

FARM BUREAU POLICY – GRASSROOTS DRIVEN, MEMBER DEVELOPED, PROVEN SUCCESSFUL.

## 2011 Policy Development

Michigan Farm Bureau Probable Issues Briefs

Summer 2011



### AGRICULTURAL ADVOCACY – ARE WE DOING ENOUGH?

MFB policy has consistently supported and advocated for the organization to play an active role in consumer education and public relations to enhance the image and understanding of the agriculture and food industry. With an increased interest from consumers on where their food comes from, how it is produced, and price considerations, farmers must continue to participate in this healthy dialogue.

Also influencing this dialogue are the ever-changing mediums used for communication. Farmers have become increasingly active, and successful for that matter, in social media (Facebook, Twitter, YouTube, blogs). The social media revolution has added numerous resources to our toolbox, in addition to the more traditional, time-tested promotion and education means such as farm tours, Project RED, Ag in the Classroom, printed educational materials, and billboards. County Farm Bureaus have also had success with Farmers CARE (Commitment to Agriculture while Respecting our Earth). This initiative has become a consistent and well-known “theme” within county Farm Bureau events and educational tools. Farmers CARE is focused on farmer’s commitment to animals, the environment, growing safe food and Michigan’s future.

There seems to always be a point in the consumer education conversation of “are we doing enough?” County Farm Bureaus focus on building and maintaining relationships with the media, legislators, consumers, youth and fellow producers. We must continue showcasing our sound agricultural practices, which is why our organization is now faced with the challenge of taking agricultural advocacy to the next level.

**For More Information Contact: Nicole Sevrey @ ext. 2047 or Emily Ries @ ext. 2026**

*MFB policy references: #7 Animal Care; #25 Michigan Ag Council; #77 Environmental Protection and Authority; #105 Promotion and Education*

#### Thoughts to consider:

- How could the Farmers CARE program be expanded to better suit the needs of your county Farm Bureau?
- What do you see as the purpose of the new Michigan Foundation for Agriculture and how should it be used?
- How can we encourage farmers to become involved in the strengthened MAEAP program?
- Are there more agri-tourism and retail opportunities to promote agriculture? How should Farm Bureau prioritize funding current and future advocacy projects?
- What new resources do members need to efficiently implement advocacy activities?



### PROPERTY TAXES & USE VALUE ASSESSMENT

There are three main types of use value assessments:

1. Preferential assessment (taxation) is based on agricultural income-earning potential – or income that could be generated from its rental for agricultural use, with no penalties levied against the land or landowner if agricultural land is converted to non-agricultural uses.
2. Deferred taxation uses the premise that if agricultural land is converted to a non-agricultural use, a rollback tax is imposed on the property. The rollback tax is typically the difference between what was actually paid in taxes under use value assessment and taxes that would have been paid if the land had not been assessed at use value for a specified time period. In the United States, rollback provisions range from two to ten years.

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- Restrictive agreements work by allowing landowners to enter into an agreement for a specified number of years to become eligible for preferential tax treatment. The restrictive agreement typically prohibits non-agricultural use of the land for a specified number of years. Under this type of program, the landowner is eligible for a form of deferred taxation, but if the land use changes to non-agricultural, the landowner is subject to a fixed percentage penalty of the market value of the land.

Michigan grows over 200 different commodities and is second in diversity to California. Given the broad array of crop varieties and growing environments, it is likely assessors would look to commodity prices as a more stable factor.

**For More Information Contact: Rebecca Park @ ext. 2049 or Matt Kapp @ ext. 2027**

*MFB policy reference: #93 Taxation*

#### **Thoughts to consider:**

- *If the highest crop for a field is soybeans, but the crop rotation has the farmer growing something else, do we want the property taxes based upon the highest commodity price?*
- *What if a farmer decides to make changes to their operation and start growing something else, on what should the property taxes be based?*
- *If we have use value assessment in Michigan, will assessors be the ones setting our cropping schedule to get the most tax revenue possible?*
- *Why is Michigan one of the few states that taxes farmland at its highest and best use, rather than its actual use?*
- *Why is Michigan's farmland taxed at a rate 50% above the national average?*



## **ENGLISH AS THE OFFICIAL LANGUAGE**

On August 11, 2000, the President signed Executive Order 13166, "Improving Access to Services for Persons with Limited English Proficiency" (<http://www.lep.gov/13166/eolep.htm>).

