



Minnesota Crop Production Retailers

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Capitol Update

With Minnesota being the only state in the nation with divided government, the legislature and Governor missed their self-imposed legislative deadlines to have collective spending targets for the Legislative Conference Committees by May 6th and also missed finishing their business by the Constitutionally required adjournment deadline on May 20. In the special session called a couple of days after adjournment in what was termed "a draw," the total spending package totaled \$48.3 billion which included Federal Tax conformity changes and modification of the other tax collections to reflect a zero-tax increase while spending 2% more on education. But Governor Walz did not get his requested increase of \$.20/gal in the gas tax.

In another mighty struggle by MCPR along with other ag groups, the effort by four of the largest MN cities to get preemption from EPA/MN Depart of Ag regulation of chemicals failed. This was the so called "camel's nose under the tent" initiative moved forward by a huge collection of environmental groups in hopes of ultimately creating a precedent setting legislative victory to let every little city and local unit of government create its own rules related to your use of chemicals. Not good! Here's a little insight into how



this bill was debated and voted upon in the Senate/House Conference Committee (conference committees are selected by the Senate and the House to negotiate on their behalf to present a final bill for passage in each respective body):

In this meeting, the House was represented by Representatives Poppe, Vang, and Anderson, and the Senate represented by Senators Weber, Goggin, and Hawj. The committee discussed a number of issues and saved the most controversial issue pertaining to delegation of pesticide regulations as the last agenda item. Representative Vang (DFL) and Senator Hawj (DFL) spoke in favor of delegation of the MDA chemical regulation authority as they represented a couple of the four large cities asking to take this authority away from the MDA. In addition, a Minneapolis lobbyist stated that Minneapolis would be interested in working with the Minnesota Department of Agriculture on delegation, and indicated Minneapolis was in favor of delegation. The main reason stated

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Executive Director's Report

Hello MCPR Members,
The economic vitality of agriculture in the Upper Midwest is very, very challenging this year. I



don't need to inform you. You and your customers are living and breathing these challenges every day as we face unprecedented precipitation and delay of shipments due to flooding. Some of you have called MCPR leaders to express your concern and are asking what MCPR can do and is doing about the crisis unfolding each day.

Sometimes MCPR is so busy doing things for MCPR members that we neglect to tell you what we are doing. During a recent meeting in which MDA Commissioner Thom Peterson and his staff were gathering information on the dicamba rules in Minnesota and the impact of the rules are having given the weather patterns we are experiencing, discussion turned to the dicamba cutoff date of June 20 which is fast approaching. Some members have expressed alarm at the prospect of barely getting underway during this very challenging spring weather which was compounded by the short fall season in 2018 when it comes

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Capitol Update

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for supporting delegation was due to a bee kill in Minneapolis several years ago, MCPR had testified during that bee kill episode several years ago that the bee kill referenced was not an agricultural pesticide. In fact, some rumored the kill was engineered by an unhappy neighbor who did not want keeping bees near his family in the city.

Representative Anderson (IR) spoke against granting the cities this delegation authority, as did Senator Weber (IR). The Minnesota Department of Agriculture addressed the committee stated they were unsure how the Environmental Protection Agency would view the department delegating pesticide regulatory authority to cities of the first class, and in fact, maybe the EPA would disallow this authority. The MDA also noted they were willing to meet with Minneapolis officials to discuss their concerns about the MDA regulating pesticide usage. In addition, MDA noted that the Office of the Legislative Auditor will be doing a review of the department's pesticide programs, suggesting this audit will point to any short comings in the department's pesticide regulation programs. However, the MDA did not make a straightforward statement that they were against delegation of their authority to the four cities of the first class being Mpls, St. Paul, Duluth, and Rochester.

The committee chair, Representative Poppe (DFL), called for a vote. Upon final vote count, the delegation language was stricken from the Agriculture Omnibus Bill. MCPR had participated in another win for our members. MCPR and MN Agriculture also dodged once again a number of other environmental bullets launched from a reinvigorated House of Representatives controlled by the Democrats.

