

news

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Senate nears vote on energy bill

The Senate on July 24 resumed debate on its comprehensive energy legislation (S. 14). Republican leaders are focused on passing the bill prior to the August recess.

Nearly 400 amendments to the energy bill have been filed, but Troy Bredenkamp, American Farm Bureau Federation energy specialist, said the number will be pared down to less than a dozen since most of the amendments are repetitive and can be combined.

AFBF President Bob Stallman on July 24 sent a letter to the full Senate in support of energy bill passage prior to the August recess. "It is estimated that U.S. farmers and ranchers spent \$1 billion to \$2 billion more this year than last just to plant a crop. This additional production cost is attributed to higher fuel prices and higher input costs for fertilizers and farm chemicals due to the threefold increase in the price of natural gas," the letter said.

"The Energy Policy Act of 2003 will, over the long term, increase domestic production of natural gas and alleviate natural gas price volatility. In addition, S. 14 contains the renewable fuels standard that will benefit the environment and serve as an economic stimulus for rural areas."

Bredenkamp said that Republican leaders have made it "abundantly

clear" that the renewable fuels standard (RFS) will not be stripped from the energy bill to be attached to a different piece of legislation. "That means if you support the RFS, then you must

support the energy bill," Bredenkamp said. AFBF is in favor of keeping the RFS linked with the energy bill.

Farm Bureau supports inclusion of

See Energy, page 3

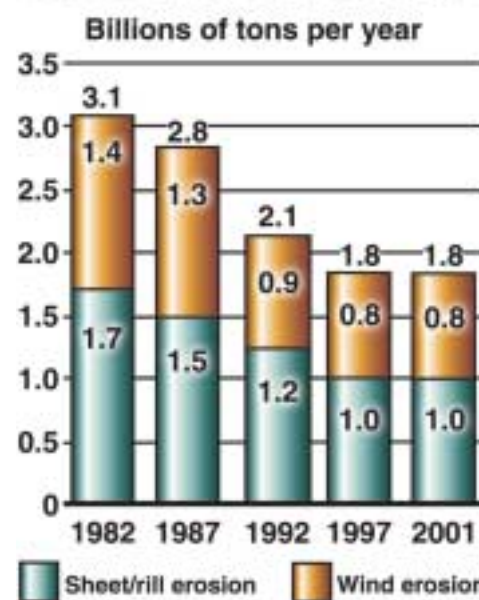


Fix ESA

Missouri Farm Bureau member Tom Waters (foreground) testified on July 17 before a congressional subcommittee that the Endangered Species Act needs to be reformed to create "a more appropriate balance between the needs of plants and animals and the needs of people."

Corner Post

CROPLAND EROSION



Senate to vote on agriculture funding

The Senate, probably in early September, will consider a fiscal 2004 agriculture appropriations bill (S. 1427) that maintains full funding for farm programs and conservation programs, does not restrict implementation of country-of-origin labeling and eases travel restrictions to Cuba.

The bill appropriates \$77.5 billion, including \$17 billion in discretionary spending, for agriculture programs. The bill maintains the integrity of the farm bill, as the American Farm Bureau Federation has urged.

However, it is expected that an amendment could be offered during full Senate consideration to lower to \$300,000 the annual limit on individual payments under the Environmental Quality Incentives Program (EQIP). The current EQIP payment limit is \$450,000 per year. AFBF, be-

cause of its opposition to any reopening of the farm bill, would oppose such an amendment.

Rosemarie Watkins, AFBF senior director of congressional relations, said that the lower payment limit would not reduce government spending or affect most program participants because the majority of EQIP payments are already below the existing payment limit. "But, in some cases, there may be a need" for the full payment under existing law, she said.

Another amendment could be offered to require the Agriculture Department to track EQIP payments and percentage of farm or co-op ownership to individuals using their Social Security numbers to ensure that no individual's payments exceed the annual limit. Again, AFBF would oppose such tampering with the farm bill.

Unlike the House bill passed July 14, the Senate bill does not contain any language restricting USDA's ability to implement mandatory country-of-origin labeling of meat.

The Senate bill also includes a Farm Bureau-supported provision offered by Sen. Byron Dorgan (D-N.D.) requiring the Treasury Department to approve a general travel license for Americans to visit Cuba to facilitate sales of U.S. agricultural products. Under current law, sales of food to Cuba in exchange for cash payments are allowed, but trips to facilitate those sales must be approved on a case-by-case basis. Sales of U.S. agricultural goods to Cuba have reached about \$300 million since 2000, when Congress voted to allow the sales despite the nearly 40-year-old U.S. embargo against Cuba.

VIEWPOINT

WTO talks will shape the future of agriculture

A friend once shared a story about his son—I'll call him John—who was in middle school at the time. Seems that John had learned a tough lesson about the art of negotiation.

John had saved for months for a computer game. He did whatever he could to save enough to buy it. When he took the game to school, a savvy classmate offered to trade him a CD player for it. John jumped at the offer only to find out once the deal was done that the CD player skipped, the earphones didn't work and he missed his computer game more than he thought he would.

As you can guess, my friend wasn't too happy with his son for trading the expensive game in the first place. However, he used the opportunity to instill in John how important it is to get all the details during negotiations, how important it is to evaluate what you will give up compared with what you will gain from the deal and how important it is to stick to the agreement once it is reached.

Charting agriculture's future

While John will recover from his poor trade, United States agriculture finds itself facing much higher stakes in the ongoing World Trade Organization's Doha Round negotiations. What comes out of these negotiations will greatly affect our businesses and how American agriculture will deal with



our customers and our competitors.

Although there is risk, Farm Bureau believes this is agriculture's best opportunity to address a number of trade problems.

