



Minnesota Crop Production Retailers

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# INPUTS

## Capitol Update

### MN Legislative Session and Special Session Fizzles at the End

The deep urban/rural divide was very evident during the regular Minnesota legislative session which adjourned with much yet to be decided. For MCPR members, our major concern and effort to bring state tax law into conformity with the federal treatment of equipment expensing was “left on the table” for further wrangling in the special session. The fate of much of MCPR’s work to achieve conformity depended on larger budget negotiations involved a potential bonding bill, the approval of state worker contracts, further spending on COVID-19 relief and the Governor’s emergency authority.

When we learned the state faces a \$2.43 billion deficit, a nearly \$4 billion dive from the \$1.5 billion surplus projected just months ago, it seemed that urban interests would once again prevail over rural needs. As Minnesota, unlike the Federal Government, is required to pass a balanced budget, this updated number makes the “tax

expenditures” to solve the section 179 expensing tax issue all the more difficult to secure. MN House of Representative Tax Committee Chair Paul Marquart (DFL-Dilworth) tax package (HF3389) included a limited fix to Section 179 for equipment expensing, not the full conformity which is a priority for MCPR and other ag groups. The more complete approach MCPR favored was contained in the bill’s Senate companion (SF3843) which was carried by Chair Roger Chamberlain (R-Lino Lakes).

The fix would allow full expensing retroactively for 2018 and 2019, to make sure that Minnesotan’s and MCPR members who were retroactively hit with unexpected tax bills are held harmless. And going forward, the proposal would essentially let Minnesotan’s stretch their tax liability out over the years that they are able to claim a deduction.

As always, MCPR was engaged to bring MCPR member needs

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## Executive Director’s Report

Hello MCPR Members,

COVID-19 changed everything. And then race riots in Minneapolis changed everything...again.

Just as we had begun to recover from the COVID-19 pandemic in the Twin Cities, then riots and property destruction erupted related to a Minneapolis police officer shooting of a black man, which has become an internationally focused event impacting nearly everything and everyone. Meanwhile, MCPR leaders have been planning our Short Course and Trade Show December 8-10, 2020. Needless to say, it has certainly been an interesting turn of events.

MCPR surveyed our largest list of members and friends, and also our exhibitors related to their willingness to participate in the CPM Short Course and MCPR Trade Show to be held December 8-10, 2020 at the Minneapolis Convention Center and the Minneapolis Hilton Hotel.

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# Executive Director's Report

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(MACA) Water Update on page 3. The focus is on nutrient runoff which is once again front and center. As you read it you will learn what numeric nutrient criteria (NNC) is and the role it plays. A key issue for MCPR members and the upper Midwest Region is water issues. I recommend this report to you.

Until next time,

Bill Bond

relates to the unimaginable legislative session and special session required because once again the legislators could not find agreement on major spending and tax issues. But I am not complaining. I have learned that part of the genius of the citizens often seems to be to elect one branch from one party and another from the other political party which results in little major change.

And then there is the "forth branch of government"; the regulatory agencies who often define, implement, and enforce the laws. Depending on the elected official who appoints the agency leaders, these agencies can either make decisions more favorable or less desirable for an industry or interest.

Such is the case in point in the Midwest America CropLife Association

A Task Group comprised of MCPR Board leadership and staff, the U of MN Extension leaders, and the MN Department of Agriculture reviewed the survey results, noting that of those who responded a large majority of respondents indicated they are willing to attend and also a significant number of exhibitors also are willing to attend at same size exhibits or larger.

The MCPR Board is convinced that MCPR members will be ready, maybe even more than most years, to come together at year end for fellowship and training, to get inspiration and review new research findings and enjoy a good meal.

You will notice that the Capitol Update

## Capitol Update

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and point-of-view to bear on the legislative debate. However, as all hearings were video meetings, a much more limited impact by MCPR and other lobby groups was evident. Interesting to note that Senate majority leader Paul Gazelka (R-Nisswa) observed for the media that one reason the session lost steam and couldn't get the big issues over the finish line was that there were no advocates roaming the halls at the state capitol.

We lobbyists do a service not only to our members, but following Senator Gazelka's comment, also serve the interests of the state of Minnesota by bring pressure to bear on folks who tend to put off the tough decisions until last...just like their constituents.



### Omnibus Agriculture Policy Bill Signed into Law

Gov. Tim Walz signed the Omnibus Agriculture Policy bill into law during the regular session. Authored by Rep. Jeanne Poppe (DFL – Austin) and Sen. Bill Weber (R – Luverne), [H.F. 4285](http://www.house.leg.state.mn.us/leg/LS91/HF4285.2.pdf) includes initiatives requested by the Minnesota Department of Agriculture, along with provisions from a host of other bills heard by the respective Senate and House Agriculture Committees this session.