Why all the fuss and consternation?

You may remember we mentioned earlier that because the legislators had created a funding mechanism to allow them to raise their part time salaries from \$31,140 to \$45,000 a year, a 45 percent increase, there is that much more incentive to get re-elected. Legislators get to add their \$66 per diem for living and travel expenses seven days a week during the regular legislative session to their salaries, no receipts required. In 2017, Representatives got an average of \$8,812 in per diem, bringing total pay to almost \$53,812. State Senators get even more in expense payments: \$86 per day. They collected an average of nearly \$6,861 extra cash in per diem payments, bringing their total, part-time pay to \$51,861 a year. We anticipated that many of the new DFL House members coming from the Twin Cities suburbs might focus on the next election. Part of the political posturing this year could have been precipitated from the notion that the defining subtle issue of every political debate and press release was the good pay for part time work.

MCPR slowed down and ultimately stopped a bill proposed by an aggressive environmental organization, the MN Center for Environmental Advocacy (MCEA) which expanded the use of the MCPR Member pesticide fees paid into the MDA administered Agricultural Chemical Response and Clean Up Account (ACRRA) which currently pays for ag chemical cleanup for agricultural facilities. This bill did not get a hearing this legislative session, but you can bet the MCEA and their friends will seek in future sessions to expand to the utilization of this fund to pay for private landowner water well remediation. This breath-taking expansion of ag retailers' liability for private well

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Executive Director's Report

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to applying crop inputs. As we offered ideas to assist our members in meeting the challenges of safely applying our crop inputs, it was clear that someone in the room needed to provide a context for the serious challenges' ag retailers and our suppliers and customers are facing this year.

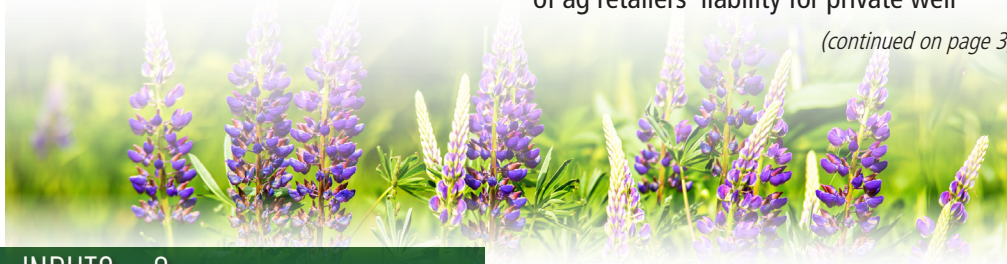
I stepped up to clearly articulate the fundamental operational challenges and financial risks facing MCPR members as well as our customers. Of course, the tough question to be faced is what in fact can government or anyone else do to assist ag retailers to get through this very difficult experience. While answers are not forth coming about what our "ask" should be, it is clear that the Minnesota ag policy leadership is better informed about the serious and persistent issues all across Minnesota, and even more dire in some parts of the state.

Everyone knows that the "Farm Aid" concerts were performed to assist family farms through very difficult times over the years, but one wonders when it gets so tough that the family farm suppliers need this assistance also. The notion of aid being offered to large or even medium commercial enterprises does not seem like a feasible way forward. Nevertheless, I know some of you are worried and others are very concerned.

Please contact me or any of the MCPR Board members representing you as we meet to consider the challenges you face. We want to have ideas or know what you are experiencing to learn if we can provide assistance.

Some of you read the recent MCPR E news MCPR circulated and commented on the interview link and coverage we provided

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Capitol Update

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remediation and payment could be a substantial new expense for commercial agriculture in Minnesota. But one can understand why this idea appeals to anti ag and pro-environmental groups. MCPR stayed on top of this legislative initiative which ultimately did not become law this year.