However, after a thorough review of the trade proposal set forth by WTO Agriculture Committee Chairman Harbinson, the American Farm Bureau Federation board of directors voted unanimously that the Farm Bureau position is that having no new WTO agreement would be better than accepting a poor agreement and that the current Harbinson proposal is a poor agreement for American agriculture.

The board just does not feel what American agriculture will gain from the Harbinson proposal is worth what we will lose. Harbinson's proposal is inadequate in achieving harmonization in domestic subsidy levels, and it would have little market opening impact

because it is not aggressive enough in reducing disparities in countries' tariff levels. If that weren't enough to cause concern, it also would allow countries to shield their more sensitive products from deeper tariff cuts.

Another major concern Farm Bureau has with the proposal is the markedly lower levels of commitment and longer phase-in periods for developing countries that would produce a real lack of reform. Since the majority of WTO member countries are developing countries, there needs to be better criteria established to determine whether a country is developing or developed in a certain product sector.

On the other hand, Farm Bureau continues to support the Bush administration's trade package proposal brought forth last year. The package aims to increase market access, eliminate export subsidies—the most trade-distorting of

all practices—and provide a fair method for limiting domestic support levels.

Finalizing a fair deal

Trade liberalization legitimately causes concern for many in agriculture. Trade for us farmers is indeed a two-sided coin, but we have many goods to sell to the 96 percent of the world's population who live outside our borders. Our borders are relatively open now—we impose an average tariff on competing ag products of about 12 percent yet our goods face a global tariff average of 62 percent. Through successful WTO negotiations, however, American agriculture could carve out a better and fairer deal.

WTO trade ministers are scheduled to meet in September in Cancun, Mexico, to continue a critical phase in the negotiations. America's farm and ranch families need to follow the process. Farm Bureau leaders and I will be in Cancun in order to help make sure any agreements reached are the best possible for American agriculture.

Farm Bureau will review all the details, weigh the gains versus losses, and expect those who enter into agreements to fulfill their promises and abide by their commitments. Unlike John's disappointing trade with his classmate, Farm Bureau wants to help ensure whatever agreement reached will bring a bright future for America's farm and ranch families.

Implementing the Conservation Security Program

By Bruce Knight



The new farm bill contains an exciting new program that recognizes the valuable conservation work farmers and ranchers have done historically and provides additional incentives

for those who strive to do more. This innovative program is called the Conservation Security Program (CSP).

CSP represents a new direction for conservation on private lands. In the past, much of the federal investment in conservation went to idling marginal lands. Under the new farm bill, most of our increased investment goes to incentive and cost-share programs to promote conservation on working lands.

CSP shifts the emphasis of conservation in the direction of recognizing and stimulating conservation—what Agriculture Secretary Ann Veneman refers to as "Rewarding the Best and Motivating the Rest."

CSP is a voluntary program that provides financial and technical assistance to conserve and improve soil, water,

air, energy, and plant and animal life on tribal and private working lands—cropland, grassland, prairie land, rangeland and improved pasture, as well as certain forested land that is an incidental part of an agricultural operation.

The program has a unique role among USDA conservation programs. It identifies and rewards those farmers and ranchers who meet the highest standards of conservation and environmental management on their operations. It creates powerful incentives for other producers to meet those same standards of conservation performance on their operations. And, it provides public benefits for generations to come.

The program is open to most agricultural land—a total of about 900 million acres. It is a sound approach to conservation because it both rewards the conservation ethic and encourages more.

Rule-making is an important part of implementing all of the provisions of the 2002 farm bill, including CSP. We expedited the regulatory process for programs that had no changes or minimal changes from the previous law. Other programs, such as CSP, have to go through the formal rule-making process, including a period of public comment.

We have been moving deliberatively on the CSP rule, because we are determined to create a program that works, so it may take some time to iron out the details. We are committed to making this the best program possible.

The first step in the rule-making process was the advance notice of proposed rule-making issued in February. The advance notice gave the public the opportunity to comment on key issues that have been raised regarding implementation of the program. The issues are presented in the advance notice. We received more than 4,400 individual comments during the 45-day comment period, and we are consider-

ing those comments in developing the proposed rule.

The public will have another opportunity to provide input during the comment period for the proposed rule, and we will consider those comments in writing the final rule.

The intent of CSP is to support ongoing conservation stewardship of agricultural lands by helping producers maintain and enhance natural resources. With thoughtful rule-making now and proper application once the rule is final, it will do just that.

Bruce Knight is chief of the Agriculture Department's Natural Resources Conservation Service.

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A tax rebellion using ballots rather than bullets

By Tom Wright

Tax revolts by the meek have changed history for the better, hundreds of times over thousands of years. Pharaoh's soldier-farmers revolted, bringing about a tax treaty carved in stone in three languages: The Rosetta Stone. American colonists humbled King George III with a tax revolt, building a new nation. Just past the birth of that nation, American farmers troubled President George Washington with the Whiskey Rebellion.

In every case, common citizens forced changes in unfair tax practices, sometimes ending them, often making them fairer and usually simpler. All this in the face of overwhelming opposition from kings, congresses and cronies—those special interests who would have you pay their taxes.

Think about your last income tax return. Is it fair that the most successful are punished for their success? While the least successful receive refunds for more than they paid? Is it fair that it costs more to calculate than to pay a tax? Where the soaring cost of compliance added to the taxes make our exports less competitive? Is it fair

to have a tax system so complex no one understands it? Are you sure your last return contains nothing that will trigger an audit?

What is a fair tax?

No taxpayer likes any tax, but our founding fathers knew the fundamentals of tax policy had not changed since the beginning of time and would not do so in the future. Punish producers, and you get less production. Reward non-producers, you get no production. Reward producers, you get production. Simple and ever-constant rules.