The Executive Order has two primary parts. First, it directs each federal agency to develop and implement a system by which limited English proficient (LEP) persons can meaningfully access the agency's services. Second, it directs each agency providing federal financial assistance to issue guidance to recipients of such assistance on their legal obligations to take reasonable steps to ensure meaningful access for LEP persons under the national origin nondiscrimination provisions of Title VI of the Civil Rights Act of 1964, and implementing regulations.

### **Employer Mandated Translations**

Many farm employers are required to provide information and training in a "language of familiarity." These translations are used as a basis of legal action regardless of the English version of the document. Where there is "financial assistance" (e.g., through the Farm Bill, USDA, housing grants), the farm owner may be required to follow LEP rules.

It is difficult to translate:

- Agricultural related information accurately;
- Materials to the numerous dialects within many languages spoken by farm workers;
- Materials in a legal manner, yet inform the workers of the job requirements.

### **Costs to Employers**

Typical Spanish translation costs are \$25 to \$60 per page, the more technical/legal the more the cost. A typical safety manual might cost \$1,250 to \$3,000 for commercial translation. Legal review of the document might cost an equal amount. A Section 514 housing provider may have several hundred pages that would need translating. Court translators cost \$300 to \$600 per day, plus fixed and variable fees.

**For More Information Contact: Craig Anderson @ ext. 2311**

*Policy references: MFB - #64 Elections; #53 Agricultural Labor Relations ~ AFBF - #102 The Constitution, lines 26 & 27*

#### **Thoughts to consider:**

- *Should employers and farm owners be provided statutory liability protection for voluntary and mandatory translations?*
- *Should the state or federal government be required to provide any mandatory translated materials and hold harmless the user of the materials?*
- *Should there be a threshold that would exempt translation requirements?*
- *At a time of massive debt, should the government spend resources translating government documents that have specific legal meaning?*



## STATES' INVOLVEMENT IN IMMIGRATION

Immigration reform, specifically a workable agricultural guestworker program, has long been a priority of the agriculture industry. The ability to obtain labor that is available, qualified and legal is an ongoing concern. Current federal guestworker programs require significant reform and the efforts at the federal level to initiate changes have been unproductive. Despite the lack of a solutions-oriented guestworker program, the federal government is moving ahead with enforcement actions such as increased audits and inspections.

Because a federal solution has been elusive, individual states have begun to pass legislation that focuses on enforcement of federal immigration laws to combat budgetary concerns and criminal activity, particularly in border states. States have also attempted to address the need for an agricultural guestworker program through state legislative initiatives.

**For More Information Contact: Rob Anderson @ ext. 2046 or Craig Anderson @ ext. 2311**

*Policy references: MFB - #53 Agricultural Labor Relations ~ AFBF - #135 Farm Labor, #137 Immigration*

### Thoughts to consider:

- *What is the appropriate role for states with respect to enforcement of immigration laws or agriculture guestworker programs?*
- *Should MFB have state policy regarding the role of states in immigration issues?*
- *Do we support new AFBF policy to allow for states to address immigration issues absent federal action?*
- *If states had the ability to develop a guestworker program that is allowable under federal law, should Michigan pursue such a program?*



## INFRASTRUCTURE – MAINTENANCE, DEVELOPMENT & FUNDING

We take so many things for granted. Clean water from our kitchen faucet, convenient disposal of waste products, power to light and heat our homes, a system of roads and bridges for traveling and delivering our food, medicine and other necessities of life. Where would we be if even one of these systems stopped working?

Society's infrastructure is the foundational support of our daily existence. Often unseen and usually well-functioning, it is easily ignored. However, it becomes an overriding issue when it stops working.

