

Pa. Farmers To Go To Washington

CAMP HILL (Dauphin Co.) — About 200 farmers from across Pennsylvania will be traveling to Washington, D.C. to meet with their congressmen and U.S. senators on important legislation affecting agriculture.

A new farm bill and authority to negotiate better trade deals for U.S. agriculture will be among the top issues on the agenda for discussion during the National Legislative Conference, March 20-21, being conducted by the Pennsylvania Farm Bureau (PFB). Farmers taking part in the Washington Tour are members of county farm bureau national legislative committees.

"There are some big issues for farmers currently being decided in Washington," said PFB President Guy Donaldson. "Farm Bureau has developed grass-roots based policy on how best to handle these issues. Our members will be meeting face-to-face with their representatives and senators to explain our concerns and make recommendations."

Several farm issues to be discussed during the Washington Tour are:

- **Farm Bill** — A conference committee has been named to iron out differences in House- and Senate-approved versions of a new farm bill. The farm bill will determine how farm programs, such as commodity support payments, conservation, agricultural research and export promotion, will operate over the next several years.

- **Renewable Fuel Standard** — Farm Bureau supports inclusion of a renewable fuel standard in national energy policy which will require use of five billion gallons of renewable fuels such as ethanol and soybean-based biofuel in the U.S. by the year 2012.

- **Trade Promotion Authority** — Farm Bureau is seeking congressional approval of Trade Promotion Authority so the President can negotiate new and better trade deals. Trade Promotion Authority will allow the administration to correct trade imbalances that hurt farmer income.

- **Death Taxes** — Congress enacted Farm Bureau-supported legislation last year which increases exemptions and reduces rates for the federal estate tax. The tax would be completely eliminated in 2010. However, due to budget reconciliation requirements, the repeal of the so-called "death tax" will sunset in 2011. Farm Bureau is supporting H.R. 2316 and H.R. 2631 to make repeal of the death tax permanent.

- **Tax Relief** — Farm Bureau supports S. 312 and H.R. 2347, the Tax Empowerment and Relief for Farmers and Fishermen bill, which would allow farmers to set up "rainy day" savings accounts for use when farm income is low. The bills also provide for tax deductions for food donations and ensure that farmers are not unfairly taxed on rental income and are not disqualified from using income averaging due to the Alternative Minimum Tax.



Critical Issues Center Of Farm Bureau Forums

MICHELLE KUNJAPPU
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GRANTVILLE (Dauphin Co.) — Topics important to the agriculture business were on the agenda at recent forums conducted by the Pennsylvania Farm Bureau.

The agenda of the two meetings was developed out of a top 10 list of concerns formulated by the state commodity committee, which is comprised of producers from many aspects of agriculture.

Ethanol was on the slate for two of the speakers. Ed Stahl, project director, Garden State Ethanol, believes that the fuel source will become increasingly important as it addresses energy security, environmental, and economic issues.

The U.S. has 54 operating ethanol plants with five under construction. Potato, beer, and cheese whey waste are some of the options used by plants outside of the corn belt, where most of the plants are located.

Consequently, putting a plant in New Jersey is "a little out of the box" said Stahl. However close markets for the carbon dioxide and dry distiller's grain and energy demands make the effort worthwhile.

The fuel is more environmentally friendly because, although carbon dioxide is released as it burns, as in traditional fossil fuels, the carbon dioxide comes from crops and will be reabsorbed by crops. This does not release "new" carbon dioxide formerly trapped beneath the earth's surface as a fossil fuel.

The fermenting process yields carbon dioxide and dry distiller's grain. The carbon dioxide can be used for beverages or dry ice production for a revenue source of \$15 per ton. The distiller's dry grain is a beef and dairy food source.

Producers have an interest in the program because "any program that encourages use of land in fact becomes a farmer preservation program," he said.

One bushel of corn yields \$4 worth of ethanol, \$1 worth of dry distillers grain, and 9 cents worth of carbon dioxide.

The location of the anticipated plant will be in south Jersey, just across the Delaware Memorial Bridge. Stahl estimates that it will be under construction at the end of 2002 and operating by the end of 2003.

Pennsylvania Plant

Scott Welsh, agriculture economic development specialist, York County Economic Development Corporation, gave an update on the proposed plant in southcentral Pennsylvania. Although the idea originated in York County, "We're looking at it on a regional basis," he said.