So, our founding fathers chose indirect taxes, such as sales taxes. Sales tax returns are filed only by retail businesses, keeping government out of people's personal lives. Indirect taxes are self-limiting: If raised too high (punishing producers), producers slow commerce, lowering government revenue. If kept low (rewarding producers), commerce expands and tax revenue climbs. One could even call it a progressive tax, since those who choose to spend more, pay more.

What does it do for farmers?

Several years ago, the American Farm Bureau Federation endorsed the bipar-

tisan FairTax bill (H.R. 25). Its main sponsors are Reps. John Linder (R-Ga.) and Collin Peterson (D-Minn.). The bill not only reforms, it replaces the current income and Social Security tax system with a federal, retail sales tax.

Many state Farm Bureaus are investigating the FairTax and some have already moved to fully support this latest tax revolution.

The FairTax ends personal, corporate, capital gains, estate, gift, withholding, alternative minimum and all Social Security taxes. It replaces them—raising the same amount of revenue—with a single-rate, federal retail sales tax collected on all new goods and services. This is at least a 90 percent reduction in the cost, size and complexity of our tax system, while raising the same amount of money. What's the bottom line for farmers and ranchers? Your business is out of the tax planning/tax paying business, period.

What can you do to help?

The FairTax is supported by a grassroots group called Americans For Fair Taxation (AFFT). There is plenty of data on the group and its well-re-

searched proposal at www.fairtax.org. Volunteers from AFFT are available to speak at your state conventions and county meetings. Decide for yourself. Then do what many Farm Bureau members are already doing:

- See and call and write and fax and e-mail your congressman and senators at every opportunity. Likely, you'll hear of vague support for "fundamental tax reform." Demand specifics. Demand replacement. Demand co-sponsorship for H.R. 25.

- The next presidential election primary season is fast approaching. Make the FairTax a platform plank in your state party caucuses and conventions.

- Ask your candidates what their solution is for a simple, fair, efficient tax system. If they give the wrong answer, give them yours.

- Finally, use the power of your ballot to bring about a bloodless tax rebellion. Thomas Jefferson believed that occasional rebellion was good for the nation. We are overdue.

Tom Wright is the volunteer executive director of Americans For Fair Taxation. You can reach him at info@fairtax.org or 1-800-FAIRTAX.

CAPITAL UPDATE

U.S. wins WTO apple import case against Japan

Taking the side of the United States, a World Trade Organization panel recently ruled that Japan's import restrictions on U.S. apples are unjustified and inconsistent with Japan's WTO obligations.

Since 1994, Japan has restricted imports of apples from the United States in an effort to prevent the introduction of fire blight, a bacterial plant disease that affects apple trees and pear trees. The United States successfully argued that there is no scientific evidence that harvested apple fruit could transmit fire blight.

The WTO panel found that Japan maintained its import restrictions on U.S. apples without sufficient scientific evidence and had not based its restrictions on a risk assessment. Both actions are inconsistent with WTO obligations.

"U.S. farmers grow the world's finest agricultural goods and increasingly depend on foreign markets for their livelihood, and they benefit from a rules-based system like the WTO that ensures that others follow the rules," said U.S. Trade Representative Robert Zoellick. "We are committed to ensur-

ing a level playing field for our farmers, and will not accept others' unfounded use of supposed plant health regulations to distort and restrict trade."

Japan's restrictions ban imported apples from orchards where fire blight is detected, as well as orchards where fire blight is detected within a 500-meter buffer zone around the orchard. Also, Japan requires orchards that export apples be inspected three times yearly, and that all imported apples be treated with chlorine.

According to USTR, U.S. farmers

export more than \$390 million worth of apples each year, mostly from Washington State and Oregon. The restrictions limited U.S. apple exports to Japan to \$377,000 in 2001.

Japan is expected to appeal the WTO panel's ruling. The country has 60 days to formally notify the WTO of its intent to appeal.

Energy bill debate

continued from page 1

the Senate Finance Committee's energy tax package, which offers tax credits for renewable energy sources, in the omnibus energy bill. As part of the package, ethanol tax credits would no longer reduce contributions to the Highway Trust Fund, returning more than \$2 billion to the fund each year.

Other key amendments expected to be addressed during floor debate include several that would increase Corporate Average Fuel Economy (CAFE) standards. Farm Bureau believes an increase in CAFE standards would drive up the cost of vehicles and therefore opposes the amendments. Also expected is the introduction of Farm Bureau-opposed amendments to attach climate change legislation to the energy bill, which would require a mandatory trading system for carbon.

FB NEWSWATCH

Chile, Singapore FTAs

The House on July 24 passed legislation that would implement free trade agreements (FTAs) for Chile and Singapore. Under the Chile agreement, 75 percent of U.S. agricultural products would enter Chile duty-free within four years. All U.S. products would gain immediate duty-free status to Singapore's market under the U.S.-Singapore FTA. The Senate is expected to approve the Farm Bureau-supported bills, and President Bush is expected to sign them.

NAFTA ruling on lumber

Canadian softwood lumber is being dumped into the U.S. market, but the way the United States went about imposing duties is inconsistent with U.S. law, a North American Free Trade Agreement panel ruled. In response to what it believed are unfair trading practices, the United States in August 2001 imposed duties of 27 percent on softwood lumber imports from Canada. Canada had asked the panel to overturn the duties.

Water resources bill

The House Transportation and Infrastructure Committee on July 23 passed Farm Bureau-supported legislation that authorizes more than \$4 billion for navigation, flood control and other water projects managed by the U.S. Army Corps of Engineers. The Water Resources Development Act of 2003 (H.R. 2557) includes more than 50 projects and studies that deal with navigation improvements, 90 involving flood control and 80 related to environmental restoration.