Michigan's infrastructure has been developed over time, whether it is roads, water, sewer, communications or electric utilities. The condition of Michigan's infrastructure, in many ways, will dictate the success of our economy. As Michigan's infrastructure continues to age and maintenance budgets dwindle, decisions will need to be made on what to do next. In 2009, the American Society of Civil Engineers – Michigan Section prepared a report card on the health of Michigan's Infrastructure [www.MichiganReportCard.com](http://www.MichiganReportCard.com).

**For More Information Contact: Matt Smego @ ext. 2044 or Matt Kapp @ ext. 2027**

*MFB policy references: #98 Highways; #41 State Energy Policy*

### Thoughts to consider:

- *What should agriculture's role be in maintaining our infrastructure, both rural and urban?*
- *Are there areas of Michigan infrastructure that MFB needs policy (e.g., telecommunications)?*
- *Sometimes farmland is acquired for infrastructure projects through eminent domain. How should Farm Bureau policy balance the need for infrastructure with the threat of losing farmland through eminent domain?*



## INTERNATIONAL TRADE CROSSING BRIDGE

During his State of the State address, Governor Snyder announced the need for a New International Trade Crossing (NITC) between Detroit and Windsor as one of his priorities. The Governor's prompting of support for this proposal was to increase trade opportunity with our northern neighbor. Issues cited to support the development of a new trade crossing were: alleviation of congestion on the current trade crossings, reduce costly wait times for businesses, move forward with a proposal that will gain support from the Canadian government, and provide a proposal that will benefit all of Michigan without additional burdens on taxpayers.

Opponents of the Governor's proposal contend that a new border crossing is not currently needed. In addition, the

Governor's proposal would compete with the existing privately-owned Ambassador Bridge (which is the oldest and only privately held crossing in North America). The Ambassador Bridge has already proposed a second span of the existing bridge, but has run into obstacles with approval from the Canadian government.

**For More Information Contact: Matt Smego @ ext. 2044 or Tonia Ritter @ ext. 2048**

*MFB policy references: Due to absence of direct policy on this issue, in February the MFB Board of Directors evaluated and moved to support the Governor's proposal based on current MFB Policies #97 Highway Improvements and Maintenance, and #98 Highways.*

#### **Thoughts to consider:**

- What should MFB's role be in the development of a new international trade crossing?
- How does agriculture benefit from a new trade crossing?



## **LARGE LIVESTOCK – REGULATIONS AND PERMITTING**

MFB Policy #77, Environmental Protection and Authority, deals with permitting of large livestock operations in Michigan. The policy supports the issuance of NPDES permits to farms that want permit coverage or are required to obtain a permit as a result of violating water quality standards by a discharge of pollutants. Policy opposes mandatory issuance of individual NPDES permits to existing Michigan livestock farms.

Today Michigan requires all large livestock farms to obtain discharge permits. MFB challenged in court the authority of the State to enforce this requirement and lost the initial challenge and subsequent appeal. Even though federal courts reaffirm the position that a farm does not need a discharge permit if they do not discharge, State courts found that Michigan can be more restrictive than federal law.

Policy acknowledges that while the vast majority of farms are environmentally safe, some oversight is required. Policy supports the development of permits to operate and site large animal feeding operations within MDARD, acknowledging that discharging farms would need permits from DEQ. Policy goes further to describe permit requirements and suggested fees.

Today, Michigan does not require a permit to site or operate a livestock farm; only a discharge permit for large livestock operations (e.g., 700 mature dairy cows, 2,500 hogs, 1,000 beef cattle). Instead, all new and expanding livestock farms exceeding 50 animal units must conform to the Generally Accepted Agricultural and Management Practices for Site Selection and Odor Control for New and Expanding Livestock Production Facilities in order to receive nuisance protection under the Michigan Right to Farm Act.

**For More Information Contact: Scott Piggott @ ext. 2021 or Matt Smego @ ext. 2044**

*MFB policy reference: #77 Environmental Protection and Authority*

#### **Thoughts to consider:**

- Should MFB policy continue to call for operating permits from MDARD for large livestock farms?
- Has Michigan's livestock industry accepted the current permitting system and should MFB confine our work to making the system better?
- Should MFB policy continue to call for a siting permit from MDA for large livestock farms?
- Are the Siting GAAMPs sufficient?