Another provision in the ag finance and policy legislation which may impact or be of major consequence for MCPR members is in the area of grain storage, liability and risk. This development was related to the news of the arrest and guilty plea of the former manager of the Ashby, Minnesota farmers elevator after stealing approximately \$5 million from the grain elevator's funds. Under the legislation passed, effective July 1, 2020 a grain buyer must purchase a license from the MDA and submit to an annual audit. This initiative was intended to tighten up the practices of grain buying, particularly buying done without facilities. The MDA Commissioner is required to provide info on the fiduciary responsibilities to the grain buyers when purchasing the license and a number of other regulatory practices are also being expanded.

Industrial hemp was a high visibility and debated item. Ultimately the MDA Commissioner according to the legislation passed is required submit to the USDA a plan and a request to have primary regulatory authority over the production

of industrial hemp in MN. The MDA most also develop a framework for regulating the possession and use of tetrahydrocannabinol which is a byproduct from hemp processing by February of 2020.

The reauthorization of the Agriculture Fertilizer Research and Education Council for another ten years would in normal years have been a noncontroversial item placed on the legislative consent calendar. Not this year. The loyal opposition to agriculture fertilizer suppliers and applicators decided to have some "fun" with the reauthorization by discussing and ultimately adding language that chosen projects must contain a component of outreach that achieves a timely dissemination of findings and their applicability to the production agricultural community or metropolitan fertilizer users (new language) and reauthorizing the AFREC for five years, not the ten years the AFREC Board had requested. Another symptom of the reduced respect metro legislators have for rural initiatives.

All in all, MCPR members got a decent outcome from this year's session. But divided government, in this case, was a very important feature for the positive outcome.

Related to government regulations a couple of items need to be noted. After MCPR did extensive information gathering

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Dale's View

Hello MCPR Members,
The spring planting season is turning out to be very challenging. Even the media is recognizing that agriculture is struggling with the forces of nature which have placed heavy financial and delivery pressure on MCPR members and their customers. We will get to the other side of this difficult season, but the going will be tough. It may seem obvious but the old saying seems to apply here, "when the going gets tough, the tough get going." Some members have asked what MCPR is doing about the challenge's members are facing. Our staff has met with the MDA Commissioner and leadership about several pressing issues including the successful campaign to convince our new Governor to issue the Emergency Executive Order on regulatory relief from "hours of service" restrictions. Related to the dicamba cutoff date, Bill has indicated concerns about the very late spring planting season and how tough the financial and delivery pressure is for Ag Retailers to service Minnesota growers. They are aware of our challenges as several MCPR members have been contacted by MDA Assistant Commissioners on these challenges to get our grass roots members' perspective and concerns. You can count on the MCPR leaders and staff to constantly work aggressively on your behalf.

Dale Johnson

MCPR Board Chair,
Dale Johnson



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Capitol Update

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and contacting the leadership of the MDA, the Governor issued an Executive Emergency Order providing regulatory relief on hours of service rules for trucking ag chemicals for a few weeks, similar to other states, to provide some relief to our industry. Speaking of relief, MCPR and others met with the MDA Commissioner to request a later dicamba quit date (now June 20) to accommodate the nasty spring weather but no word as of this writing as to any change.

The legislature has now adjourned until February 19, 2020. Of course, they will be very aware of the election in November 2020 when all the seats in the Minnesota Senate and House will face an election and the Presidential election will overshadow everything. Stay tuned, MCPR members. ✨

Executive Director's Report

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about the news reports on an emotional video posted to Facebook by dairy farmer near Pine Island. In the video, the farmer recounts an argument he'd just had with his dad about the hard choices they'd have to make given their supply of feed was running low. As of Belz's writing, the video had been viewed more than 200,000 times. The issue of farmer suicide has been discussed and dealt with during the legislative session with the outcome providing more resources for farmer mental health counselors. Please reach out if you are experiencing a loss of hope and discouragement which is debilitating. ✨

Until next time,

Bill Bond

Bill Bond