Priority Issues Update



FARM POLICY

Farm Bureau considers Congress' passage of the 2002 farm bill an important victory for farmers.

However, the combination of less money in the federal budget and continuing differences of opinion concerning the structure of farm programs make it likely that some members of Congress will try to cut funding or otherwise change those programs, particularly as the annual appropriations process continues.

The farm bill replaces the ad hoc economic disaster payments of the last few years with the certainty of direct payments, target prices and marketing loans. These programs help ensure agricultural profitability during periods of low farm prices, help provide consumers with inexpensive but high-quality food and fiber and support national goals such as promoting environmentally friendly farming practices.

Even though the cost of farm programs is only one-half of 1 percent of the U.S. budget, they are not immune from budget scrutiny as Congress seeks to cut spending to meet lower budget ceilings this year than last.

Thanks in part to Farm Bureau's vocal support for maintaining the integrity of the 2002 farm bill, the House has passed an agriculture appropriations bill for 2004 that fully funds farm support programs. However, the bill would cut conservation programs and prohibit the Agriculture Department from implementing mandatory country-of-origin labeling, another new farm bill program.

The House bill cuts \$25 million in funding for the popular Environmental Quality Incentives Program (EQIP), created in the 1996 farm bill. EQIP is seen as a vital tool in helping farmers and ranchers produce commodities while also protecting natural resources, and comply with environmental laws and regulations.

In addition, the House bill zeroes out funding for the new Conservation Security Program (CSP), which was created in the 2002 farm bill and is only in the implementation stage at USDA. When the farm bill was passed, the CSP was hailed as a means of recognizing farmers' voluntary conservation efforts on working agricultural lands and encouraging even greater efforts.

Farm Bureau will work during the House-Senate conference on the agriculture appropriations bill to get the funding for EQIP and CSP restored and the country-of-origin labeling prohibition stricken.



TRADE

With most of the world's population growth outside U.S. borders, most farmers know that their greatest market potential lies in expanding exports. But substantial barriers to U.S. farm exports limit U.S. farmers' ability to tap that market growth potential.

Other trade agreements have broken down some of those barriers, but the American Farm Bureau Federation believes that too many remain. That's why it is supporting the Bush administration's efforts to increase market access for U.S. agricultural products through the current World Trade Organization agriculture negotiations.

Farm Bureau believes the United States stands to gain from market access concessions by all countries. That's because U.S. tariffs are already among the lowest in the world, the European Union and Japan far outspend the United States on domestic support, and the EU spends more than \$2 billion a year compared to the United States' \$20 million on export subsidies that encourage production for export.

The U.S. proposal for the WTO negotiations would reduce all agricultural tariffs to 15 percent and increase tariff-rate quotas over five years. That's bound to make U.S. commodities more competitive in several foreign markets. The proposal calls for eliminating export subsidies in five years. And it calls for reducing domestic support for agriculture over five years to 5 percent of the value of total agricultural production. Farm Bureau believes this harmonization, or "leveling the playing field" as it's been called, is necessary to eliminate the current disparities in domestic support levels.

Farm Bureau sees room for improvement in the trade situation and believes the WTO negotiations are the best opportunity to bring about that improvement. However, the negotiations have stalled, with countries unwilling to budge from their original, divergent proposals. The next milestone in the negotiations is a meeting in Cancun in September, and the heat is on for countries to make progress before or at that meeting.

While Farm Bureau hopes that the opportunity for reform will not be lost, it also hopes that the pressure to produce an agreement will not result in just any old agreement, whether it improves market access for U.S. farm goods or not.



LABOR

With a goal to secure a stable and legal agricultural labor force, the American Farm Bureau Federation is working with members of Congress on legislation to reform farm labor laws and regulations.

AFBF believes the H-2A guest worker program is broken, and is pushing for legislation by Sen. Larry Craig (R-Idaho) and Rep. Chris Cannon (R-Utah) to fix problems in the program such as its inflated wage rate and slow application process, and help curb excessive litigation associated with the program.

Craig may introduce his bill as early as this week.

Rep. Virgil Goode (R-Va.) has introduced a Farm Bureau-supported bill (H.R. 1606) that would get rid of the adverse effect wage rate. The rate averages by state the wages that more-skilled farm workers receive with those of less-skilled farm workers, therefore inflating the wage for the less-skilled farm workers. Farm Bureau policy supports allowing employers to pay H-2A workers no less than the average wage for workers in a particular commodity and occupation in a geographic region.

Sen. John Cornyn (R-Texas) earlier this month introduced a bill, the Border Security and Immigration Reform Act of 2003, that would replace the H-2A program with a new guest worker program. The proposal would require the State Department and the Homeland Security Department to facilitate the guest worker program and develop standards of enrollment, training and monitoring of workers.

Reps. Jim Kolbe (R-Ariz.), Jeff Flake (R-Ariz.) and Silvestre Reyes (D-Texas) released a discussion draft of an immigration reform proposal that would create a new program enabling any business in any industry to temporarily employ workers from abroad if there is a labor shortage in the United States.

Additionally, House Agriculture Committee Chairman Bob Goodlatte (R-Va.) and Rep. Charles Stenholm (D-Texas), the committee's ranking member, are crafting legislation to reform guest worker programs including H-2A.

AFBF believes that the volume of legislation on immigration indicates a growing interest in and awareness of the need for immigration reform. Farm Bureau is pushing to keep the process moving in order to get immigration reform legislation passed this year.