## **WILDLIFE**

MFB has a very mature and long-debated policy regarding wildlife management. From the empowerment of the Natural Resources Commission (NRC) provided by Proposal G in 1996, to the threat of legal action against the State (2003) for improper wildlife management, MFB policy has been amended, rearranged and reaffirmed for many years. Issues such as crop damage, feeding/baiting of wildlife and resultant spread of diseases like bovine tuberculosis remain potent threats to Michigan agriculture. Some proposed solutions regarding permit availability have been limitedly regarded by DNR and the NRC, but most have gone unimplemented and ignored. The current state of Michigan's economy has not helped to implement MFB Policy suggestions, such as increasing the number of DNR-approved check stations (2001). Along the way, new species of concern were added such as wolves (2002), coyotes (2002), turkeys (2003), sand-hill cranes (2004), geese (2007) and feral

swine (2008). Throughout this long dialogue, Michigan has failed to control wildlife populations such as white-tail deer. There is plenty of blame to go around as some farmers remain concerned about opening farms to hunters and hunters are not taking numbers sufficient to achieve population goals; even though DNR has arguably worked to make permits more available and easily obtainable. While some members have acted and called for change to Michigan's wildlife policies, general member involvement in wildlife policy discussions is small for whatever reason (e.g., conflicting opinions over feeding/baiting, conflicting hunting ideals, apathy, etc.).

**For More Information Contact: Scott Piggott @ ext. 2021 or Rebecca Park @ ext. 2049**

*MFB policy reference: #90 Wildlife Management*

#### **Thoughts to consider:**

- 2012 will mark the 9th year that MFB has had policy threatening legal action against the State of Michigan for improper management of wildlife resulting in harm to agriculture. Is legal action a viable path for the organization to achieve policy objectives? If not, should the statement be left in policy, and if so, are the necessary resources available?
- MFB Wildlife Management policy continues to grow in size with minimal successful policy implementation. Are there other policy options for wildlife management in Michigan?
- Are there options needed for members to engage with policymakers regarding the negative impact of wildlife on farms?
- How can members use synergy to remind policymakers that improper management of wildlife has a direct impact on agriculture's success in Michigan?



## **USING PRE-EMPTIVE LEGAL ACTION**

Litigation has now become a customary tool of many advocacy groups. Environmental groups, labor groups, consumer groups, and others commonly bring lawsuits to challenge regulations, force government to act, invalidate laws, and halt economic activities. Most notably, environmental groups file lawsuits constantly to stop commercial and industrial development, protect species and land areas, and strengthen environmental regulations. Labor groups regularly sue to impact farm labor issues.

MFB and AFBF have also filed lawsuits to challenge regulations or governmental action. In recent years, MFB filed a lawsuit against the MDEQ challenging excessive regulation of large livestock farms. AFBF, this year, has sued U.S. EPA challenging regulations aimed at farmers in the Chesapeake Bay watershed.

There are drawbacks to using litigation as a policy implementation tool. It is expensive to implement policy through litigation, and results are unpredictable. Some believe, on principal, that litigation should not be used excessively. It is adversarial and can increase hostility between groups. Litigation does not allow all interested parties to be involved in the outcome of an issue. Litigation as a policy tool can increase the partisanship of the courts.

Proponents of increased litigation would argue that in some cases it is the only avenue available. In particular, where a governmental agency is not held in check by the Legislature, litigation may be the only option left. It has the benefit of allowing a challenger to focus on a very narrow issue, as opposed to legislation which often "opens up" a law to unintended changes. Litigation can also demonstrate that a group is extremely serious about its goals, enough so that it is willing to spend time and money on attacking an issue.

**For More Information Contact: Andy Kok @ ext. 5066 or Scott Piggott @ ext. 2021**

*Neither AFBF nor MFB has current policy on this issue.*

#### **Thoughts to consider:**

- Should Farm Bureau aggressively consider filing lawsuits to implement policy?
- What issues have Farm Bureau been unable to address legislatively that should be evaluated for litigation?
- Should Farm Bureau try to limit the use of the courts by other groups so that litigation is not used for policy development by those groups?
- How should Farm Bureau view the role of the courts as agents of social policy?