Among the items included were modifications to state seed and noxious weed laws, laws governing perishable farm product buyers, state loan programs, eggs, meat and

poultry inspections, farm safety, grain buyers, emerging farmers, industrial hemp, agricultural education, pet food and several technical changes to the composition of Minnesota Agricultural Education Leadership Council. The details can be found here: <http://wdoc.house.leg.state.mn.us/leg/LS91/HF4285.2.pdf>

### Omnibus Agriculture Finance Bill

The Omnibus Agriculture Finance bill was passed by both the Senate and House over the final weekend of the legislative session. Authored by Sen. Torrey Westrom (R – Elbow Lake) and Rep. Jeanne Poppe (DFL –Austin), [H.F. 4490](http://www.house.leg.state.mn.us/leg/LS91/HF4490.1.pdf) included several appropriations for areas of critical need to the

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## Water Update June 2020

Steve Taylor, MACA Water Consultant

As a water quality issue which impacts all of agriculture in the Midwest region, nutrient runoff is once again front and center. Recently, the EPA announced it had developed draft ambient water quality criteria recommendations for lakes and reservoirs. These recommendations are to support states in the development of numeric nutrient criteria (NNC) and states' overall water quality standards. The recommendations are out for comments and all comments are due by July 21st. MACA, as a member of the Federal Water Quality Coalition (FWQC), will be participating in developing comments. At first glance, there is some good news where it appears EPA will no longer be using a "reference" approach which is where EPA would pick a pristine water body by which to compare water quality from other waterbodies. That approach was never appropriate because most of the country is no longer in a 'pristine' pre-settlement status that it was over 500 years ago. Today, most reasonable people agree some degree of economic and human activity is good, unless an area has been designated a federal wilderness refuge where the water might indeed be 'pristine'. However, in its new recommendations, EPA is promoting a "stressor-response model" which is not without concerns. I will provide further updates as our comments are developed. In the meantime, if you would like to know more detail, the EPA website with all those details can be found [HERE](#).

To demonstrate how important NNC can be when implemented in the real world, I point to my home state of Missouri. The setting of numeric nutrient criteria has been an ongoing issue for years. Missouri has garnered national attention due to the potential of our NNC setting national precedence. In late 2018, EPA approved Missouri's current version of NNC. However, an environmental group, the Missouri Coalition for the Environment (MCE), once again sued seeking to overturn that NNC. In their complaint, MCE alleges the EPA arbitrarily and capriciously approved Missouri's criteria and requests the court strike it down in favor of criteria that meets MCE's own self-serving interests and demands. If successful, MCE will damage the state's agricultural and broader economy by imposing unnecessary regulatory costs. The estimated costs could be nearly 1.7 billion dollars. The impacts to agricultural producers, landowners, and others could be very significant. For example, the ability to farm over a million acres of agricultural land in Missouri is at stake. Missouri Attorney General Eric Schmitt has been granted permission by the court to intervene in the case in defense of Missouri's lake nutrient criteria.

MACA will continue to monitor and engage in the NNC issue and keep you informed!

\*MCPR is a member of MACA\*



# Capitol Update

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agriculture and food worlds. Among the items are \$675,000 to the University of Minnesota to purchase testing equipment for the Veterinary Diagnostic Laboratory, including equipment and supplies needed to respond to incidents of African swine fever. In addition, \$150,000 was included for assistance to farmers and value-added agricultural businesses whose markets and operations were negatively impacted by the coronavirus pandemic.

The bill also included \$100,000 for farm safety grants and outreach programs, an additional \$50,000 for community outreach on farms and rural mental health services, and

suicide prevention training. Find details here: <http://wdoc.house.leg.state.mn.us/leg/LS91/HF4490.3.pdf>.

Two pieces of legislation that were intended for passage the regular legislative session were the Capital Investment Bonding bill and the Omnibus Tax bill. Many at the Capitol linked the fate of these two bills as the DFL supported a very robust bonding package, while the GOP's top priority was to return state budget surplus dollars back to Minnesotans in the form of tax relief. In addition, lawmakers had to determine state oversight as it relates to the funding received from the federal CARES Act as well as the future of Gov. Walz's emergency powers which were set to expire soon.

safety issues were the major debate during the special session. Related to the Minnesota tax law conformity to US Tax Law Section 179 issue which MCPR has been lobbying from the start of the regular session, MCPR insisted that MCPR members and their grower customers need full Minnesota Tax law to conform to US Tax Law section 179.

However, with the large deficit and other competing interests, full conformity may not happen. Why? The DFL controlled House of Representatives and Governor seem to be angling for the smaller like-kind exchange piece which will cost in tax dollars around \$8 million out of the general fund compared to the \$140 million cost to the General Fund for the full conformity bill which was in the Senate GOP bill.

## Special Session

With all these dynamics still in play, Gov. Walz and legislative leaders established a special session which started June 12 to address these outstanding issues, and possibly other issues.

The special session demonstrated the wide gulf between the DFL and GOP approach to the issues each hoped to successfully address in the special session. However, ultimately even a debate about the length of the special session in St. Paul was not achieved. While the bonding bill was the major breakdown in agreements during the regular session, the public

Of course, as you now know, the MN Senate saw no end to the session and adjourned, leaving the DFL House of Representatives and Governor complaining about not getting their work done. Seems that even an agreement on the "work" to be done was not achieved.

Expect yet another special session this summer.

Stay tuned, MCPR members.

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### Staff

Bill Bond, Executive Director  
Jessica Brunelle, Executive Vice President

Minnesota Crop Production Retailers  
15490 101st Ave N., Ste. 100  
Maple Grove, MN 55369

Phone: (763) 235-6466

[www.mcpr-cca.org](http://www.mcpr-cca.org)