Priority Issues Update

ENERGY



Passage of comprehensive energy legislation that fully utilizes domestic energy resources is a top priority for the American Farm Bureau Federation. America needs an energy bill now, Farm Bureau believes, to help cut the nation's dependence on foreign sources of energy, ease supply problems and stabilize prices for natural gas, and increase the use of renewable energy sources.

The Senate last week resumed debate on its version of the energy bill (S. 14). Senate Republican leaders hope to finish the bill before the August recess, which is set to begin Aug. 1. Nearly 400 amendments to the bill have been filed, but that number is expected to be reduced significantly as consideration of the legislation progresses.

The Senate in June attached to the bill a bipartisan renewable fuels standard (RFS), sponsored by Senate Majority Leader Bill Frist (R-Tenn.) and Senate Minority Leader Tom Daschle (D-S.D.), along with numerous co-sponsors.

The Senate RFS calls for the nation's fuel supply to consist of 2.6 billion gallons of renewable fuels, such as ethanol and biodiesel, by 2005. Use would steadily increase each year until it reaches 5 billion gallons in 2015.

The package also provides funds for new investment for renewable production facilities in rural areas, creating thousands of jobs in the renewable fuels refining industry. Additionally, the Frist-Daschle amendment requires the phase-out of the oxygenate methyl tertiary butyl ether (MTBE), a gasoline additive that has been found to pollute groundwater.

Last April, the House passed its version of energy legislation (H.R. 6), which includes language establishing a RFS. The House provision requires the U.S. fuel supply to consist of 2.7 billion gallons of renewable fuels by 2005, reaching 5 billion gallons by 2015. Farm Bureau prefers the Senate RFS provision because its implementation schedule is more aggressive.

The House bill also includes language permitting oil exploration in the Arctic National Wildlife Refuge (ANWR). The Senate bill does not have an ANWR provision.

Once the Senate passes its energy bill, it will go to conference with the House bill. Energy legislation made it to conference last year, but a final bill failed to emerge.

TAXES



Farm Bureau supports tax policy that encourages rather than penalizes savings, investment, entrepreneurship and success. Therefore, the American Farm Bureau Federation has called for repeal of capital gains taxes and death taxes.

AFBF supports legislation (H.R. 2635) that Rep. Phil English (R-Pa.) has introduced to make permanent the capital gains tax cuts enacted earlier this year. In May, the president signed into law the Jobs and Growth Reconciliation Tax Act (H.R. 2), which cuts capital gains tax rates through 2008. However, the original rates will return in 2009 unless Congress extends the rate cuts or makes them permanent.

As Congress considers changes to capital gains taxes, Farm Bureau supports the continuation of stepped-up basis, which means the value of property is updated when the property is inherited, reducing the capital gain and the tax that goes along with it if the heir sells the property.

AFBF is also urging Congress to pass legislation making death tax repeal permanent. Sen. Jon Kyl (R-Ariz.) has introduced a bill (S. 57) to repeal the tax fully and permanently in 2005. A vote on Kyl's bill is expected early next year. The House passed identical legislation (H.R. 3) in June.

Congress passed tax cut legislation in 2001 that included a phase-out of death taxes, with full repeal by 2010. However, unless Congress passes legislation before then to repeal death taxes permanently, they will return to pre-phase-out levels in 2011.

Sens. Charles Grassley (R-Iowa) and Max Baucus (D-Mont.) have introduced the Farm Bureau-supported Tax Empowerment and Relief for Farmers and Fishermen Act (S. 665), which would create a new risk management tool for farmers and ranchers. The bill would let farmers and ranchers set aside up to 20 percent of their income per year in a Farm, Fishing and Ranch Risk Management account and defer taxes on the money for five years. Farmers could save money in good years and tap the account when farm income is down.

The Grassley-Baucus bill contains additional provisions to reduce farmers' tax burden, such as ensuring that Conservation Reserve Program payments are not subject to self-employment taxes. The Senate Finance Committee is expected to approve the bill as part of a larger package of tax breaks for small businesses sometime this fall.

ENVIRONMENT



Reform of the Endangered Species Act and implementation of the total maximum daily loads (TMDLs) rule and Food Quality Protection Act (FQPA) top the list of priority environmental issues for the American Farm Bureau Federation.

Legislation has been introduced in both the House and the Senate that aims to reform the Endangered Species Act. Rep. Greg Walden (R-Ore.) introduced the Sound Science for Endangered Species Act Planning Act of 2003 (H.R. 1662) and Sen. Craig Thomas (R-Wyo.) introduced the Endangered Species Listing and Delisting Process Reform Act of 2003 (S. 369). AFBF supports both bills and is working to gain support for the legislation.

On behalf of AFBF, Missouri farmer and Farm Bureau member Tom Waters earlier this month testified before a House subcommittee on ESA reform. Waters said the act should include voluntary incentives for landowners, take the economic impacts of ESA-related decisions into account, require that species listings and critical habitat designations be science-based and peer reviewed and allow landowners to participate in developing species recovery plans and other decisions that could affect their livelihoods.

AFBF is also monitoring the Environmental Protection Agency's regulation of total maximum daily loads, which limit the discharge of pollution in waterways. EPA withdrew the TMDL rule in March, a move that Farm Bureau supported.

AFBF recently submitted comments on an EPA draft guidance document that is to be used by states to develop their integrated lists of impaired waters under the Clean Water Act. EPA recommends listing of waters that meet standards but are threatened with becoming impaired. In its comments, Farm Bureau opposed the action because "threatened waters" are not impaired waters. Farm Bureau also opposed EPA's recommendation to require TMDLs for waters that are impaired by an unknown pollutant.

Farm Bureau continues to participate as a stakeholder in the process to implement FQPA. Under the law, the government is reviewing registrations of several pesticides to determine safe tolerances, or residue limits, on food. AFBF is working to ensure the Environmental Protection Agency bases its actions on sound scientific data and policies.

