FARRM) accounts, to give farmers a new tool to help get through years when income is down because of low prices or poor crops. FARRM account legislation has been introduced as freestanding bills, H.R. 662 and S. 313, and as part of a comprehensive agricultural tax package, S. 312 — the Tax Empowerment and Relief For Farmers and Fisherman Act. With FARRM accounts, farmers could save 20 percent of their net farm income per year in an interest-bearing account. Funds could be kept in the account for up to five years. FARRM account funds could be withdrawn at any time and would be taxed as income.

- **Dairy prices.** Farm Bureau is urging members of Congress to cosponsor legislation to be introduced to expand the Northeast Dairy Compact and to ratify the Southern Dairy Compact. The federal milk order system establishes minimum

prices paid to farmers for milk and does not preempt the power of states to regulate milk prices above the federally-imposed minimum level. Dairy compact legislation gives states the authority to work together through a regional commission, composed of consumer representatives and farmers, to establish a price to ensure a stable supply of fluid milk. Dairy compacts are self-financed and require no tax-funded support.

The Northeast Dairy Compact, which began in six states in 1997 as the result of federal legislation, has paid more than \$135 million about 4,000 dairy farmers in New England and eastern New York. Pennsylvania approved legislation in 1999 enabling the state's dairy producers to become part of the Compact if authorized by Congress. Had Pennsylvania been a member of the Compact last year, dairy farmers in the state would have received \$122 million in addition income — a helpful amount during a time of low milk prices.

Farm Bureau also supports an extension of the current dairy price support program which has been prolonged on a year-by-year basis since 1999. The price support program provides a safety net for milk prices.

- **Farm policy.** Congressional testimony has already been gathered in preparation for writing a new Farm Bill. Current legislation expires after fiscal year 2002. Farm Bureau has re-

quested that the next Farm Bill increase the funding baseline for agriculture programs to \$12 billion per year, which will eliminate the need for further agriculture emergency spending bills. The additional money will be used for income support, conservation, research and export promotion, among other programs. Farm income support should operate on a counter-cyclical basis to offset swings in farm income. In addition long-term farm spending, Farm Bureau is seeking \$9 billion in emergency assistance for farmers as soon as possible. Farm economists have predicted a fourth straight year of record low commodity prices.

- **TMDL regulatory expansion.** In August 1999, the EPA expanded its total maximum daily loads (TMDL) program to increase regulatory control over runoff from "nonpoint" sources identified as agriculture and forestry. TMDLs are the amount of pollutant a body of water can absorb before it becomes impaired. For the previous 30 years, EPA had focused on cleaning up "point" sources of pollution such as factories and treatment plants. After legislators criticized EPA for failing to

adequately address the technical, financial, and scientific issues surrounding its new TMDL regulations for nonpoint sources, Congress took action last year to delay the rules until after October 2001. Farm Bureau supports legislation and regulation that encourages locally designed and implemented solutions to water quality problems. Farm Bureau supports voluntary incentive-based approaches based on sound scientific information, technical assistance to landowners, and site-specific flexibility.

- **Animal feeding operations.** The EPA has proposed increased water quality regulatory requirements for CAFOs (Concentrated Animal Feeding Operations). These proposals include regulating land application of manure as a "point source" of pollution, the co-permitting of CAFOs with animal processors, and expanding the number of farms classified as CAFOs.

Hearings have been held before the House and Senate Agriculture Committees on the CAFO regulations. Farm Bureau opposes this regulatory approach to water quality protection.

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