## MAEAP FUNDING

In March 2011, Governor Snyder signed Public Acts 1 & 2 into law, solidifying the future of the Michigan Agriculture Environmental Assurance Program (MAEAP), and providing significant incentives as called for in MFB policy. Specifically, if a farm is MAEAP verified, is following program rules and has a discharge, the farm will not be open to civil fines, precipitation related discharges will not require permits and the farm will be considered as implementing conservation necessary to meet watershed plans. With this action, Michigan is setting a goal of increasing the number of MAEAP verifications by 500% by 2015, representing approximately 80% of farm production.

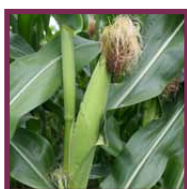
MFB policy supports farmer involvement in MAEAP and funding for the MAEAP program. Today, program funds come from Michigan's general fund and the Freshwater Protection Fund, which was created as a result of nitrogen-based fertilizer and pesticide fees. With general fund support declining and increased competition for Freshwater Protection Funds within MDARD and Conservation Districts, other means of funding the MAEAP program will be needed in the coming years if program goals are approached.

**For More Information Contact: Matt Smego @ ext. 2044 or Scott Piggott @ ext. 2021**

*MFB policy reference: #28 Michigan Department of Agriculture*

### Thoughts to consider:

- *What is the role of farmers in funding MAEAP?*
- *Enhancing the current Freshwater Protection Fund to include a fee for all industrial fertilizers has been discussed as MAEAP helps to address all nutrient needs. Should MFB policy support such an enhancement that would be supported by all users of industrial fertilizers (e.g. farms, home owners, golf courses)?*
- *Are there other policy suggestions for funding MAEAP and the environmental benefits it provides?*



## FUEL, FOOD OR FEED?

In an effort to spur development of a domestic renewable fuel industry and wean the U.S. off foreign oil, the U.S. government introduced tax credits for ethanol usage with the Energy Tax Act of 1978. The result was the Volumetric Ethanol Excise Tax Credit (VEETC) which was recently lowered, through other legislation, to 45¢ per gallon. The VEETC does not require the ethanol be domestically produced, which led to a tariff on all imported ethanol, currently set at 54¢ per gallon. Beginning in 2005, the use of ethanol in motor fuel was mandated. In the Energy Independence and Security Act of 2007, a mandate was established for 36 billion gallons of ethanol by 2022. No more than 15 billion gallons can be from corn, and the corn-based ethanol mandate for 2010 is 12 billion gallons.

Today we have record high corn prices, weather-related issues, and the livestock industry extremely concerned about feed prices and input costs that are significantly impacting profitability. These increased costs have many believing the ethanol subsidies need to be reduced or done away with and that we should get rid of the renewable fuel mandate. Livestock farmers are very concerned about their ability to balance budgets with feed prices that they believe to be driven up, partially by government mandates.

**For More Information Contact: Ernie Birchmeier @ ext. 2024 or Bob Boehm @ ext. 2023**

*Policy references: MFB - #10 Biomass/Renewable products ~ AFBF - #404 Renewable Fuels*

### Thoughts to consider:

- *Should the VEETC be eliminated? Should the VEETC be phased out over time?*
- *Should the renewable fuel mandate be eliminated or reduced? If ethanol subsidies are continued, should there be some type of offset or compensation for high feed costs for the animal-related industries?*
- *What policy options support the renewable fuel sector without negatively impacting the feed sector?*



## TAX CREDITS: GOOD OR BAD POLICY?

The use of tax credits is a very common policy at both the federal and state level. Several variations of tax credits exist including: low income, farmland preservation, renewable energy, brownfield, historic and film. The belief among proponents is that tax credits stimulate the economy and promote “best practices.”

Recently in both state and federal politics, some elected officials have challenged the practice of tax credits. Opponents argue that tax credits create an unlevel playing field, complicate the tax system and only the advantaged know enough to go through the red tape to qualify. Their belief is that eliminating tax credits would establish a simpler, fairer and more transparent tax system.