FOR THE RECORD

Roll Call

vote vote vote vote vote vote vote

House votes on health savings, meat labeling, public land leases

Vote 1

The House on June 26 approved the Health Savings Account Availability Act of 2003 (H.R. 2596) by a vote of 237-191. The bill would allow individuals to accumulate savings to pay out-of-pocket medical expenses without having to pay taxes on those savings. Contributions to the Health Savings Accounts (HSAs) and Health Savings Security Accounts (HSSAs) created under the bill would be tax deductible and tax exempt. Individuals with health insurance but with annual deductibles of \$1,000 to \$2,500 would be eligible to have an HSA, while HSSAs would be for uninsured individuals or those with annual deductibles of \$500 for self-coverage and \$1,000 for family coverage. Farm Bureau favored a "yea" (Y) vote.

Vote 2

The House on July 14 rejected, 193-208, an amendment to the Agriculture, Rural Development, Food and Drug Administration and Related Agencies Appropriations Act of 2004 (H.R. 2673) to remove language from the bill that prohibits the Agriculture Department from using funds appropriated in the bill to implement mandatory country-of-origin labeling for meat. Reps. Dennis Rehberg (R-Mont.) and Darlene Hooley (D-Ore.) offered the amendment. Farm Bureau favored a "yea" (Y) vote.

Vote 3

The House on July 17 rejected, 197-228, an amendment to the Department of the Interior and Related Agencies Appropriations Act of 2004 (H.R. 2691) that would have prevented the renewal of farming leases on the Klamath National Wildlife Refuge. Rep. Earl Blumenauer (D-Ore.) offered the amendment. Farm Bureau favored a "nay" (N) vote.

LEGEND: Y,y — yea N,n — nay ? — not voting S — Speaker

Table with columns for Name, Party, and Vote (1, 2, 3) for various states including Georgia, Hawaii, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Michigan, Minnesota, Missouri, Montana, Nebraska, Nevada, New Hampshire, New Jersey, New Mexico, New York, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Utah, Vermont, Virginia, Washington, West Virginia, Wisconsin, and Wyoming.

Table with columns for Name, Party, and Vote (1, 2, 3) for various states including Alabama, Alaska, Arizona, Arkansas, California, Colorado, Connecticut, Delaware, Florida, Georgia, Hawaii, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Michigan, Minnesota, Missouri, Montana, Nebraska, Nevada, New Hampshire, New Jersey, New Mexico, New York, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Utah, Vermont, Virginia, Washington, West Virginia, Wisconsin, and Wyoming.

From U.S. to Moldova: lessons in farm management

Perry County, Pa., farmer and Farm Bureau member Glen Cauffman recently took time out from tending his corn, soybean and alfalfa crops to teach farmers in Moldova how to manage their farms better and continue making the transition from Soviet government control to a free-market economy.

Cauffman was able to make the trip and share his farming know-how through the Farmer to Farmer program, which is funded by the U.S. farm bill and administered by the U.S. Agency for International Development. The program pays for a U.S. farmer or other agricultural expert to travel to a developing country and spend three to four weeks there, helping other farmers build a free-market-based food and agriculture system.

Cauffman's trip was sponsored by the Citizen's Network for Foreign Affairs (CNFA), one of five private-sector organizations that receive funds to run the program in different parts of the world.

"I think the thing that stands out most in my mind is the way the Soviet system had discouraged individual resourcefulness and creativity, and those concepts of building a business and building a farm are very new to these people," Cauffman said of his experiences in Moldova.



"I think that we're all in this one world, and the world is becoming smaller rapidly. CNFA provides this connection—this people-to-people, farmer-to-farmer connection—that has made me feel like I can really make a difference in helping the world to be a better place."

• Glen Cauffman

Under the Soviet system, the Moldovans were told what to plant and received the resources they needed through government rations. Now, they have to make those decisions and obtain those resources on their own.

When the Soviet government collapsed, the land of the collective farms was divided among the people, which they used mainly for subsistence farming. Now, more of them are expanding, renting or buying land from others, and becoming entrepreneurial farmers. It's the same process that happened in the United States over a period of about 200 years, Cauffman said, but it's happening in Moldova in only about 10 years.

Moldova is a very agricultural country, with soils that Cauffman proclaimed the most beautiful he has ever seen. "The agricultural potential is there," he said, "but there's a need for sound agricultural management prac-

tices and business concepts."

But that doesn't mean he didn't get his hands dirty. "You can't talk to these people about the business of agriculture without them needing and wanting some really applied, hands-on information," Cauffman said.

The Moldovan farmers asked Cauffman to help them benchmark their production. "So I was constantly changing my measures of acres and pounds or bushels into the metric system," he said.

Cauffman used a translator to communicate with the Moldovans, who speak mostly Romanian in the rural areas, and Russian in the more urban areas. He also had to adapt his thinking constantly from commercial farming to subsistence farming, which don't always share the same goals, he said. And, he had to remain conscious of farming recommendations that might make sense in the United States

but would be impractical in a country as poor as Moldova. For example, the Moldovan farmers told him it was cheaper to hire people to hoe the weeds out of a field than to apply herbicides. The laborers earn about \$1.50 for a whole day of hoeing.

"I tried to see those things that could be improved with just management aspects, because you can't tell somebody to buy Roundup herbicide when he doesn't have the money to do it," Cauffman explained. "I think that I was able to relate best by remembering the farming style of my grandfather. This is truly a step back in time 100 years."

Some farmers might wonder why anyone would take time away from his own farm to participate in the program. Cauffman said it's the humanitarian thing to do.