A consulting firm from Colorado has completed a feasibility study. After inspecting nine potential sites in several counties and determining grain availability, road and rail access, market proximity, labor, and even prevailing winds to mitigate the odor, the business rated four sites as excellent prospects and five as good.

Assuming that 25 percent of corn production in a region would go into ethanol production, 19-35 million gallons of ethanol a year could be produced, said Welsh.

With the feasibility study complete, the next step is to focus on business organization and site selection. Organizers must also decide about the percentage of local and important grain to be used.

Welsh predicts groundbreaking to take place 1-1½ years in the future. "We feel there is merit in moving forward" with the project, said Welsh.

Consolidation

Ron Gaskill, director of regulatory relations for the American Farm Bureau, discussed market consolidation.

"What I want to do is encourage everybody to take a broader view about what is happening," he said. "It is important to understand why consolidation is taking place."

Shrinking margins on the food retailer's end have forced them to become increasingly streamlined. "It starts with the consumer," he said, as they demand better quality, better service, and more convenience, yet expect to pay less.

"From that point it works its way down the food manufacturing process," he said. Retailers are starting to require suppliers to manage their own inventory, for instance. A retailer that is contracting with a preferred supplier will give the supplier a space in the warehouse, then put the responsibility of managing inventory on the supplier.

Another change in the food industry is the growth of supercenters that offer a wide variety of merchandise and food. That type of store has grown to \$123 billion in 2002 in the food market industry. In addition "club," or membership stores, have also increased and have influenced the retail business.

"Food systems will become increasingly concentrated in the next decade. That's why packers are buying each other up," he said. Packers must provide the demands of the concentrated, large retailers.

"I leave you with an understanding that this issue is not going away. Market forces by themselves will not resolve it," he said. "Maybe it's time to revisit some of the collective marketing and bargaining mechanisms or look at alternative agriculture."

Terrorism And Ag

Marel Raub, director of regulatory affairs for the Pennsylvania Farm Bureau, discussed bioterrorism and agriculture. "It doesn't always mean what you think initially — we have a lot of home-grown terrorists that we need to be aware of," said Raub.

Three types of terrorist include animal rights groups, anti-biotech groups, and political terrorists.

Animal rights groups have several methods of advancing their agenda. On technique includes protests where they may dress in costumes. They also may hand out literature or conduct "rescues" of animals from research labs or farms. Additionally they may use vandalism, arson, or disease.

Funds come from individual contributors, foundation grants, or other like-minded organizations. The Website www.activist-cash.com tracks the funding sources of some of these groups.

By educating themselves, and the community (activist groups target young people), producers can combat these groups.

Do not confront these groups, as they want publicity and are looking to make a scene, Raub said.

"Leave it up to commodity promotional organizations" to answer the accusations and put out the truth. She also warned producers to be vigilant about their own property and carefully screen those asking for a facility tour.

Anti-biotech terrorists are very similar in agenda, funding, and propaganda methods to the animal rights groups. Their goal is to decrease consumption of biotech crops and hinder the research of new crops.

Political terrorists intending to harm the U.S. are working to deflect fear and cause economic damage. Since agriculture is a great economic force in the U.S., spreading biological diseases and destroying the food supply are tools used.

Raub warned that theft of agricultural material and equipment may be dangerous. Bombs, for example, can be constructed with chemicals used by farmers, and crop dusters may also be used to introduce pests or other pathogens.

Become involved in Emergency Management Planning, said Raub.

During the afternoon session Bill Foose, USDA, spoke about the basics of the Conservation Reserve Enhancement Program (CREP). Scott Klinger, biologist for the Pennsylvania Game Commission, also addressed the program.

The Farm Bureau conducted the seminars in Indiana and Grantville on Wednesday and Thursday.

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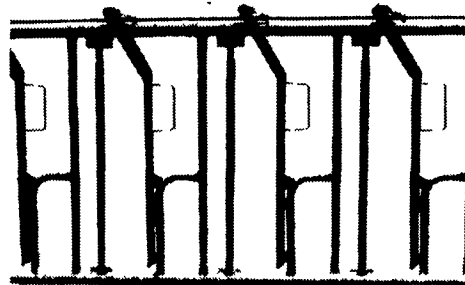
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