**For More Information Contact: Matt Kapp @ ext. 2027 or Rebecca Park @ ext. 2049**

*MFB policy references: #93 Taxation; #78 Farmland Protection; #47 Educational Reforms; #74 Agricultural Drainage*

### **Thoughts to consider:**

- Do tax credits create an unlevel playing field?
- Should government continue the practice of tax credits to create “best practices” (i.e., renewable energy)?



## 2012 FARM BILL PRIORITIES

Discussions regarding the 2012 Farm Bill have begun and this debate will be driven under an environment of severe budget reductions due to the burgeoning federal deficit; while at the same time USDA is projecting record farm earnings. Also framing the debate is the proportion of Farm Bill spending on nutrition and other non-agricultural titles which currently total 75%. Simply extending the 2008 Farm Bill is not achievable under today’s budget realities as 38 Farm Bill programs expire before 2012, and therefore have no continuing funding base to carry forward to the 2012 bill. It is important for Michigan farmers to identify what programs are critical to their farms in providing conservation, risk management tools and an adequate safety net.

**For More Information Contact: Ryan Findlay @ ext. 2025 or Bob Boehm @ ext. 2023**

*AFBF policy reference: #229 National Farm Policy, lines 65-116, Farm Policy Design*

### **Thoughts to consider:** What are the priorities for Michigan’s farmers in the 2012 Farm Bill in the following areas?

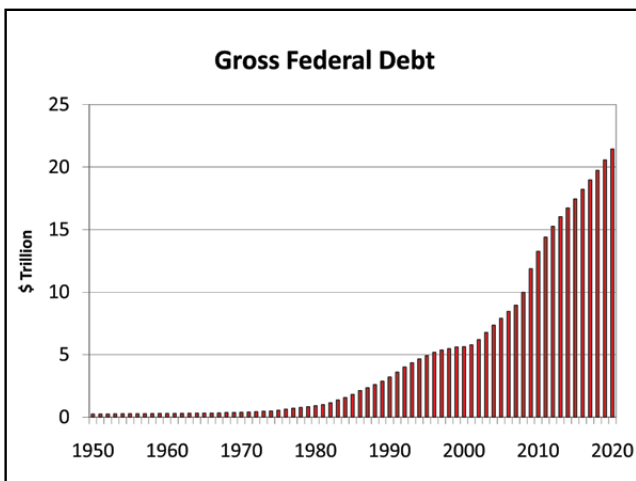
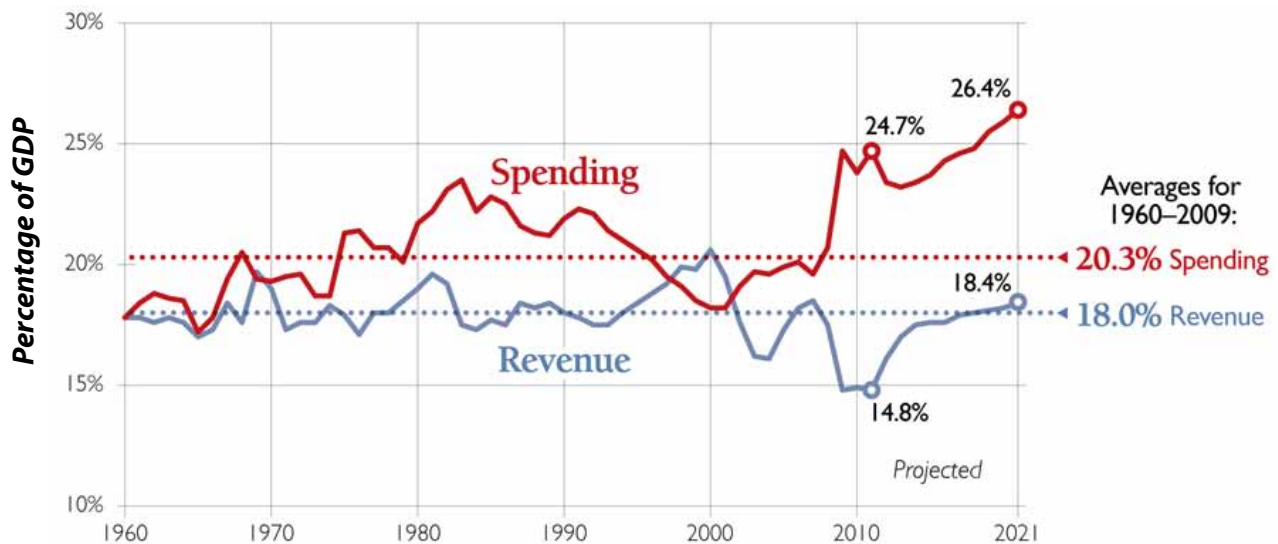
- Conservation programs such as Conservation Reserve Program (CRP), Conservation Stewardship Program (CSP), and the Environmental Quality Incentives Program (EQIP), and several others, provide payments for voluntary conservation activities. Is current Farm Bureau policy which supports working lands programs (i.e. EQIP) over preservation programs (CRP) adequate for Michigan’s farmers? Are conservation payment rates adequate for the services provided? If conservation programs are lost to budget cuts, which program(s) would be a priority for Michigan farmers?
- Direct payments, Marketing Loans, and the Average Crop Revenue Election (ACRE) program provide a safety net for program crops. What changes need to be made to make the program crop safety net more effective? With budget challenges facing the 2012 Farm Bill, which program(s) is a priority for Michigan crop farmers?
- Insurance has become an invaluable tool for a number of farmers managing the ups and downs of an extremely volatile market. Program crop farmers have several options ranging from yield to revenue protection. What improvements should be made in current insurance products? Should policies become more variety specific? Fruit and vegetable growers have a very limited choice of insurance products on a limited number of commodities. Pilot programs offer fruit growers crop insurance, but only in a limited geographic area. What improvements should be made in current insurance products? Livestock farmers also have a limited number of insurance options. Programs such as the Livestock Gross Margin program (LGM) have limited funding, creating uncertain risk management tools. What insurance programs will help livestock farmers manage risk? Where in the priority list is insurance for livestock farmers?