"I think that we're all in this one world, and the world is becoming smaller rapidly," Cauffman said. "CNFA provides this connection—this people-to-people, farmer-to-farmer connection—that has made me feel like I can really make a difference in helping the world to be a better place."

On the net: www.usaid.gov/our_work/agriculture/farmer_to_farmer.htm and www.cnfa.com

AFBF unveils new awards program

Following a thorough review of the long-standing Gold Star Awards program, the American Farm Bureau Federation has unveiled a new approach to recognizing outstanding contributions by state Farm Bureaus. The AFBF Awards for Excellence program is designed to improve recognition for state Farm Bureaus' results achieved in meeting members' needs and improve sharing of ideas, plus be more flexible for applicants.

"We gathered a committee of state Farm Bureau staff to evaluate the Gold Star Awards program, and they recommended this new approach," said Bob Shepard, AFBF leadership development senior director. "The input provided will make the Awards for Excellence a better fit in meeting the changing needs of Farm Bureaus across the nation."

Under the new program, awards will be presented in five program areas: policy implementation, public relations/information, education/agriculture promotion, leadership development and member services. For each of the five program areas, awards will be presented in six membership categories.

Judges will evaluate entries based on the following criteria: organization, planning/goals and results.

"All entries deemed qualified by the judges will receive an Award for Excellence," Shepard said. "In fact, there is

no limit on the number of states that can win in any of the program areas."

In addition, a prestigious President's Award will be given to one state in each of the six membership categories for each of the five program areas. Only state Farm Bureaus achieving a membership increase will be eligible for this level of awards.

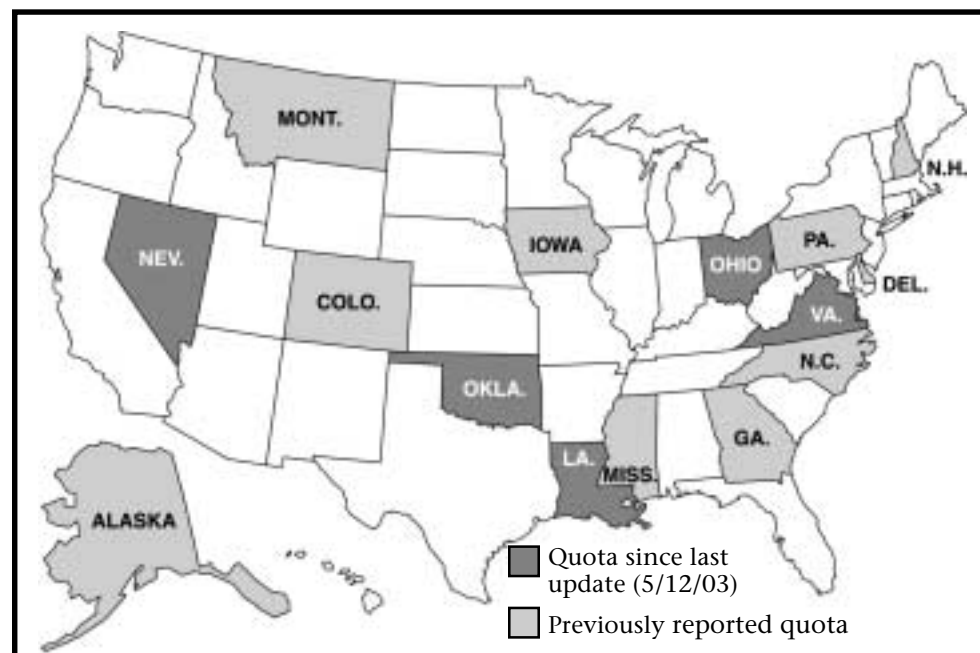
President's Awards will be chosen based on innovation, uniqueness, use of resources (volunteer and financial) and impact/results in meeting members' needs. In addition, states must have achieved membership quota for the year in order to be eligible for a President's Award.

A booklet of the programs selected for President's Awards will be available to state Farm Bureaus. The programs also will be featured on SILO, AFBF's intranet site. As many as six President's Awards winners will be chosen by AFBF staff annually to display at the next AFBF National Leadership Conference.

"One of the main goals of the new awards program is to better share ideas between state Farm Bureaus," Shepard said. "That's why we will present the winning entries in a variety of mediums to make the information as accessible as possible."

Awards for Excellence and President's Awards will be presented to state Farm Bureaus during the AFBF annual convention.

MEMBERSHIP UPDATE



Oklahoma: 148,929 member families; 11th state Farm Bureau in the nation and 4th in the South to report membership quota; 15 years of growth and an all-time high.

Virginia: 141,877 member families; 12th state in the nation and 5th in the South; 3 years of growth.

Louisiana: 132,303 member families; 13th state in the nation and 6th in the South; 44 years of growth and an all-time high.

Ohio: 216,539 member families; 14th state in the nation and 2nd in the Midwest; 36 years of growth and an all-time high.

Nevada: 10,567 member families; 15th state in the nation and 4th in the West; 3 years of growth and an all-time high.

COUNCIL OF PRESIDENTS

Policy-makers update FB presidents on issues

The annual Council of Presidents meeting in Washington, D.C., July 14-16, brought a slate of congressional leaders and Agriculture Secretary Ann Veneman to speak to Farm Bureau state presidents about the top issues of the day.

Senate Majority Leader Bill Frist (R-Tenn.) started things off Monday morning with a discussion of the Senate's accomplishments since he was elected majority leader in December 2002, and what he still hopes to get done this year.

"If you look at the last six months from the Senate perspective, we'd made huge progress in terms of action, in terms of solutions, in terms of identifying needs—and not just talking about them, but delivering with legislation that will make what I have defined our mission to be more likely to be achieved," Frist said.

He thanked Farm Bureau for representing its membership effectively in Washington, which has helped move legislation that the leadership supported.

Under Frist's leadership, the Senate has passed a budget and is on schedule with its consideration of appropriations bills for the next fiscal year, he said. In addition, Frist recalled that the Senate passed the Jobs and Growth Reconciliation Tax Act (H.R. 2), which he called the third largest tax cut in U.S. history. In addition to tax cuts that put more money in farmers' pockets, Frist said, the equipment deductions in the bill for small businesses are something that "farmers again and again come and talk to me about."

Frist said that not all votes have turned out as he would like. For example, "partisan filibusters" against the president's judicial nominees are "not in the nation's interest," he said, and he would have preferred a larger tax cut and greater regulatory relief than what Congress has been able to pass.

The Senate will continue working to eliminate the death tax permanently, he added. He also committed that the Senate would complete its consideration of the energy bill before the August recess. "It is important that you tell your U.S. senators that we have to have an energy bill," he said. He pointed out that the bill includes language that he and Sen. Tom Daschle (D-S.D.) offered jointly "that will significantly increase the use of ethanol and biodiesel fuels" and decrease the United States' dependence on foreign oil.

Also on Monday, Rep. John Linder (R-Ga.) briefed state presidents on the FairTax, a national retail sales tax based on personal consumption that would repeal all individual and corporate income taxes, as well as payroll,



Bob Stallman
AFBF
President



Sen. Thad Cochran
(R-Miss.)



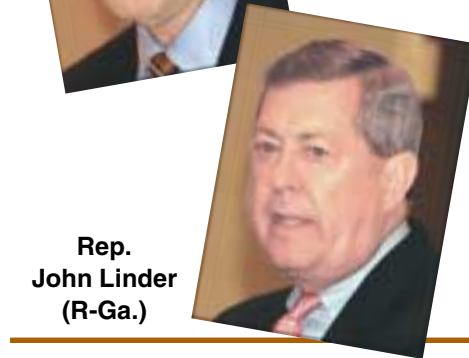
Rep. Jerry Moran
(R-Kan.)



Ann Veneman
USDA
Secretary



Sen. Bill Frist
(R-Tenn.)



Rep. John Linder
(R-Ga.)

self-employment, estate, capital gains and gift taxes. The FairTax would also do away with the Internal Revenue Service.

Market research has shown that 22 percent of what consumers pay at retail is the embedded costs to the IRS, Linder said. The FairTax would take those costs out of the system and replace them with a transparent sales tax. Linder said people would then become voluntary taxpayers "when you choose, as much as you choose by how you choose to spend," which would result in a "tax cut of between \$250 billion and \$600 billion per year."

Linder said the FairTax would allow people to start making economic decisions rather than tax decisions. "You would start making decisions based on what's good for you, your family and your customers, without the government involved at all," he said.

On Tuesday, the group heard from Sen. Thad Cochran (R-Miss.), who AFBF President Bob Stallman called "just about as important as you can get to American agriculture and Farm Bureau." Cochran is chairman of the Senate Agriculture Committee and a member of the Senate Appropriations Committee, which he is next in line to chair.

Cochran talked about issues that were expected to arise during the Senate's consideration of the agriculture appropriations bill. He said that he is committed to ensuring that every bill reported out of the Agriculture Committee as well as the Appropriations Committee is consistent with the budget resolution Congress adopted earlier this year. "We do have to take

this deficit seriously," he said.

This year's allocation for the agriculture appropriation is below last year's. "So that means you've got to make cuts," said Cochran.

Cochran also said the tax changes Congress has made, such as reducing estate taxes and income tax rates, are very positive and have spurred investment and savings at a time when it was needed due to the downturn in the economy. "I'm hopeful that we can maintain those and not have a rollback," Cochran said. "Some may say, 'Well, if you want to spend more money in the appropriations bills, we've got to raise taxes, we've got to get more money in the treasury.' Well, that's not the way to go in my view. We need to grow out of this rather than to tax our way out of it."

Also on Tuesday, Rep. Jerry Moran (R-Kan.) spoke to the group about farm bill implementation and the future of crop insurance. Moran is chairman of the House Agriculture Subcommittee on General Farm Commodities and Risk Management.

Agriculture Secretary Ann Veneman updated the group on some of the issues the Agriculture Department is handling, but she began by thanking Farm Bureau for its support of the president's tax cut package. "For this year alone, the year 2003, it will mean \$4 billion in the pockets of farmers and ranchers," she said. "More than 86 percent of all farm households will receive some tax relief."

Veneman said USDA employees have done an excellent job of implementing the 2002 farm bill, and are now tasked with implementing the latest disaster bill. She estimated that, as of

the beginning of July, farmers had received about \$89 million in crop disaster payments, another \$200 million in payments under the Livestock Compensation Program, and \$50 million each for tobacco and cottonseed payments.

To look at disaster issues over the longer term, Veneman said, the department has put together an interdepartmental drought task force that is meeting weekly.

Veneman said that one of the biggest issues the department has been dealing with is the May 20 discovery of bovine spongiform encephalopathy (BSE) in a Canadian calf.

"The good news is that consumer confidence has remained strong," Veneman said. "There has been no dropoff in beef consumption either in this country or in Canada."

The department is continuing to work with Canada and Japan, and the department wants to ensure that all of its decisions are based on "good science and good risk analysis," Veneman said.

In addition, she said, several other animal and plant health issues continue to be top concerns. "Everything from Exotic Newcastle Disease in California to avian influenza, to lots of different pest infestations, these continue to be a high, high priority in our department," Veneman said.

NEWSPAPER HANDLING

FARM BUREAU NEWS