## FEDERAL BUDGET DEFICIT

The United States pays more in interest on the national debt in one month than it costs to run the United States Department of Agriculture for an entire year! With annual budget deficits of more than \$1 trillion and an overall budget debt of more than \$14 trillion, the United States is in a fiscal crisis. U.S. public debt has risen sharply over the last few years and has increased from 40% of gross domestic product (GDP) to currently 60% of GDP. At current trends, debt will exceed the value of our entire economy in a matter of 5-6 years. The national debt is projected to be at more than \$20 trillion by 2020. Farm Bureau policy calls for balanced budget and debt reduction by 2019. Current policy suggests spending restraints is how a balanced budget should be achieved. Policy would currently support tax increases if they balanced the budget, but not for creating an opportunity to spend money on new programs.

The main driver behind long-term deficits is government spending – not low revenues. While revenue will surpass its historical average of 18.0 percent of GDP by 2021, spending will shoot past its historical average of 20.3 percent, reaching 26.4 percent in the same year.



### Thoughts to consider:

- Farm Bureau policy is inconsistent in that on one hand we call for spending restraints to balance the budget, but then turn around and support funding for a large number of programs throughout the federal government.
- Knowing that the U.S. government cannot fund all programs and balance the budget without tax increases, should Farm Bureau focus on funding all of these programs or work to reduce the annual deficit?
- If a tax increase is necessary to continue funding a priority program for farmers, is there a specific tax that farmers would support increasing?
- If programs are to be cut, what are Farm Bureau's priorities of programs that should not be cut?

For More Information Contact: Ryan Findlay @ ext. 2025 or Ken Nye @ ext. 2020

AFBF policy reference: #418 Fiscal Policy, lines 8-9, 13-17 & 24-27



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For more information on national policy issues, visit the American Farm Bureau Federation Web site [www.fb.org](http://www.fb.org)  
 For state policy issues, visit [www.michfb.com/policy](http://www.michfb.com/policy)